



Australian Government
Digital Transformation Agency

Discussion Paper: Hardware Marketplace

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dta

Digital Transformation Agency



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1 Introduction and Purpose

The Digital Transformation Agency (DTA) sets up and manages coordinated ICT procurement arrangements that help agencies when buying commonly used ICT products and services.¹ They are designed to level the playing field for Small and Medium Enterprises (SMEs), leverage whole of government buying power, simplify procurement for government buyers, and achieve value for money for taxpayers when the Government buys ICT.

The coordinated procurements have also supported the development of SMEs, with 35 of 83 sellers participating in the arrangements classified as SMEs. Also, around 47 percent of the \$1.47 billion spent through the arrangements² is with SMEs – exceeding the APS-wide average of 37 percent for ICT contracts.³

The 2017 reviews of the Hardware and Mobile panels found that both arrangements are meeting the Government's overall objectives for coordinated procurement, and identified opportunities for potential enhancements.⁴ After considering the recommendations from these reviews and the ICT procurement taskforce report,⁵ the DTA intends to establish a Hardware Marketplace to make purchasing ICT hardware simpler, clearer and faster for buyers and sellers.⁶ This marketplace will leverage DTA's experience in successfully building and managing catalogue-based, simplified and coordinated procurement solutions such as the [Digital Marketplace](#) and the ICT Procurement Portal.

¹ For more information refer to <https://www.dta.gov.au/what-we-do/policies-and-programs/ict-procurement/buying/>

² This includes spend through the ICT Procurement Branch's current panels (excluding the Microsoft Volume Sourcing Agreement) up to and including August 2017.

³ APS SME participation is based on a 3 year average of AusTender data for ICT contracts (2013/14 to 2015/16).

⁴ Refer to Appendix A for more information on the Hardware and Mobile panels.

⁵ The recommendations made by the taskforce were [accepted by the Government](#) on 23 August 2017.

⁶ Consistent with Recommendation 8 of the [Report of the ICT Procurement Taskforce](#).

The Hardware Marketplace will consolidate the expiring [ICT Hardware and Associated Services panel](#), the [Mobile panel](#), and the hardware categories of the [Commercial Off The Shelf Software and Hardware panel](#) (COTS panel).

The DTA will recover the cost of the hardware marketplace through an administration fee charged to participating government buyers. The administration fee will initially be 2 percent of invoiced purchases, reviewed periodically.

This paper outlines some proposed features of the Hardware Marketplace, and invites feedback from buyers, sellers and interested parties. Please note that this paper is not a procurement, or an indication that there will be an approach to the market, and our plans may change depending on the feedback received.

2 Hardware Marketplace Features

The DTA plans to expand the products and services available from existing whole-of-government panels to 17 ICT hardware and related categories in the Hardware Marketplace, listed at Appendix B. The Hardware Marketplace also has a number of planned new features consistent with the recommendations of the ICT Procurement Taskforce, as outlined below.

2.1 One Stop, Non Stop Shop

The marketplace will be an always open, one-stop shop for government to buy value for money ICT hardware by harnessing whole-of-government demand. It will allow entities to buy ICT hardware through one simple, clear and fast online catalogue.⁷

So that the Hardware Marketplace catalogue is flexible and responsive to buyers, it will remain open for new sellers to join at DTA's discretion, after being assessed as suitable. Additionally, sellers may submit a minimum percentage discount off recommended retail prices for each category, rather than a fixed price per product or service.⁸ Using this approach, sellers will be able to offer any in-scope product or service through the marketplace. The DTA will assess whether the discounted pricing represents value for money for the Commonwealth.

To reduce red tape, buyers can approach a single seller using the agreed seller discount structure for all purchases under a predetermined threshold. The DTA considers the \$80,000 (including GST) threshold for open market approaches to be logical, as set by the Commonwealth Procurement Rules.

For purchases over the threshold, buyers will issue requests for quotation through an online platform to all sellers in the relevant category. Sellers will have an opportunity to submit a best and final offer. The successful seller's prices will be available in the marketplace to all buyers until the end of the agreed quotation validity period.⁹

⁷ Consistent with Recommendation 9 of the [Report of the ICT Procurement Taskforce](#).

⁸ As with every panel it manages, the DTA intends to conduct regular pricing audits and compliance checks to ensure that panellists are complying with the head agreement.

⁹ Usually this period is 30 days, but may be changed by negotiation between the buyer and seller.

2.2 Dynamic Pricing

To encourage competition¹⁰ and improve transparency, the DTA is also considering publishing product and service prices, which can be viewed by all sellers on the marketplace in the relevant category. Many large marketplaces have implemented a similar approach, including the Singapore Government's GeBIZ platform¹¹ and public online marketplaces such as eBay and Amazon.

In addition to this, we intend to allow sellers to revise product and service discounts at any time, as long as they remain equal to or greater than:

- the minimum discount that the DTA assessed as representing value for money when the Hardware Marketplace was established; and
- the discount offered to a buyer through a request for quotation (over the threshold) process, where the quotation validity period has not lapsed.

Sellers can add and remove products and services at any time, as long as they comply with the above discounting structure.

2.3 Hardware as a Service (HaaS)

HaaS allows organisations to source end user ICT without purchasing the equipment outright. It essentially combines hardware leasing/renting with associated services. Cloud-computing technology has made HaaS attractive since it makes off site maintenance easier and more suitable for outsourcing.

While the DTA is not considering HaaS as a separate product category, we are investigating ways to improve the process for buyers that are looking to purchase ICT through HaaS contracts.¹² For example, we intend to include standardised terms in the head agreement to make comparison between HaaS offerings easier.

¹⁰ Consistent with Recommendation 1 of the [Report of the ICT Procurement Taskforce](#).

¹¹ This is the Singapore government's equivalent to AusTender, and is available here <https://www.gebiz.gov.sg/>.

¹² Note that panellists will be required to have demonstrated value for money and been accepted onto the panel for each mandatory product category that the panellist intends to offer under a HaaS contract, or similar service contract.

3 Planned Timeline

The DTA intends to launch the Hardware Marketplace in two phases upon the expiry of the COTS panel arrangement on 31 August 2018:

- Phase one – release a request for tender (RFT), for the infrastructure categories contained in Appendix B, to the open market through AusTender in the first half of 2018.
- Phase two – following the successful implementation of phase one, the DTA will launch the remaining categories through a separate RFT process.

While the DTA is transitioning categories to the new Hardware Marketplace arrangement, we intend to extend the current Hardware and Mobile panels until the completion of Phase 2. Current sellers on these existing panels may choose to apply for inclusion on the new Hardware Marketplace by responding to the RFTs published on AusTender.

Prospective tenderers are encouraged to [register on AusTender](#) and [sign-up for updates](#) on the DTA's website to receive more information as it is released.

4 Questions

The DTA is seeking responses to the questions below, and general feedback via ictprocurement@dta.gov.au.

4.1 Questions for Industry and Current Panel Sellers

- Do you have any comments on the DTA providing complete pricing transparency between sellers on the Hardware Marketplace, similar to the Singapore Government¹³ and public marketplace approaches?
- Would you see a way in which Hardware as a Service could be standardised across sellers to facilitate easier comparison? For example, are there any standardised pricing and service models that could be suitable for government use?

4.2 Questions for Government Buyers

- Do you see a requirement for Hardware as a Service in your organisation?
- Do you see any benefits or drawbacks to the implementation of Hardware as a Service specific to your organisation?
- For purchases under \$80,000 (including GST), the DTA plans to recommend products in each category that represent the best value for money. Recognising however, that one size does not always fit all, we intend to allow buyers to purchase other catalogue products after selecting an approved reason why the recommended product is not suitable.¹⁴ What reasons should the DTA make available to buyers for this purpose?
- As explained in section 2.1, the DTA is considering reducing red tape by allowing buyers to approach a single seller for all purchases under the threshold, using agreed discount rates off recommended retail price. Do you believe that the threshold of \$80,000 (including GST) is appropriate for this approach?

¹³ This is the Singapore government's equivalent to AusTender, and is available here <https://www.gebiz.gov.sg/>.

¹⁴ For example, the DTA selects a basic laptop suitable for most users as the recommended product for the 'Standard Notebook' category, however, an entity may require a high grade screen for graphic design. In this scenario, the buyer could potentially select 'screen not suitable' as the reason for not purchasing the recommended product.

Appendix A Panel Background

The [Hardware Panel](#) was established in September 2015 for the provision of ICT hardware and associated services, with total expenditure from its commencement to 31 July 2017 of approximately \$244 million. The Hardware Panel replaced the [Desktop Panel](#) and expires on 30 June 2018, with options to extend for up to three terms of 12 months each.

The [Mobile Panel](#) was established in September 2014 for the provision of mobile devices, carriage services and mobile related products and associated services. Total expenditure through the Mobile Panel from its commencement to 31 July 2017 was approximately \$78.6 million. The Mobile Panel's initial term has been extended by 12 months to 31 August 2018 with one remaining 12 month extension option.

On 1 May 2017, responsibility for managing both panels transitioned to the DTA from the Department of Finance. The DTA completed reviews of the panels in 2017, finding that both arrangements are achieving the Government's coordinated procurement strategic objectives to:

- reduce the cost of supply to buyers
- continue to meet the business needs of buyers
- contribute to a competitive and viable industry
- result in fair, equitable and transparent processes, and
- optimise government savings through cost reductions, improved efficiencies and promotion of behavioural change.

The reviews recommended approaching the market to consolidate and refresh the arrangements in 2018, incorporating a number of enhancements.

Appendix B Product Categories

End User Hardware	Infrastructure	Associated Services
Audio-visual and Teleconferencing	Mainframe	Asset Tagging and Control
Desktop PCs*	Network	Installation
<ul style="list-style-type: none"> • Standard Desktop PC • All-in-One PC • Workstation PC 	Servers and Server Racks	Decommissioning, Disposal and Sanitisation
Mobile PCs*	Storage	Logistical Services
<ul style="list-style-type: none"> • Standard Notebook • Ultra-Mobile PC • Tablets • Hybrid Devices 		Mobile Carriage Services
Monitors*		Pre-delivery Configuration and Imaging
Mobile Carriage Devices*		Technical Support and Floor Walking ¹⁵
<ul style="list-style-type: none"> • Mobile Phones • Mobile Broadband 		
Virtual Desktop Devices (VDDs)*		
<ul style="list-style-type: none"> • Thin Client 		

**It will be mandatory for Non-Corporate Commonwealth entities to purchase this category through the Hardware Marketplace, as it is currently mandatory through either the Mobile or Hardware panel.*

The Hardware Marketplace will be available for all Federal, State and local governments to use, for all categories. Note that it is mandatory for Non-Corporate Commonwealth entities to procure through coordinated arrangements, where these exist. Apart from the mandatory categories in the table above transferred from the Hardware and Mobile panels, the Hardware Marketplace will not replace the mandated categories of other existing coordinated procurements.

¹⁵ This includes both remote and on-site technical support.