



TAFE NSW

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HON ANTHONY D'ADAM MLC
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MR ANDREW RATCHFORD
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RECOMMENDATION TO AWARD

Contract Title	Accelerated Product Development
Sourcing Ref #	WS273260361
Supplier	Deloitte and EY
Contract Value	\$15M split between the suppliers – [redacted] and [redacted]

Recommendation¹

It is recommended the Managing Director approve the award of contract WS273260361 for the provision of Accelerated Product Development, for a term of 6 months, to a total whole of life contract value of \$15M (GST Excl.) as shown below:

Product Development: Management Services	Product Development: Training Product Curation and Creation Services	Product Development: Training Product Curation and Creation Services
EY	EY	Deloitte
Up to 15% of total contract value	Up to 45% of total contract value	Up to 40% of total contract value
[redacted]	[redacted]	[redacted]

Summary of key issues

Whilst a Learning Resources panel exists, it cannot scale up to the extent required for this unprecedented volume. To cope with this volume a Professional Services Engagement is required to both provide an outsourcing channel and to provide additional resources to augment current workforce to meet the demands and timeframes for Transitioning Product (latest timeframe for completion of Product Development would be January 2022). If TAFE NSW was to do nothing it would put a risk \$454M revenue as it would not be able to offer or teach the courses that rely on this training product.

As part of the negotiation process, both of the suppliers provided a proposal and presentation based on assessment criteria and the panel reviewed responses and questioned the suppliers on their capacity to address the criteria.

The responses provided the basis of an initial split of the workload between the suppliers which will be assessed throughout the engagement and, if necessary, managed by the Contract Manager.

The Assessment panel found that both of the suppliers had the capability to meet the TAFE NSW requirements. EY showed a stronger project development process as well as existing experience developing for the VET sector and as such has been recommended to provide additional project management services to assist TAFE NSW with the development management pipeline for the project.

¹ All Approvals will workflow through eProcurement (Ariba)





RECOMMENDATION TO AWARD

Further analysis

a) Procurement process overview

A Direct Negotiation was undertaken with both suppliers which had been pre-selected based on their previously proven capabilities:

- Production of NNR training product
- Delivery of volume at speed and scale
- Previous work with TAFE NSW - with accelerated understanding of business process and operational requirements (i.e. Standards for product build)
- Development of high quality VET training product
- Immersive digital lab infrastructure
- Technical expertise in training product design and writing aligned to the principles of contemporary learning (e.g. digital first)

Suppliers

Supplier Name	Supplier Contact	Supplier Details
Deloitte	[Redacted] +61 [Redacted] [Redacted]	Currently on panel to produce training product (NNR) Demonstrated ability to develop VET product Capability to deliver volume at speed and scale. Previous work with TAFE NSW product group – with accelerated understanding of business process and operational requirements (i.e. Standards for product build)
EY	[Redacted] +61 [Redacted] [Redacted]	Demonstrated high quality development of VET training product, Immersive digital lab infrastructure, technical expertise in training product design and writing aligned to the principles of contemporary learning (e.g. digital first).

b) Contract Terms, Total Contract Value, and Contract Manager Details

The suppliers will be engaged under the NSW Government Professional and Management Services Scheme (PMSS) SCM005 for a term of 6 months. TAFE NSW Legal will review the contract documentation.

The contracts will be managed by Paul Haddad, Stream Lead – Outsourcing.

Work packets will be released to the suppliers during the project to allow quality to be assessed and development work allocated on the basis of proven strengths. Initial work packets will be completed on a time

[Redacted]



and materials basis with the option of moving to a fixed price structure once the effort required is understood by both parties.

TAFE NSW is not committed to the total value of this approval to either of the suppliers.

Contract details are at Attachment 2

c) Benefits

A multi-channel product development strategy will reduce our revenue at risk. In parallel multiple channels must be concurrently activated and amplified to meet the volume of product development, at future focussed quality levels (i.e., digital first to ensure product viability) within the given timeframes.

Supplier resource daily rates are capped under the PMSS rules and an additional discount structure for larger contract values is also provided. Each of the suppliers

[REDACTED] This equates to \$450K of additional value available to TAFE NSW.

Capped PMSS Rates are shown below:

d) Residual risks

Given the volume of 261 training products expiring (i.e. transitioning) to manage the volume in the time remaining a multi-tier Product Development channel strategy is required. This includes activating channels to de-risk total loss of revenue of \$100M via channels including:

Outsource – work with 2 providers to develop the bulk of transitioning training products

Purchase to Develop – work with 3rd parties to buy, then refine and align to TAFE NSW standards

Partner with the TAFE Network to Develop

Internal Develop – end to end build of training products leveraging internal teams

Deferral – an extension has been pursued with the regulator (ASQA) given the unprecedented volume

[REDACTED]



This specific request is for the largest scale channel to enable the development of product at speed and scale.

If TAFE NSW does not update the 261 transitioning Training Products, it cannot offer these products and puts at risk \$100M of budgeted revenue in FY22 from a total budgeted enrolment revenue stream of \$1.18Bn.

All other risks are documented in Attachment 5.

e) Consultation

Chief Delivery Officer – supports the decision to engage outsource partners to provide scale and speed that will enable TAFE NSW to achieve product development volume that will support strides towards Contemporary Learning

Chief Strategy and Commercial Officer – supports the decision to complete the backlog of transitioning product development to enable capacity to develop commercial products (such as micro skills)

List of Attachments

Attachment 1 – Supplier Assessment

Attachment 2 - Arlba Contract Workspace Details

Attachment 3 – Updated Benefits Register

Attachment 4 - Risk Register





Attachment 1 – Supplier Assessment

a) Background

As part of the negotiation process, both of the suppliers provided a proposal and presentation based on assessment criteria and the panel reviewed responses and questioned the suppliers on their capacity to address the criteria.

The responses provided the basis of an initial split of the workload between the suppliers which will be assessed throughout the engagement and, if necessary, managed by the Contract Manager.

b) Assessment criteria

Replicate the assessment criteria published to suppliers in the market documents

Assessment Criteria	Description
Scale	Existing network to develop 50-100 training products
Speed	Ability to delivery quantum of required work in 3-6 months
Design	Satisfaction of selection criteria relating to accessibility and quality

c) Summary of proposals

Supplier Name	Strengths	Weaknesses
Deloitte	<p>[Redacted] mode delivery by curated content</p> <p>[Redacted]</p> <p>Very good understanding of product development process used at TAFE NSW</p> <p>Sound understanding of workforce planning at TAFE NSE</p> <p>Wide range of authoring tools including use of Moodle</p> <p>Proposed co-design and co-creation activity</p>	<p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
EY	<p>Sophistication in understanding vocational education space</p> <p>[Redacted]</p> <p>Product Development management strong</p> <p>Agile learning design approach</p> <p>Sprints, stand-ups and showcases (daily and weekly) to present activity and progress</p> <p>'Follow the sun' development model</p>	<p>[Redacted]</p> <p>SME reliance</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>

CONFIDENTIAL



	Multi-dimensional squads	
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a) Justification for the recommendation

The Assessment panel found that both of the suppliers had the capability to meet the TAFE NSW requirements. EY showed a stronger project development process as well as existing experience developing for the VET sector and as such has been recommended to provide additional project management services to assist TAFE NSW with the development management pipeline for the project.

Once development commences, the TAFE NSW Contract Manager will allocate work packets based on shown strengths and will assess this throughout the project engagement. Initial work packets will be completed on a time and materials basis with the option of moving to a fixed price structure once the effort required is understood by both parties.





Attachment 3 - Ariba Contract Workspace Details

Contract Details				
Contract Management Plan (CMP):	Required	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>	
Business Contract Manager Role which includes: <ul style="list-style-type: none"> Permanent employee responsible for contract outcome, and preparing/ implementing a CMP Approve & maintain contract terms Receive & action contract notifications incl. monitoring social outcomes. Responsible for validating and approving invoices for payment for invoice against contract. 	Name	Paul Haddad		
	Role	Stream Lead - Outsourcing		
	Email	Paul.haddad9@tafensw.edu.au		
Contract Management Details (e.g. Vendor ID, SAP Vendor ID, ABN, etc.)				
Supplier or Vendor details: Deloitte Touche Tohmatsu	SAP vendor ID²	100037575	ABN	74 490 121 060
Model contract: (contract template is being used)	SCM0005			
Contract value: (total value over proposed term, incl. any option periods)	[REDACTED]			
Contingency (if applicable): (percentage % of approved contingency applied to the Contract value)	Nil			
Total Contract value: (Sum of Contract value + any Contingency. Amount specified in the recommendation).	[REDACTED]			
Expected Contract details: (either from execution or if not, enter start and expiry/end date)	Start date	20 Sep 2021	Expiry date	20 Feb 2022
Contract duration (incl. any options) (List initial term and any available options e.g. 2 years + 1 +1 year)	6 months			
Defects liability apply	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>		Duration
Contract Management Details (e.g. Vendor ID, SAP Vendor ID, ABN, etc.)				
Buying Channel: (e.g. Catalogue or Invoice against contract, Vcard or Pcard)	PO Release			
Cost Centre:	91721184			
GL Account:	N/A			
Project/WBS (CTP):	N/A			
Fund code:	N/A			
Final Invoice date:	20 Feb 2022			

² Note: If the supplier does not have a vendor ID you must commence the process to register the supplier as soon as possible. This can be completed using the Vendor Maintenance Form in SAP.



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Contract Management Plan (CMP):					Required	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>	
Business Contract Manager Role which includes: <ul style="list-style-type: none"> Permanent employee responsible for contract outcome, and preparing/ implementing a CMP Approve & maintain contract terms Receive & action contract notifications incl. monitoring social outcomes. Responsible for validating and approving invoices for payment for invoice against contract. 	Name	Paul Haddad						
	Role	Stream Lead - Outsourcing						
	Email	Paul.haddad9@tafensw.edu.au						
Supplier or Vendor details: Ernst & Young					SAP vendor ID³	100050947	ABN	75 288 172 749
Model contract: (contract template is being used)					SCM0005			
Contract value: (total value over proposed term, incl. any option periods)					[REDACTED]			
Contingency (if applicable): (percentage % of approved contingency applied to the Contract value)					Nil			
Total Contract value: (Sum of Contract value + any Contingency. Amount specified in the recommendation).					[REDACTED]			
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Attachment 4 – Updated Benefits Register
Benefits Register

In the Procurement Strategy estimated benefits were proposed to be delivered through this procurement. Benefits have now been negotiated and the supplier will deliver benefits to TAFE NSW through the proposed contract. This section updates the benefits to be delivered. The register indicates how and when benefits will be measured and realised and includes financial and non-financial benefits. There may be further benefits possible such as reduced risk or increased compliance. Where applicable, update the *Savings Form in SAP Ariba* based upon the negotiated saving projections.

	Financial	Operational	Customer	Supplier	Measurement	Frequency	Value
1	Increased Enrolments via enhanced Training Product Offerings	Both	Revenue Increase	Student Experience	Total Enrolments	Monthly	>438,000
2	Improved Training Product Quality	Both	Improved Performance	Student Completions	Monthly	Student Completions	>72% Student Confidence in Course Completion
3	Contracted Rates	Financial	Reduced Cost	Product Group	Ongoing		\$450K additional value available due to 3% increase on SCMI0005 volume discounts

Attachment 5 - Risk Management

Guide note: Update the risks register below continuing from that provided in the Procurement Strategy. Consider contract management risks such as service failure, management of cost, timeframes, and variations management.

a) Risk Register

1	<p>Reputational Risk: TAFE NSW will experience reputational risk due to the nature of this engagement, unless a targeted approach to supplier selection is followed.</p>	3	4	12	TAFE NSW will leverage existing relationships (defined as Professional Services who have been engaged within the last rolling 12-month period) to ensure relevant and recent understanding of the strategic direction and operational challenges experienced by TAFE NSW	Chief Product and Quality Officer		
2	<p>Perception Risk: TAFE NSW could be perceived to be offering favourable treatment to suppliers based on the speed and procurement approach undertaken.</p>	3	3	9	Urgency of this engagement is driven by the severity of operational disruption given the nature and scale of Product Development solutions required.	Chief Product and Quality Officer		
3	<p>Bias Risk: Chief Delivery Officer is a former Partner at one of the two Professional Service providers identified as viable for this engagement.</p>	3	3	9	Chief Delivery Officer has not been involved in the development of the Procurement Strategy and is not involved in the Procurement Selection Approach; there are also limited providers who can meet the scale, velocity and professional services required.	Chief Product and Quality Officer		
4	<p>Capacity: Suppliers have the capacity to manage the expected volume of work packages to complete in the required timeframes</p>	3	4	12	Work to be split across 2 x primary suppliers to manage capacity issues should they arise; combined with multi-channel strategy to de-risk volume concentration.	Chief Product and Quality Officer		

Further guidance is in the TAFE NSW Enterprise Risk Management Framework.

Buying Professional Services

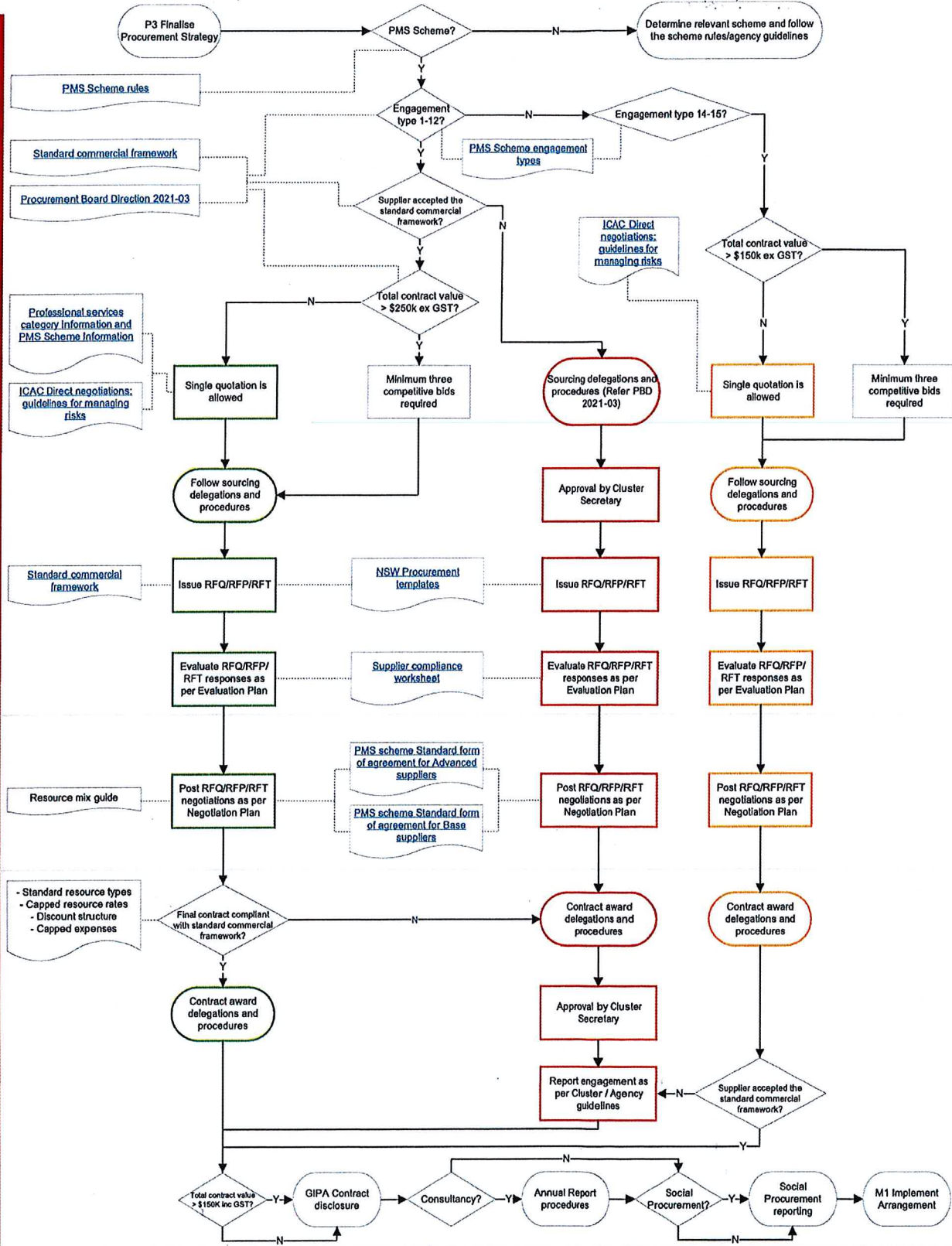
Guidance for NSW Government buyers and procurement teams



S1 Approach the Market

S2 Select

S3 Negotiate and Award



! This document describes the approach to buying professional services, not including Construction, ICT or Legal Services.

? For assistance with buying professional services: First, contact your agency's procurement team. Second, contact [NSW Procurement Service Centre](#).

LEGEND

- Sector-wide requirement
- Decision point
- Agency process
- Reference material
- PMS Scheme standard commercial framework
- PMS Scheme exceptions
- Standard commercial framework not available