# **Detailed complexity assessment tool**

The detailed complexity assessment tool evaluates the complexity level of non-transactional procurement categories.

Complexity assessments should also be completed for individual procurement activities outside the procurement categories which are critical to the business   
or high risk to your organisation.

## Complexity assessment process

The detailed complexity assessment tool and template is used in Step 6: Perform detailed complexity assessment. The key steps within step 6 are outlined below.

Figure: The complexity assessment process



The figure is a flow chart. The flow chart has 8 steps, as follows:

|  |  |
| --- | --- |
| **Step** | **Action** |
| 1 | Select the category for assessment. |
| 2 | Is complexity assessment required?  If yes, go to step 3.  If no, complexity assessment not required (documentation of reason(s) required). |
| 3 | Review categories to I.D. likely transactional categories.  If transactional, go to step 6.  If non transactional, go to step 6. |
| 4 | Perform initial complexity assessment. |
| 5 | Is the procurement category assessed as transactional?  If yes, go to step 7.  If no, go to step 6. |
| 6 | Perform detailed complexity assessment. |
| 7 | Identify appropriate sourcing strategies. |
| 8 | Procurement process continues. |

## Key steps in performing a detailed complexity assessment

Key steps in performing a detailed complexity assessment (Step 6 of the complexity assessment process).

(a) Obtain a listing of procurement categories initially assessed as unlikely to be transactional or where the initial complexity assessment determined the procurement category to be non-transactional.

(b) Insert the procurement category to be assessed in the detailed complexity assessment template in the attachment.

(c) Gather relevant information for the procurement category that may be required to undertake the complexity assessment. Information may include market and supply factors for the procurement category. For example the number of suppliers who have the capacity to deliver and are willing to conduct business with the department/public body should be identified prior to addressing the question “Is the good/service being purchased from a competitive market?”.

(d) Assess the procurement category against the detailed complexity assessment questions outlined in the template in the attachment.

(e) Record the corresponding score of the response in the “Score of selected response” column. Where relevant, record an explanation to justify the selection of a particular response in the “Comments” column of the template.

(f) List and reference any documentation which has supported the selection of the response in the “Supporting documentation” column.

(g) Based on the responses selected, total the scores for the X Axis: Goods/Services/Markets and the Y Axis: Value created through procurement. Insert the total scores in the relevant row in the tool and in the “Summary of outputs” table within the template.

(h) Using the total scores for each axis, identify the level of complexity for a procurement category using the decision tree in Figure 1 of the attachment.

(i) Insert the complexity quadrant result in the Assessed complexity quadrant column in the Summary of outputs table at the end of the detailed complexity assessment template.

(j) When a detailed complexity assessment has been performed on the applicable procurement categories, the assessor should revisit the requirements of the procurement before signing and dating the template.

(k) The assessor should provide a copy of the template to the approver for review and endorsement.

Proceed to Step 7: Identify sourcing strategies within the complexity assessment process.

## Detailed complexity assessment template

| Questions and response | | | | Comments | Supporting documentation |
| --- | --- | --- | --- | --- | --- |
| X axis: goods/services/markets | | | |  |  |
| **Ref.** | **Potential responses** | **Score** | **Score of selected response** |  |  |
| Do the specifications of the good/service require customisation? | | | |  |  |
| (a) | No, good/service requirements are standard (e.g. off the shelf product, standard service) | 0 |  |  |  |
| (b) | Yes, however good/service only requires a low level of customisation e.g. some configuration or some specialisation | 5 |  |
| (c) | Yes, the good/service requires a medium level of customisation/specialisation | 10 |  |
| (d) | Yes, good/service requires a high level of customisation and/or specifications are not fully known | 15 |  |
| Is the good/service critical to the organisation and/or core operations of the organisation? | | | |  |  |
| (a) | No, the good/service is not critical to the organisation or core operations | 0 |  |  |  |
| (b) | Yes, however the good/service is only of medium criticality to the organisation and/or core operations | 3 |  |
| (c) | Yes, the good/service is critical to the organisation and/or core operations | 6 |  |
| (d) | Yes, the good/service is very critical to the organisation and/or core operations | 9 |  |
| Is the good/service being purchased from a competitive market? (1)  (1) Competitive market includes consideration of substitute goods/services and the suppliers within the market | | | |  |  |
| (a) | Yes, more than 5 suitable substitute goods/services or suppliers exist | 0 |  |  |  |
| (b) | Yes, between 3 and 5 suitable substitute goods/services or suppliers exist | 3 |  |
| (c) | Yes, however limited (<3) suitable substitute goods/services or suppliers exist | 6 |  |
| (d) | No, only one suitable substitute good/service or supplier has been identified and qualified | 9 |  |
| Would there be a significant interruption to the organisation’s core operations in the event of supplier default? | | | |  |  |
| (a) | No, the transition time for an alternate supplier would be minimal or a back up supplier will be in place | 0 |  |  |  |
| (b) | No, however there would be an acceptable transition time to engage an alternate supplier | 5 |  |
| (c) | Yes, there would be an intermediate level of interruption to the organisation’s core operations, with a transition time to a new supplier | 10 |  |
| (d) | Yes, there would be a significant interruption to the organisation’s core operations with a high transition time to an alternate supplier | 15 |  |
| Will the Government’s purchase/s impact the market? | | | |  |  |
| (a) | No, the purchase/s will not be material to the market | 0 |  |  |  |
| (b) | No, the procurement will be material to the market but will not impact the competitive landscape | 2 |  |
| (c) | Yes, the procurement has potential to significantly impact the market and may result in a reduction in competition between existing vendors | 4 |  |
| (d) | Yes, the procurement is likely to result in the creation of a monopoly or potential market power by government | 6 |  |
| Are there Australia and New Zealand small to medium size enterprise (SME) considerations with this purchase? E.g. recognise the impact of suppliers on participation by SMEs. | | | |  |  |
| (a) | No, international suppliers are an established part of the market or the market is not currently attractive to international suppliers | 0 |  |  |  |
| (b) | Yes, changes to the level of international market participation will impact local suppliers | 6 |  |
| **Total X axis score (out of 60)** | | |  |  |  |
| Y axis: value created through procurement | | | |  |  |
| **Ref.** | **Potential responses** | **Score** | **Score of selected response** |  |  |
| Is the good/service’s total cost of ownership (TCO) high? | | | |  |  |
| (a) | No, the good/service’s total cost of ownership is of a low value, e.g. not within top 50 contracts/categories of the organisation | 0 |  |  |  |
| (b) | No, the good/service’s total cost of ownership is of a medium cost, e.g. within top 50 contracts/categories of the organisation (from a TCO perspective) | 8 |  |
| (c) | No, however the good/service’s total cost of ownership is of a medium to high cost, e.g. within top 20 contracts/categories of the organisation (from a TCO perspective) | 16 |  |
| (d) | Yes, the good/service’s total cost of ownership is of a high cost, e.g. within top 10 contracts/categories of the organisation (from a TCO perspective) | 24 |  |
| Would the aggregation of demand be beneficial across organisations or within an organisation? | | | |  |  |
| (a) | No, demand aggregation should not occur due to one/all of the following factors:   * specifications are too complex, or purchases are too infrequent to offset the cost of the demand aggregation process * diseconomies of scale i.e. not one size fits all * potential for monopoly / monopsony situation | 0 |  |  |  |
| (b) | Yes, some advantages of demand aggregation could be realised including lower cost of goods/service and lower procurement costs (economies of scale in vendor pricing) | 9 |  |
| (c) | Yes, there may be an opportunity to gain advantage from aggregation by attracting increased competition through bundling categories or aggregating spend across two or more organisations or as part of a state purchasing contract | 18 |  |
| Does the good/service align with other objectives of the organisation and/or broader Victorian Government objectives, for example environmental, social and/or economic considerations (e.g VIPP, Social Procurement opportunities)? | | | |  |  |
| (a) | No, the good/service procurement would not align with the objectives of the relevant policies | 0 |  |  |  |
| (b) | Yes, however the good/service procurement would only align to some of the objectives of the relevant policies | 6 |  |
| (c) | Yes, the good/service would align with all objectives of the relevant policies | 12 |  |
| (d) | Yes, the good/service would align with and enhance the objectives of the relevant policies | 18 |  |
| **Total Y axis score (out of 60)** | | |  |  |  |

## Summary of outputs

|  |  |  |
| --- | --- | --- |
| Axis | Total score | Assessed complexity quadrant |
| X axis: goods/services market total score |  |  |
| Y axis: value created through procurement |  |

### Signatures:

Signed by assessor ..................................................... Date........................

Signed by approver ..................................................... Date........................

Figure Decision tree linking to complexity quadrant



The figure shows a decision tree comparing scores for goods / services / market and value createdthrough procurement. The decision questions and outcomes are shown in the following table.

|  |  |  |
| --- | --- | --- |
| **Goods / services / market score (X axis)** | **Value created through procurement score (Y axis)** | **Appropriate complexity quadrant** |
| Greater than 30 | Greater than 30 | Strategic |
| Greater than 30 | Less than 30 | Focused |
| Less than 30 | Greater than 30 | Leveraged |
| Less than 30 | Less than 30 | Transactional |

NOTE: Changing the inter-quadrant values on either the X or Y axis to reflect the risk and scoring ratings adopted by the organisation will alter the allocation of categories across the complexity quadrants.

The complexity assessment quadrants are shown in the following table”

|  |  |  |
| --- | --- | --- |
| **Value created through procurement**  **Y axis** | **Standardised  goods and services market**  **Scores between 0 - 300**  **X axis** | **Specialised goods and services market**  **Scores between 30 - 60**  **X axis** |
| **High value**  **Scores between 30 - 60** | Leveraged  (quadrant 2) | Strategic  (quadrant 4) |
| **Low value**  **Scores between 0 - 30** | Transactional  (quadrant 1) | Focused  (quadrant 3) |

## Using this tool

This tool accompanies the [Complexity - Goods and services procurement guide](https://buyingfor.vic.gov.au/complexity-goods-and-services-procurement-guide).

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