



## Agile Procurement: Tips and Solutions for Government Departments

### What is 'Agile' Procurement?

Agile procurement is a more flexible and adaptable procurement method which can be used to support the increased reliance on ICT procurements. Such methods are designed to deliver procurement outcomes to the customer in a quick and responsive way. It is important to note that agile procurement **does not** replace ordinary procurement processes, rather it complements it. It is based on the principles of agile software development, which prioritises collaboration, flexibility, and rapid iterations.

One of the key features of agile procurement is the emphasis on delivering goods or services in small increments rather than all at once. It promotes the early engagement of procurement officers into project management design and planning meetings to ensure no unnecessary delays occur and scope of works/requirements can be gathered early in the procurement planning phase. This allows the procurement team to better understand the project's requirements, be more responsive to changing requirements and to adapt to new developments as they arise.

Agile procurement also emphasises the importance of collaboration and communication between the procurement team and the customer. There are several potential benefits to using agile procurement for rapid ICT procurements and innovative technology solutions. Some of the key advantages of agile procurement include:

### *Flexibility and adaptability*

Agile procurement allows the procurement process to be flexible and adaptable in the face of changing requirements or circumstances. This can be particularly useful when it comes to adopting innovative technology solutions, as these solutions may involve new and untested approaches that may require the procurement process to be adapted or modified as the project progresses. Further, as the technology is understood in greater detail, the Commonwealth may decide to change the scope as its understanding increases.



### *Collaboration and communication*

Agile procurement emphasizes the importance of collaboration and communication between the procurement team, the customer, and all other stakeholders. This can be particularly useful when it comes to adopting innovative technology solutions to ensure the solution is implemented successfully, and in support of the outcome.





### ***Focus on value***

Agile procurement is designed to deliver value to the customer as quickly as possible. This focus on value can be particularly useful when it comes to adopting innovative technology solutions, as these solutions may offer significant benefits in terms of cost savings, efficiency gains, or other value-added benefits.

However, implementing agile procurement has its challenges. Some of the key considerations to keep in mind when using agile procurement (and possible solutions) include:

### ***Complexity***

Agile procurement methods can be more complex, as it involves breaking the project down into smaller stages and delivering goods or services in increments. This can be more time-consuming and may require more resources than a more traditional procurement approach for the same Goods or Services. Further, as technology solutions are adopted and built upon a reliance develops. Such a reliance can create further complexity when integrating other technologies / moving away from the existing technology.

- **Solution:** It may be helpful to establish clear roles and responsibilities for procurement staff, and to provide training or support to ensure that staff are equipped to handle the demands of the process. It may also be helpful to establish clear processes and procedures to guide the procurement process and to help ensure that it runs smoothly. This includes the creation of SOPs and guidelines.

### ***Lack of clarity***

Agile procurement can involve a degree of uncertainty, as the requirements or extent of the outcome may change over time. This can make it difficult to define the scope of the project or to establish clear expectations for timelines and deliverables.

- **Solution:** It is important to establish clear outcome goals and objectives up front, and to establish regular checkpoints or review points to ensure that the project stays on track. Regular meetings (or stand-ups) are important to monitor progress and ensure all parties are on track. A clear outcome is required and should not be significantly deviated from. As the procurement continues, how that outcome is achieved can be varied, but if the outcome itself varies too significantly, then a new procurement approval process may be required.

### ***Budget constraints***

Accurately forecasting a budget for an agile procurement can be a challenge for the Commonwealth. One of the main issues is that the procurement process can be unpredictable and subject to change, particularly when it comes to innovative technology solutions. This can make accurate estimates of the cost of the procurement difficult. Additionally, scope creep may result in the project's budget expanding beyond what was originally intended, even if for valid reasons.





- **Solution:** While 'accurate forecasting' isn't an overly helpful solution, constant vigilance on the budget, and tools/reports to help measure the 'burn rate', in conjunction with flexible s23 approvals provide a fair bit of protection to budget blowouts. Further, breaking the procurement down into smaller stages, with budgets for each stage will make it easier to accurately cost the project. This is of course more difficult when time and material contracts are utilised.

### ***Compliance with procurement regulations***

Compliance with the various regulations around procurement (such as the CPRs and the PGPA Act 2013) may need to be carefully reviewed when first undertaking an agile procurement approach. Ensuring compliance with these regulations can be a challenge, particularly when the procurement process is fast-moving and iterative.

### ***Maintaining transparency***

Agile procurement can involve rapid decision-making and iteration, which can make it more difficult to ensure that the procurement process is transparent and fair. This can be a particular challenge for the Commonwealth, which has a responsibility to demonstrate value for money in its procurement activities and to ensure that its processes are open and accountable.

### ***Managing risk***

As agile procurements have a degree of uncertainty, this can make it more difficult to manage risk, as the procurement team may need to adapt to changing conditions on the go, which may create/remove risks periodically.

### ***Creating collaboration and communication***

Agile procurement emphasizes the importance of collaboration and communication between the procurement team and the customer. This can be a challenge in the government context, as procurement teams may need to work with a wide range of stakeholders, including other government agencies, industry partners, and the broader community. Building effective collaboration and communication channels can be a key factor in the success of agile procurement efforts.

- **Solution:** To assist the above issues from 'compliance' to 'collab', it is fundamental to establish:
  - ✓ Clear roles and responsibilities to ensure that all parties involved in the procurement process understand their obligations.
  - ✓ Clear communication channels, publish regular reports or updates on the progress of the project, and clear processes for addressing any issues or concerns that may arise.
  - ✓ Clear processes and procedures for tracking compliance and to provide training or support to procurement staff to ensure that they are aware of their obligations under the relevant regulations.
  - ✓ Regular meetings and check-ins with the customer and other stakeholders, and to encourage open and transparent communication.

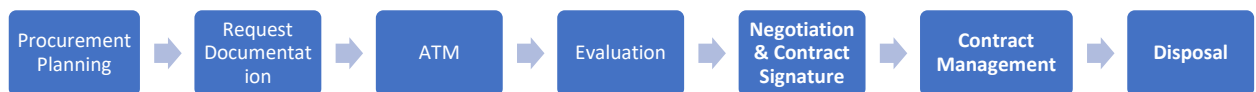




Rather than having one procurement officer manage a few dozen procurements by themselves, splitting up procurements and assigning multiple personnel to the various procurement stages can lead to greater efficiency. This can lead to all procurement officers having a better understanding of where matters are up to; creates obligations and accountability of individuals to their tasks; and allows for sharing of ideas and issues and collaborating to overcome these issues. Most importantly, it means the procurement team will be across all stages of the procurement and will generally increase their skills and competency.

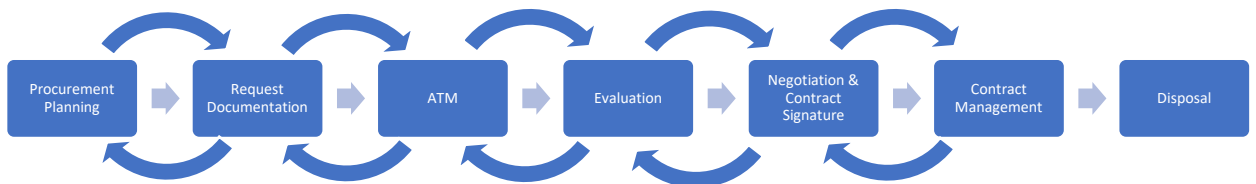
## Visual of Procurement Stages

### Procurement Stages | Traditional (waterfall)



- **Rigid:** You do not move from one stage to another, until you have completely finalised that stage. It is unlikely that you will move back.
- **Costly to vary:** moving backwards requires forfeiting all work past the point which you went back to, which can be costly.
- **Detailed:** As you are not moving backwards, each step is very detailed and thorough analysis is required for Goods/Services which may not be delivered for a few years.

### Procurement Stages | Agile



- While each step remains the same with the agile approach, the ability to move back and forth with ease means that the amount of **detail in each stage can be reduced significantly**. This can result in quicker movement throughout the stages.
- This requires **higher level thinking** (or above the line focus) while allowing (but still analysing) how the Vendor (your Partner) can provide below the line work. Don't teach someone to suck eggs = don't tell the Vendor how to build the Goods. Just ensure the outcome is what **you** want, and the **Vendor** can design it for you. As you move forward, you can take an initial design, move back to the procurement planning stage, and ensure this is still being maintained.



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## Summary

It is important that government establish their procurement cells to facilitate the rapid move to agile project delivery. This will ensure that the agile process is able to achieved its continuous movement, without the stop and start of incurring a waterfall procurement process.

EMA Advisory assists Federal Government departments to review, restructure, upskill and implement procurement teams and processes which best facilitate the procurement complexity and timeframes demanded by project teams.

If you would like to discuss how the procurement function could better support business units or project teams, please contact **EMA Advisory** [admin@emaadvisory.com.au](mailto:admin@emaadvisory.com.au)

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