Skills

Proximity can assist you to achieve good procurement results through effective and efficient management of the procurement process from structuring to evaluation to negotiation support.

Proximity takes the time to understand your business and operational goals and to ensure that the procurement strategy supports the achievement of those goals.

Proximity has an established reputation as a trusted advisor with strong relationships based on mutual respect and an unwavering commitment to achieving your objectives.

Proximity can help with your next procurement by providing the following services:

Strategy and planning

- business cases
- options development
- requirements definition
- procurement strategies
- category management
- market assessment
- benefits realisation frameworks

Approach to market documentation

- template selection and development
- conditions of tender (including conditions for participation and evaluation criteria)
- attachments to conditions of tender (including performance management frameworks)
- tender response forms
- contracts and deeds of standing offer

Compliance

- law and regulations
- policy, guidelines and rules
- contracts and plans

Industry engagement

- industry briefings
- tender interviews
- reference site checks
- offer definition

Tender evaluation

- tender evaluation plans
- tender review and analysis
- tender evaluation reports and source evaluation reports

Procurement risk management

- analysis of statements of commercial compliance
- risk assessment workshops
- application of risk assessments to determine liability caps, insurance requirements and performance guarantees
- confidential information management

Negotiation and contract formation

- assisting with the preparation of negotiation directives
- acting as lead or support negotiator
- maintaining contract issues lists and action item lists
- developing negotiation schedule and agenda
- negotiation record keeping
- amending contract or deed to reflect negotiated outcomes

Post negotiation support

- contract award notices
- drafting letters to tenderers
- conducting tender debriefs
- assist with complaints handling
- transition management
- intellectual property audits

Stakeholder management

- internal and external
- governance
- minutes and briefs
- contestability and government approval

Contract management

- contract management plans
- contract management training
- contract management advice
- contract compliance audit (including IP audits)
- contract interpretation and advice
- relationship management and communication
- exercising contractual rights (including piggybacking, benchmarking, stop payment and termination)

Strategic reviews and support

- procurement function benchmarking
- procurement function reviews and reports
- analytics and reporting

Probity
Expertise

Proximity has managed a wide range of procurement and strategic sourcing projects, with a particular focus on major capital acquisition and sustainment projects, information technology and telecommunication projects and the procurement of consultancy services.

Proximity has a strong working understanding of the laws and policies relevant to government procurement and contracting including financial management legislation, procurement rules, procurement connected policies and government approval processes.

Proximity advisors have particular experience in coordinated and cooperative procurement. Proximity’s advisors have assisted central agencies to establish many whole-of-government panels and have also assisted agencies to purchase from these panels (including complex procurements for services that cover multiple whole-of-government panels as well as non-panel services).

Categories
> information and communications technology
> capital acquisition
> sustainment and maintenance
> professional services (including consultancy services)
> business services (including travel)
> property

Procurement methods
> open tender, prequalified tender and limited tender
> coordinated procurement
> cooperative procurement (including joint approach and piggybacking)
> staged procurement
> foreign military sales (FMS case)
> panels and multi-use lists

Contracting methodologies
> prime contractor
> managing contract and alliance
> design, build, operate and maintain
> evolutionary acquisition
> customer system integration
> bundling

“Proximity has provided us with outstanding services. Proximity’s advisors have been very professional, conscientious and efficient. They have ably taken on many matters and managed them very effectively.

I have been very impressed by the quality of work and commitment of Proximity’s advisors. They have very strong writing and drafting skills, and their advice has been strategic, practical, and in plain English.

Our agency received experienced personnel at very short notice who delivered services that represented great value for money.”

Proximity

Proximity is a leading provider of procurement services.

Proximity’s service delivery methods include:
> Projects – working on client projects toward a known goal
> Secondments – working with clients at their direction
> Consultancy – undertaking an independent expert review
> Advisory – providing professional advice
> Procurement as a service – our combined procurement services and technology platform

Proximity operates across a range of sectors including:
> Government
> Technology
> Education
> Health and social services
> Utilities and regulated services

Proximity provides you with access to the highest quality advisors when and where you need them.

Proximity is highly regarded for its unique offering:
> One model – we work onsite with you and your team; dedicated to achieving your objectives
> One sector focus – we are experts in the sectors we service and understand the laws, policies, politics and culture of these sectors
> The right people – we are technically excellent, strategic, practical, experienced and efficient; our advisors are hand-picked based on having the right attributes to work successfully with your team
> The right skills – we combine big-picture strategy with attention to detail in implementation
> The right experience – we have advised clients on some of the most complex and high-profile matters in Australia
The Proximity advantage

Advantages of Proximity include:

> **Intensive support** – dedicated resources working directly with your team
> **No increase to your head count** – the flexibility to scale up and down as required
> **High quality** – highly regarded practitioners that understand your sector
> **Fresh approach** – the flexibility and varied experience of external advisors and the intimate knowledge and commercial focus of an in-house team
> **Tailored pricing** – pricing solutions that suit your needs; whether you require price certainty or flexible pricing solutions that allow you to deal with uncertain demand
> **Value for money** – our model eliminates expensive overheads; and you benefit from the savings

Approved supplier

Proximity is a regular supplier to government and is on many government panels (including multi-agency panels that are accessible to a broad range of agencies other than just the establishing agency) as an approved supplier of procurement and associated services, including:

> Australian Public Service Commission Business Services Panel
> Department of Immigration and Border Protection (previously Customs) Consultancy and Business Services Panel
> Defence (Capability Acquisition and Sustainment Group) Support Services Panel (previously DMOSS)
> Defence (Capability Acquisition and Sustainment Group) Negotiation Services Panel
> Department of Human Services ICT Contractor Services Panel (category: procurement and outsourcing specialists)

Proximity is also a member of SME Gateway and able to supply through SME panels including:

> Department of Infrastructure and Regional Development ICT Services Panel
> ACT Government ICT Consulting and Related Services Panel
> Department of Education Business Improvement and Consulting Panel

Proximity is regularly appointed to new panels. Please contact us for the most up-to-date list.
Contact us

Please contact us if you have any questions regarding Proximity. We are happy to meet with you to discuss a customised solution for your needs.

Sean King
Director | Proximity
Canberra

M 0408 167 542
P 1800 959 885
E sean.king@proximity.com.au
W proximity.com.au

James Dunn
Director | Proximity
Canberra

M 0407 888 894
P 1800 959 885
E james.dunn@proximity.com.au
W proximity.com.au
# CASE STUDY
## INTERNET GATEWAY REDUCTION PROJECT

### Project description
A project to procure secure internet gateway services (and associated internet connection services) for ten Australian Government Agencies as part of the Australian Government’s Internet Gateway Reduction Program.

### Client
Department of Immigration and Border Protection, previously Customs (public sector)

### Involvement
Proximity was engaged as the Procurement Advisor to the Project and provided advice on:

- Procurement strategy – including the RFT for Gateway Services, purchasing from the Department of Finance Internet Based Network Connections (IBNC) Panel and the use of the Intra Government Communications Network (ICON)
- Drafting the market testing documentation including RFT documentation, conditions of contract and evaluation plans
- System integration risk – including risk mitigation options such as cooperation obligations, service levels and risk transfer mechanisms
- Governance arrangements – including successfully negotiating and establishing a Memorandum of Understanding (MOU) with all other agencies in the Group
- Conducting the evaluation for the gateway and IBNC services tenders
- Stakeholder management (including both internal and external stakeholders)
- Coordinating the procurement team (including technical experts, financial advisers, evaluation team members, report writers and others)
- Drafting minutes and briefs for the lead and client agency executive
- Contributing to financial reporting
- Compliance management and quality assurance
- Scheduling of project milestones

### Approach
Proximity’s approach was to work onsite with the Department so that the procurement could be undertaken in the most efficient and effective way possible. Proximity worked very closely with the Project’s financial, technical, legal and probity advisors throughout the procurement process.

Proximity first assisted the Department to develop a clear strategy for the procurement of the required gateway and associated internet connection services. The strategy involved a dual procurement process, with parallel linked procurements for gateway services and IBNC services (because it is mandatory for internet connection services to be procured through the IBNC Panel).

The strategy paper also considered the contracting model options (e.g. one contract for all client Agencies or a Deed under which client Agencies placed orders) and the level of contract management control the Department would exercise as the lead Agency.

Proximity reviewed the approach taken by other lead Agencies in the Program and prepared a paper that identified the key options and the advantages and disadvantages of each option. Proximity assisted the Department to workshop these options with other client Agencies and finalise a clear strategy that was agreed by all Group members.

In order for the Project to be successful, it was critical to have a high level of consultation and collaboration with client Agencies. This would ensure all concerns and suggestions by client Agencies were properly considered and implemented where appropriate and consensus on the key strategic direction for the Project was agreed quickly and amicably.
**Approach continued**

Proximity played a key role in facilitating this collaborative approach throughout the 18-month project period. Proximity developed an MOU that was executed by all 10 client Agencies that outlined the roles and responsibilities of each client Agency and the Department as the lead Agency. The development of this MOU (which was agreed much earlier in the procurement process than other Groups) assisted with quickly identifying and resolving areas of concern and difference. This allowed the Project to successfully proceed within schedule tolerances.

Because the internet connection services had to be procured through the IBNC Panel, it was imperative to ensure that if the successful gateway service tenderer was different to the successful IBNC Panellist, the two parties would work closely and effectively together to provide a seamless internet gateway service. The RFT was structured so that Gateway tenderers were required to nominated IBNC Panellists with whom they had a strong working relationship and provide detailed information about the experience the two parties had working together and their approach to ensuring delivery of a seamless end-to-end solution.

The size of Agencies in the Group varied between 20 and 10,000 so the contracting structure and pricing regime needed to ensure the smaller agencies could benefit from the Group’s buying power and their differing service requirements could be met. There was also some uncertainty regarding the future service volumes required by Agencies. The pricing model therefore needed to provide sufficient flexibility to allow the Group’s service consumption levels to increase and decrease significantly without a disproportionate change in cost.

Proximity led the development of the RFT documentation that gave effect to the agreed strategy and also developed the associated evaluation planning and implementation documentation. Proximity led the negotiation process, including development of the contract negotiation directive, conduct of the negotiations and the development of the negotiation outcome reports.

<table>
<thead>
<tr>
<th>Date</th>
<th>November 2011 to April 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Personnel</td>
<td>James Dunn, Director</td>
</tr>
<tr>
<td></td>
<td>Sean King, Director</td>
</tr>
<tr>
<td>Lessons and achievements</td>
<td>Proximity assisted the Department to undertake a complete procurement process from initial planning to contract finalisation. This was achieved in the context of challenges arising from conducting a parallel procurement process for a large and varied client group.</td>
</tr>
<tr>
<td></td>
<td>The contracting model for the procurement managed to achieve the Group’s desired organisational outcomes, which included flexibility in volume consumption (without a price premium) and control for each Agency over its day to day operations.</td>
</tr>
<tr>
<td></td>
<td>Proximity achieved a balance between securing a strong legal and commercial outcome for the Department and its client Agencies while developing a strong working relationship with the successful Tenderer.</td>
</tr>
<tr>
<td></td>
<td>The procurement achieved all of the Department’s and its client Agencies’ requirements and received praise from the Department’s executive and the Department of Finance as the program administrator.</td>
</tr>
<tr>
<td>Referee</td>
<td>Kevin Grange (formerly Customs Project Manager)</td>
</tr>
<tr>
<td></td>
<td>Director, Office of the CIO</td>
</tr>
<tr>
<td></td>
<td>Attorney-General’s Department</td>
</tr>
<tr>
<td>Significance</td>
<td>The Internet Gateway provides the connection for numerous business and service critical systems that enable key transactions such as migration, cargo processing, fisheries monitoring, agency communications and more. The gateway services were procured on behalf of numerous client agencies from small authorities to major Departments.</td>
</tr>
</tbody>
</table>
CASE STUDY
FUTURE SUBMARINE PROJECT (SEA1000)

Project description
The Future Submarine Project is a massive engineering project that aims to deliver 12 conventionally powered submarines for the Royal Australian Navy with primary construction to occur at the ASC facilities in Adelaide.

The Future Submarine Project is likely to be one of the largest capital engineering projects ever undertaken by the Australian Government. It will be the largest Defence procurement program in Australia’s history and represents an investment in the order of $50 billion in Australia’s security.

Client
Department of Defence – Capability Acquisition and Sustainment Group (public sector)

Involvement
Sean King, a Director of Proximity, was engaged full-time to assist as part of the procurement and contracting support team. Sean worked onsite with the Future Submarine Project team at Defence’s offices in Canberra for more than 6 months.

The work included:

- assisting with establishing the Integrated Project Team (IPT) to be based in Adelaide including assisting with the procurement strategy, and preparing the approach to market documentation
- providing advice on intellectual property management and licensing
- drafting structured Requests for Information to obtain information on key systems in order to aid analysis, strategy and government consideration, the project documents produced included RFI Conditions, Deed of Participation, Deed of Payment Terms and the Deed of Confidentiality and Fidelity
- assist with the development of the evaluation process for RFIs.

Approach
Proximity worked closely with Defence, including the Future Submarine Program business manager, program director, chief contracting officer and others.

Proximity used a flexible approach to ensure that our deliverables and achievements were matched to the strategic directions of the project that were necessarily changing given that the project was in planning stages.

Date
April 2012 to December 2012

Key Personnel
Sean King

Lessons and achievements
The assistance resulted in the following achievements:

- successful establishment of the Integrated Project Team
- successfully obtaining information from suppliers of key systems to inform government consideration of the procurement strategy.

Key lessons were learnt in relation to strategic sourcing from an international supply chain.

Referee
Nicholas Plowman
Chief Contracting Officer Major Programs – Submarines (now Chief Contracting Officer Electronic Systems Division)
Capital Acquisition and Sustainment Group

Significance
Value listed in the DCP of A$10+ billion. Estimated value of A$50 billion.
CASE STUDY

PROCUREMENT OF REGULATORY PROCESSING SERVICES

Project description
A procurement to quickly put in place a contract for regulatory processing services as part of significant national reforms implemented as part of a COAG initiative.

Client
Australian Maritime Safety Authority (public sector)

Involvement
The scope of Proximity’s engagement was to lead the procurement process for AMSA. Proximity was engaged as the sole external provider in relation to the procurement. Proximity’s role was significant and included:

- defining AMSA’s service requirements
- developing a procurement strategy
- obtaining confidentiality undertakings
- facilitating a risk workshop and developing a risk assessment
- briefing tenderers on AMSA’s requirements
- drafting conditions of tender
- drafting the contract for services
- developing a unique pricing model
- developing commercial protections
- tender evaluation
- negotiating with the preferred supplier
- providing legal advice
- briefing AMSA’s senior executive

In undertaking these services Proximity worked closely with AMSA’s business support manager, legal counsel and technical experts.

Approach
Proximity’s approach was to work on-site with AMSA so that the procurement could be undertaken in the most efficient and effective way possible. Throughout the procurement process Proximity worked very close with AMSA’s business support manager, legal counsel and technical experts.

Proximity undertook a methodical process that started with identifying AMSA’s requirements and industry’s capacity. This was achieved through a series of meetings and briefings with AMSA and industry.

The project required a pragmatic approach given the need to conduct the procurement quickly. This included devising alternate commercial and risk allocation provisions (after consultation with AMSA’s senior executive) to strike the balance between the needs of both AMSA and service providers. The provisions drafted by Proximity were considered by AMSA to have achieved this balance to such a degree that AMSA’s internal procurement team subsequently proposed amending AMSA’s templates to reflect the revised commercial and risk allocation provisions drafted by Proximity.
The procurement was undertaken with great uncertainty regarding the volume of services that would be required. To accommodate this, Proximity developed a creative solution that allowed AMSA to enter a contract for the provision of the services, without having to pay for services until required, but still obtaining discounted rates for high volume services. Proximity achieved this through a combination of opportunity services (service provider only required to supply if capacity available at the time) and committed services (service provider obliged to supply), with AMSA having the flexibility to determine the amount of committed services required at the particular time. To reduce uncertainty to service providers (and therefore lower the level of management reserve priced into the services), service providers were permitted to bid their own mobilisation times and amortise mobilisation costs over a minimum committed period of 12 months.

Throughout the process Proximity and AMSA engaged regularly with industry (while always adhering to appropriate probity requirements) to ensure that an optimal result was achieved by leveraging the benefits of industry experience.

**Date**
April 2013 to September 2013

**Key Personnel**
Sean King

**Lessons and achievements**
In a few short months, Proximity assisted AMSA to conduct a complete procurement process from initial planning to contract execution.

This was achieved in a sensitive political environment, with significant pressures, and in relation to services not previously purchased by AMSA.

The commercial model for the procurement managed to achieve AMSA’s desired outcomes, giving the flexibility required to address the uncertain volume requirements but without significant risk pricing by service providers.

The procurement was also conducted in a way that resulted in a very positive relationship between AMSA and the service providers.

The procurement achieved all of AMSA’s requirements and received praise from AMSA’s senior managers including the CEO.

**Referee**
Stephen Evans, Business Support Manager
Australian Maritime Safety Authority
### Project description

The $8 billion Air Warfare Destroyer Project is one of the largest defence procurement projects in Australia’s history. It will deliver to the Royal Australian Navy three highly capable and versatile multi-mission warships which will combine offensive and defensive weapons, range and endurance to provide air defence for accompanying ships, support diplomatic missions and have the ability to perform a command and control role with both the Australian Defence Force and coalition forces.

Delivery of the ships is the responsibility of the AWD Alliance. The Alliance comprises Defence representing the Australian Government, ASC as the lead shipbuilder and Raytheon Australia as the mission systems integrator.

The three Hobart Class Destroyers will be commissioned as HMAS Hobart, HMAS Brisbane and HMAS Sydney.

Proximity has had a multi-year engagement to assist the AWD Project plan for the procurement of the initial period of sustainment, during which the ships will transition from the acquisition phase to the eventual mature in-service support phase of the project lifecycle.

### Client

Department of Defence – Capability Acquisition and Sustainment Group (public sector)

### Involvement

David Mahony, a Principal Advisor of Proximity, has been engaged to provide commercial support as part of the Transition to Support project team. David works onsite (approximately four days a week) at the Alliance’s AWD Systems Centre at Osborne, South Australia.

The work includes:

- assisting with establishing the technical requirements and the proposed procurement strategy
- providing advice on intellectual property management and licensing
- drafting proposed solicitation and contract documentation.

### Approach

The Transition to Support project is an evolving one and Proximity is working as an integrated member of the Defence internal project team to respond to, and inform, the developing project requirements.

### Key Personnel

David Mahony

### Date

March 2013 to June 2017 (anticipated)

### Lessons and achievements

The current focus is on providing informed commercial assistance to ensure the successful development of the strategy and associated documentary deliverables.

### Referee

Peter Croser  
Director General Specialist Ships Acquisition  
Department of Defence

### Significance

The Transition to Support part of the AWD project is not budgeted at the time of producing this case study. It could be approximately five years in duration and worth several hundreds of millions of dollars. The work will result in the sustainment of one of the Australian Defence Force’s key platforms.