



New Zealand Government Technology Procurement

Member Feedback Survey

2024





THE UNITED VOICE FOR TECHNOLOGY
IN AOTEAROA NEW ZEALAND,
ENABLING TECH FOR GOOD

NZTech Research

NZTech is a not-for-profit collective impact association with a mission to support a values-led, nationally and internationally connected tech community that is collectively lifting safety, equity, sustainability and prosperity for all in Aotearoa, by creating jobs, export growth and impact through tech for good.

We support fact based decision making and regularly undertake research across our 1000+ members and the broader technology ecosystem.

This document provides a summary of member feedback collected during the 2024 Review of the Government Procurement Rules consultation conducted by the Ministry of Business, Innovation and Employment.



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The Highlights.

What's working?

Clear communication and structure

Collaborative and direct engagement

Efficient processes

Positive use of technology

Timely feedback and clear outcomes

What could be improved?

Systems and processes

- Lengthy and complex processes
- Procurement system shortcomings
- Decision-making delays
- Fixed pricing issues
- Inadequate communication

Transparency

- Lack of transparency
- Favouritism and lack of fair competition
- Challenges for small businesses

What has been your experience?

Lack of clarity and standardisation

Slow procurement process

Poor contract management

Lack of expertise

Innovation and flexibility stifled

What isn't working?

Long and bureaucratic processes

Inefficiency and lack of innovation

Inconsistent communication

Challenges with DIA Marketplace

What broader outcomes should be delivered?

Support for local and smaller providers

Support for regional development and social impact

To attain these broader outcomes...

- Balance costs vs outcomes
- Increase focus on innovation and strategic thinking

Introduction

The recent NZTech survey gathering feedback on New Zealand government procurement provides valuable insights into our members' experiences. This report summarises key themes from the survey responses, highlights areas for improvement, and suggests potential enhancements to the procurement process.

Respondents shared a wide range of experiences, highlighting both strengths and areas for improvement. There was positive feedback on clear communication and structured processes. While at the same time concerns were raised over inefficiencies, lack of transparency and challenges faced by small businesses. Overall, the feedback highlights a need for greater clarity, standardisation and enhanced communication across all stages of procurement.

In summary, some respondents praised collaborative engagement, timely feedback and the use of technology, many expressed frustration with lengthy, bureaucratic processes and risk averse approaches that stifle innovations.

Our survey results emphasise a desire for a more streamlined, transparent and inclusive procurement system that better balances cost considerations with long term outcomes and innovation.

METHODOLOGY

This survey was conducted in June 2024 via the NZTech membership base. The survey was a simple online poll with four open questions regarding our members experiences with Government Procurement in order to support the New Zealand Government's review of its procurement processes.

The questions were:

1. What worked well during your recent experience with government procurement?
2. What could have been improved?
3. What has been your experience with contract management in government contracts? What could be improved?
4. What broader outcomes do you think should be delivered via government procurement?

Demographics

The survey was completed by senior decision makers from within 47 member organisations. A quarter of respondents were founders or directors of smaller tech firms, 15 percent were managing directors or C-level management roles and 10 percent were IT management roles.

What worked & what didn't

While many respondents acknowledged clarity and efficiency within specific stages of the procurement process, frustrations arose from bureaucracy, slow timelines and a lack of innovation.

WHAT'S WORKING WELL

The following areas were repeatedly identified as working well within the current processes:

Clear communication and structure

- Many respondents appreciated clear communication and structured processes.

"..well-written, clearly defined RFP and RFI requirements."

"..clear bid documents setting out goals."

- Respondents also appreciated pre-RFP documentation, which gave room for feedback and transparency.

Collaborative and direct engagement

- Direct communication and engagement were beneficial, particularly when interacting with government stakeholders or being part of panels.

"Collaborative RFP, where a shortlist are invited to engage directly with the team to better understand requirements."

- Direct relationships with the client helped suppliers understand requirements better.
- Dialogue sessions and workshops were seen as helpful in understanding customer requirements and RFP expectations.

Efficient processes

- Many respondents cited that once the system was in place, the process flowed well, and statements for work were timely and efficient.
- Access to pre-screened suppliers and the availability of bulk discounts also improved efficiency.
- The ability to contract services via Marketplace without lengthy contract negotiations streamlined processes.

Positive use of technology

- Although the technology was sometimes criticised for being outdated, some respondents found tools like the New Zealand Government Electronic Tenders Service (GETS) and the Government Procurement website useful, stating that these platforms made the process self-explanatory and easy to follow.

What worked & what didn't

Timely feedback and clear outcomes

- Several respondents appreciated receiving feedback after the procurement process, which helped clarify where their proposal succeeded or failed.

"Post-selection debrief was good... some agencies gave genuine feedback on where we lost points."

WHAT DIDN'T WORK WELL

Frustrations were clearly evident across multiple experiences, including:

Long and bureaucratic processes

- Many respondents found the process long and bogged down by bureaucracy, with little understanding of marketplace dynamics.

"..long drawn-out process...developed by bureaucrats."

- Some highlighted slow timelines, like:

"I registered with Marketplace...in July, and waited until January for follow-up."

Inefficiency and lack of innovation

- Several responses criticised the process for being risk-averse and outdated, with little innovation in the way procurement is managed.

"..is antiquated, and it locks us into going backward fast."

- Another respondent mentioned that it was difficult to push back on unnecessarily complex additions imposed by legal and managers.

Inconsistent communication

- There were mixed experiences with communication; while some praised clarity, others faced inefficiencies.

"..efficient communication channels."

"..communication with procurement teams is OK when using GETS...but hit-and-miss when leaving the tool."

Challenges with DIA Marketplace

- Several respondents pointed to challenges with the DIA Marketplace.
- Delays and technical issues, such as lost applications, were common frustrations.

What could be improved?

There is a clear desire for greater transparency, simplified processes, and more support for small and local businesses.

Inconsistent decision-making and delayed responses are seen as major pain points. The complex and bureaucratic nature of the system is a recurring theme, with many feeling that procurement needs to be streamlined and more aligned with the realities of businesses, especially smaller ones.

SYSTEMS AND PROCESSES

Lengthy and complex processes

- Many respondents expressed frustration with the slow and cumbersome nature of government procurement. They felt that the process took too long, with unnecessary complexities and bureaucratic hurdles.

"Long drawn out process obviously developed by procurement people for procurement people with little understanding of the marketplace."

"Too much emphasis was given to topics that were not relevant to the procurement subject at hand."

"It takes a massive level of resource and time for SMEs to participate."

Procurement system shortcomings

- The GETS and DIA Marketplace systems were criticised for being difficult to navigate, slow, and unclear.

"Poor website. Guidance on updating catalogues is unclear."

"GETS should list all central, regional, and local government opportunities and make it mandatory. No closed panels, no supplier lock-ins."

Decision-making delays

- Slow decision-making by government agencies was a common complaint. Delays in signing contracts, providing purchase order numbers, or making decisions had significant business impacts.

"We were expected to make a prompt decision, but they delayed by 2.5 months."

"Timely response from the government was an issue, big delays impacted our business."

Fixed pricing issues

- A recurring concern was around the inflexible pricing structures, particularly in long-term contracts. Many respondents argued that fixed pricing doesn't reflect the realities of fluctuating costs in later stages of contracts.

What could be improved?

Inadequate support and communication

- Respondents emphasised that more guidance and clearer communication from government agencies would significantly improve the procurement experience. They wanted more transparency and clarity at each stage of the process.

"They clearly had no idea what they were asking for – the RFI was confused and asked for too much detail."

"There was a lack of clarity from day one, leading to unnecessary toing and fro-ing."

TRANSPARENCY

Lack of transparency

- Several respondents pointed out that there was little to no transparency around how decisions were made, who won contracts, and for what amount. They suggested that more openness would benefit the process.

"There is not enough transparency over who is awarded a contract."

"The process wasn't always followed, and there was a high degree of opaqueness between CSO and RSO."

Favouritism and lack of fair competition

- Some respondents mentioned that government procurement favours larger or overseas vendors, while smaller or local vendors are often overlooked. They felt that this skewed competition and discouraged innovation.

"The process often seemed written by large companies for large companies."

"More local vendors need to be on the panel for a better competitive price."

"New Zealand companies should be considered instead of overseas companies."

- Some respondents felt that New Zealand-based companies were often overlooked in favour of overseas vendors, even when local solutions might be more cost-effective.

Challenges for small businesses

- Small businesses struggle to compete in the current system due to complicated tendering processes, lengthy forms, and a perceived favouritism towards larger vendors. This creates a barrier to entry for many smaller players.

"Many small companies don't get a look in because depts have favourites."

What has been your experience?

Feedback on procurement experiences varied, with some noting positive outcomes in individual contracts, while others pointed to systemic issues affecting the overall process. The general sentiment reflects a need for significant improvements in clarity, efficiency and engagement in government contract management.

POTENTIAL FOR IMPROVEMENT

Lack of clarity and standardisation

- Some respondents found the current contracts to be reasonable or improved compared to past experiences.
- There is a clear need for greater clarity and standardisation in contracts. Specific issues include data sovereignty for cloud services, inconsistent interpretation of rules across agencies, and overly complex processes.

"Contracts need to be published early and negotiated in good faith. Selection usually includes scoring on contract responses and so the process supports only those companies that are prepared to say yes to Govt T&C's."

Slow procurement process

- Many respondents highlighted issues with the procurement process, such as lengthy timelines, inconsistent application of rules, and high overhead for security reviews. There is also frustration with the lack of streamlined procedures and frequent administrative inefficiencies.
- Suggested improvements include simplifying administrative procedures, adopting standardised contract templates, and better training for procurement teams to handle modern SaaS and cloud services.

"Government procurement has not caught up with SaaS and Cloud consumption models. Agencies are trying to offload all their risk, with punitive SLAs (service level agreement) while still expecting continuous improvement."

Poor contract management

- Poor contract management experiences were frequently mentioned, including a lack of communication from contract managers, inconsistent enforcement of contract terms, and aggressive pricing strategies.

What has been your experience?

- Suggested improvements include enhanced engagement with suppliers, better understanding of commercial realities, and a more relational approach to contracts rather than focusing solely on cost reductions.

"Poor contract management. No ability to understand the perspective of the supplier. Plus a very one-sided contract."

Lack of expertise

- There is a concern that the government often lacks expertise and experience in handling contracts effectively, leading to dissatisfaction with contract terms and management. Some respondents noted that supplier relationship management (SRM) is unevenly applied.
- Suggested improvements include better utilisation of industry expertise, improved SRM practices, and ensuring that contracts are managed by knowledgeable personnel.

"Some agencies have mature Supplier Relationship Management (SRM) plans in place while most don't do it at all."

Innovation and flexibility stifled

- The focus on minimising costs sometimes stifles innovation, as businesses may withdraw from the procurement process due to burdensome requirements.
- Suggested improvements include streamlining requirements to encourage more innovative solutions and maintaining a balance between cost and quality.

"Government wants everything effectively below cost. This leads to a great outcome for the taxpayer, but leads to a lack of innovation and great businesses withdrawing from the procurement process."

In summary

Many respondents expressed frustration with the complexity of the current system. Some focused on the need for better tools and administrative processes while others called for a broader shift in how contracts and supplier relationships are managed.

A recurring concern was the lack of understanding and engagement from contract managers and procurement teams. Respondents consistently emphasised the need for greater clarity, standardisation and improved communication.

What broader outcomes should be delivered?

While many respondents expressed a need for clearer, simplified procurement processes and better transparency, there was a shared concern that cost considerations are overshadowing broader, long-term outcomes.

There is a strong consensus on the need for greater support for local and smaller businesses. Responses varied in their focus on specific improvements, with some emphasising the need for regional and social impact, while others highlighted the importance of innovation and strategic alignment. There were differing opinions on the extent to which the procurement process should be centralised or standardised versus allowing for flexibility and innovation.

POTENTIAL BROADER OUTCOMES

Support for local and smaller providers

- Many responses emphasise the importance of supporting New Zealand businesses, including small and emerging companies, Māori and Pacific communities.

- There is frustration about the procurement process being geared towards larger players and the challenges small businesses face in competing.

"Procurement is geared towards the bigger players. Smaller specialist (niche) skillsets are desired, and big government is happy to speak to you about what you can offer, but they don't push through because procurement is too hard."

Support for regional development and social impact

- Respondents highlighted the potential for procurement to drive regional development, support social outcomes and promote environmental sustainability.
- There is a call for greater emphasis on these broader impacts, beyond just economic considerations

"Digital inclusion, people and skills development, our industry needs more skilled workers. Regional development, procurement that brings money into the regions."

What broader outcomes should be delivered?

HOW TO ATTAIN BROADER OUTCOMES

Balance costs vs outcomes

- There is concern that cost is often prioritised over broader outcomes, leading to a focus on short-term savings rather than long-term value and innovation.
- Suggested improvements include a shift towards outcomes-based procurement, where value and impact are considered alongside cost.

"There seems to be an overly strong emphasis on cost as opposed to outcomes. There is a bit of a move to outcomes-based procurement."

Increase focus on innovation and strategic thinking

- There is a desire for more strategic thinking in procurement, including encouragement of innovation and better support for startups.
- Suggested improvements include promoting innovative solutions, and developing procurement strategies that support long-term growth and adaptation.

"Encouragement of innovation. More support for small startups like us. Sustainable and ethical procurement practices."

In Summary

Overall, the feedback suggests a need for a more balanced approach in government procurement, where support for local businesses, streamlined processes, and consideration of broader outcomes are integrated into procurement practices.



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