Government procurement.

What is your experience?

October 2022

SURVEY RESULTS

InnovationAus.com
PUBLIC POLICY AND BUSINESS INNOVATION

Introduction

Government Procurement Survey 2022. What is your experience?

The aim of this survey was to demonstrate through data the experience of Australian SME technology companies selling to government.

The survey focused on the experience of local companies and InnovationAus hopes the results will be considered in any planned review of federal procurement policy.

The empirical results are being published on the InnovationAus.com website with additional insights and commentary from individual survey respondents to help generate discussion and to inform debate about government procurement practices.

The survey results are anonymised. No comments have been attributed to an individual or organisation.

The Government Procurement Survey 2022 results are based on the completed surveys of 86 respondents to an online survey between September 13 and October 7, 2022.
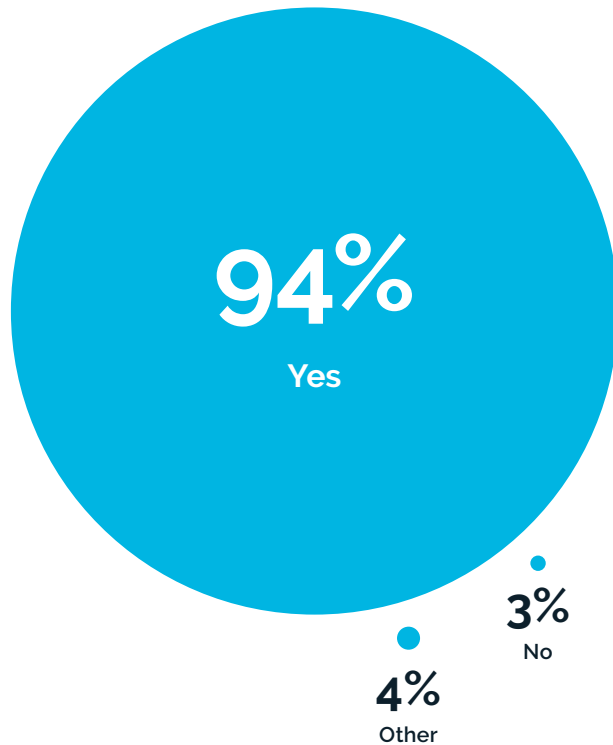
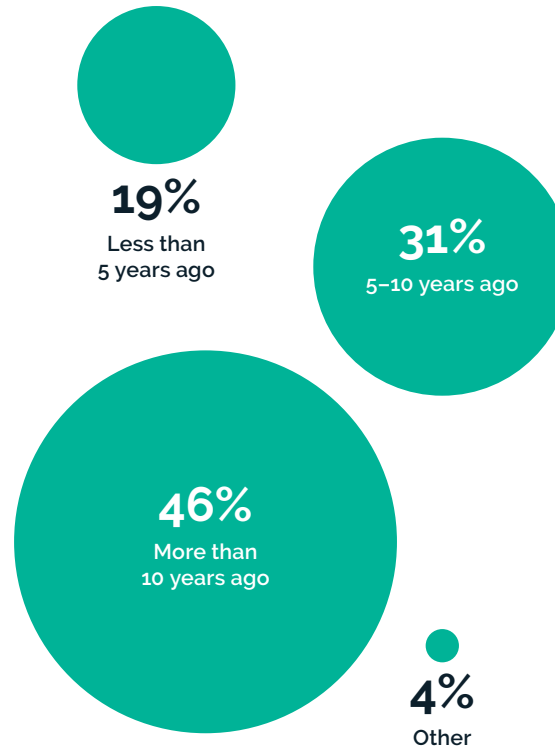**Corrie McLeod**
Publisher
InnovationAus.com

Q1

Is the company headquartered in Australia for tax purposes?

94%
Yes

4%
Other

3%
No

Q2

When was the company established?

19%
Less than 5 years ago

31%
5–10 years ago

46%
More than 10 years ago

4%
Other

OTHER

1. 30 years ago
2. 35 years ago

Q3

How many people are there in your organisation?

29%
1–5 employees

35%
5–25 employees

27%
25–100 employees

2%
100–250 employees

7%
More than 250 employees
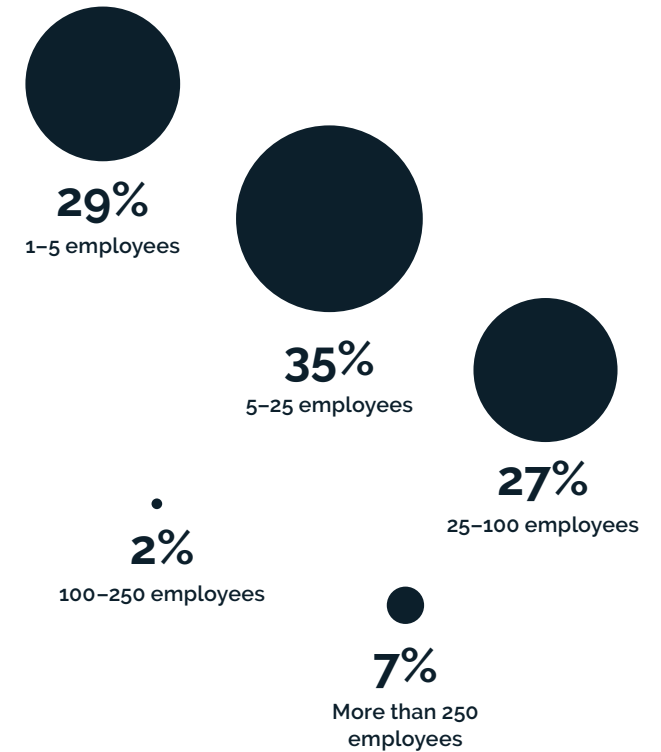
OTHER

1. Depends on the project and funding.
2. 1,200

Q4

What state are you headquartered in?

37%
NSW

26%
VIC

18%
ACT

12%
QLD

6%
SA

1%
WA
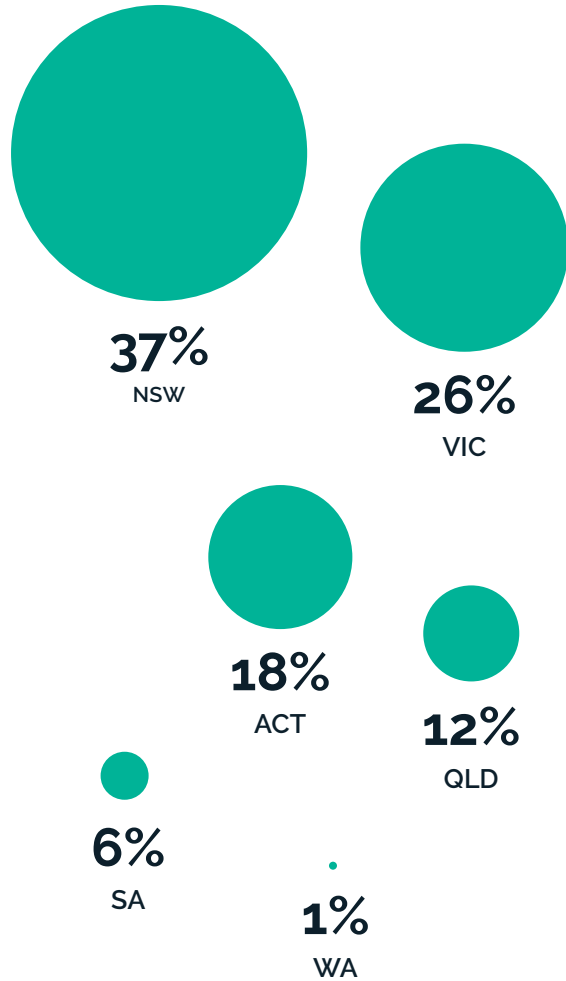
Q5

Does your business own the intellectual property you deliver?

79%
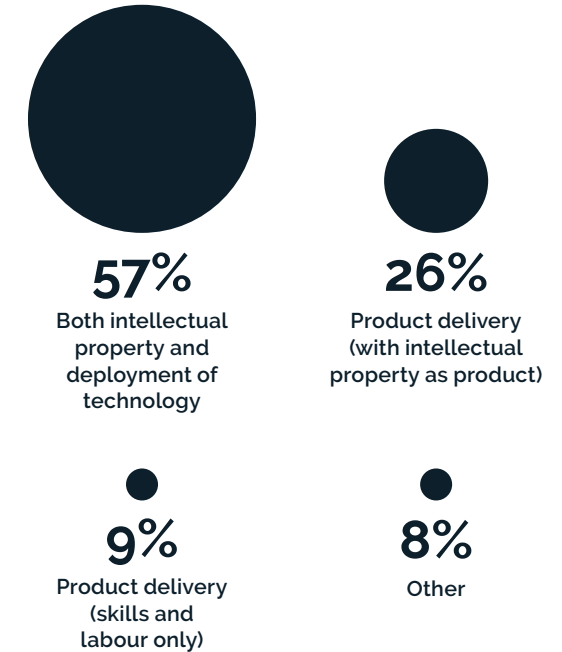YES

11%
NO

10%
OTHER
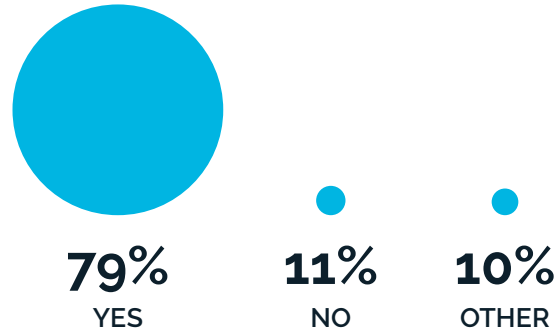
OTHER

1. Both - we own some IP
2. Yes. Although we are often required / forced to sign contracts handing over our IP to gov departments.
3. Assignment of the created IP is on a case-by-case basis by client.
4. A mix - gov owns the IP in what we deliver mainly
5. Some yes and some no, most of what we do is down to design which is our IP but we partner with global best in class organisations to develop outstanding solutions
6. Depends on govt contract.
7. Depends on the client
8. Sometimes - it depends on the contract

Q6

How would you describe what you deliver?

57%
Both intellectual property and deployment of technology

26%
Product delivery (with intellectual property as product)

9%
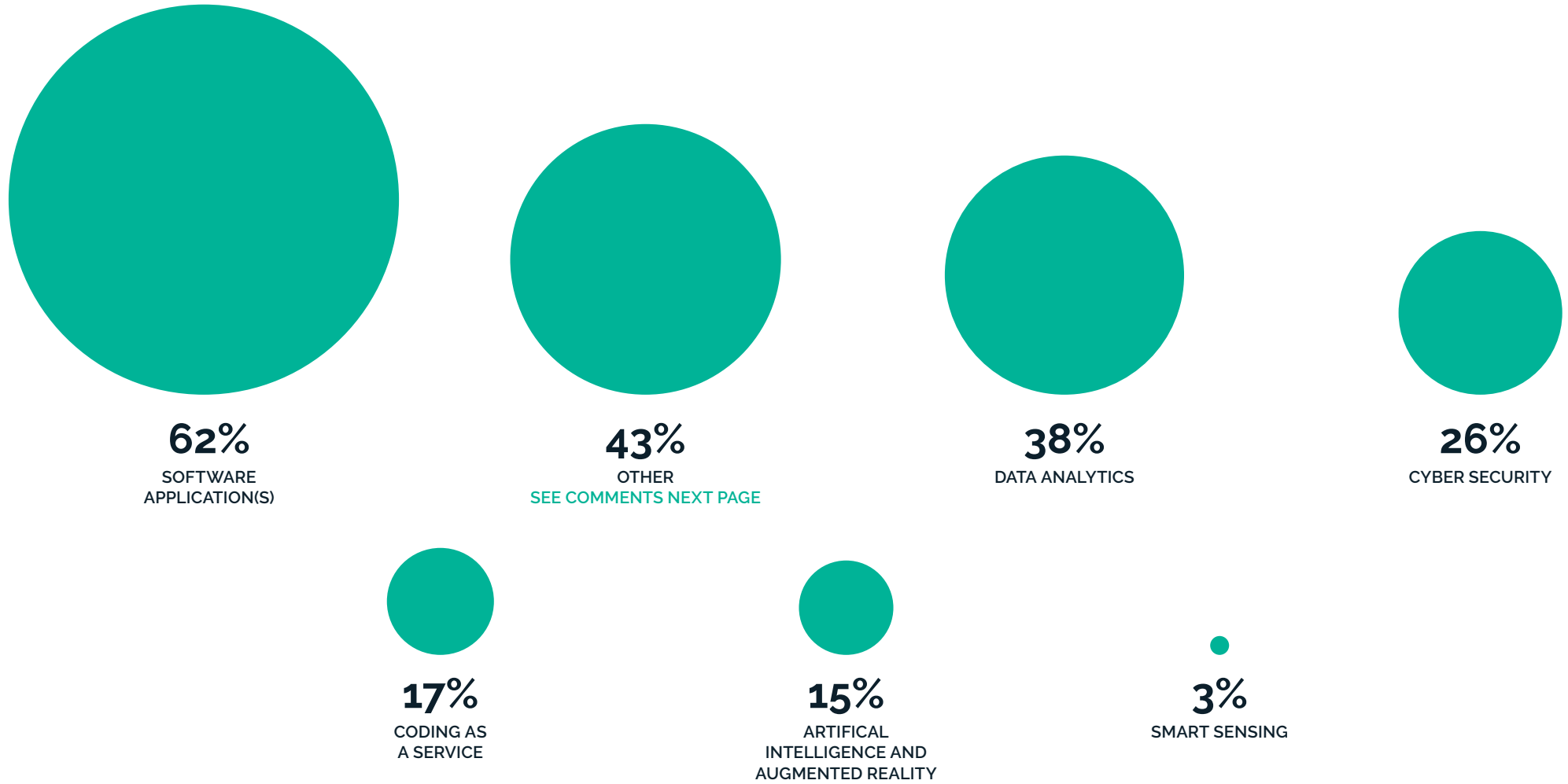Product delivery (skills and labour only)

8%
Other

OTHER

1. Both product deliver and IP as a product
2. Services delivery only with intellectual property as a product
3. Bio technology in aquaculture
4. Cyber security assessments
5. Consulting - advice and insight.
6. SaaS

Q7

What areas is your business in?

62%
SOFTWARE
APPLICATION(S)

43%
OTHER
SEE COMMENTS NEXT PAGE

38%
DATA ANALYTICS

26%
CYBER SECURITY

17%
CODING AS
A SERVICE

15%
ARTIFICAL
INTELLIGENCE AND
AUGMENTED REALITY

3%
SMART SENSING

Q7 CONTINUED

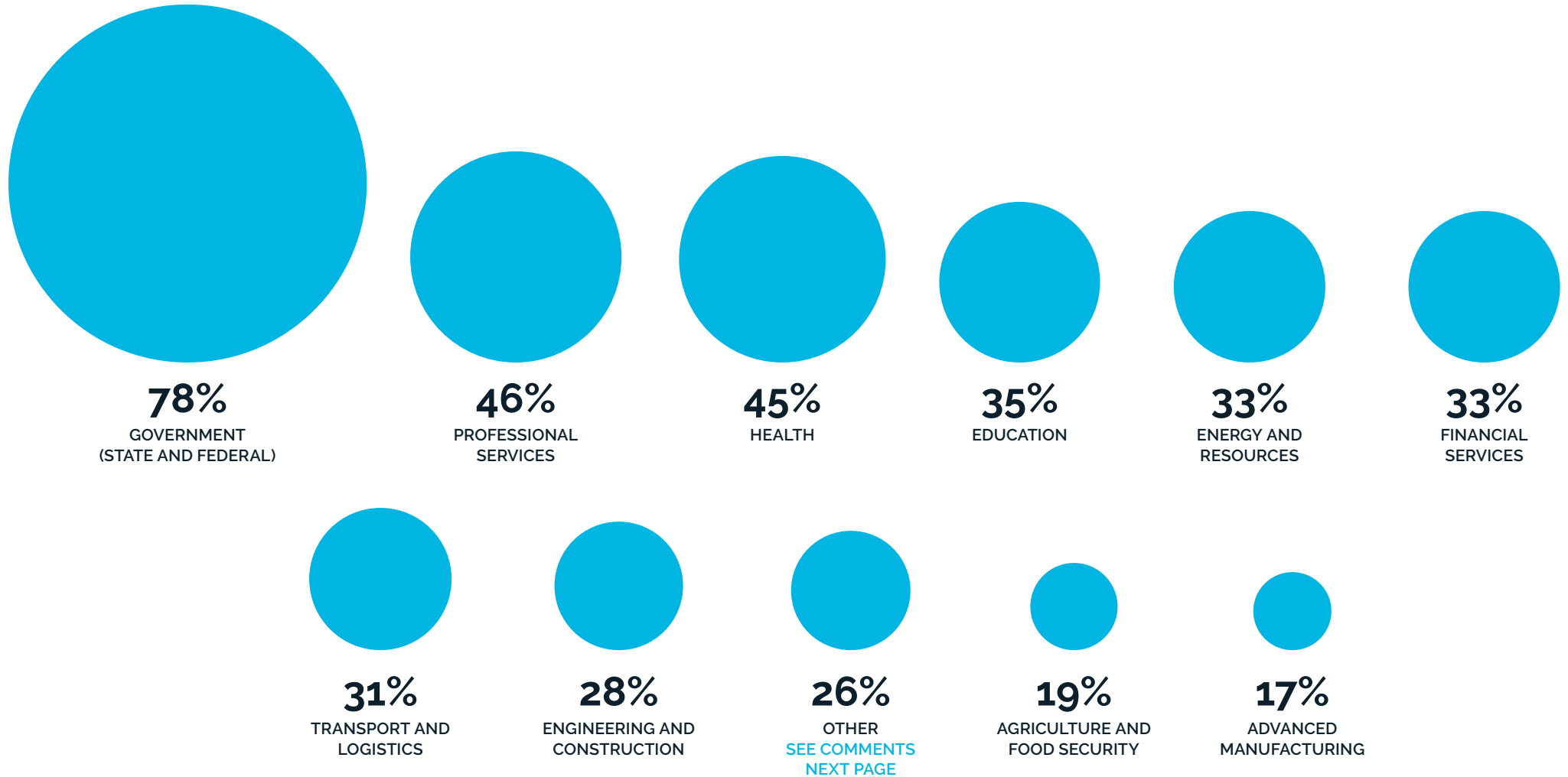## What areas is your business in?

OTHER (COMMENTS)

1. IT operational support services
2. We supply multi-disciplinary teams that design, build and run digital products on behalf of by the government
3. School Management and Information systems Learning Management Systems Payments Systems
4. Specialist engineering
5. Space operations
6. Technology strategy, procurement and implementation oversight/governance
7. System Integration
8. Innovation upskilling
9. All the above
10. High Security Technology Infrastructure as a Service including: Cybersecurity, Edge and Modular data centre solutions, Operational Management & Monitoring solutions.

11. Research, Design. Data and content strategy. Information and knowledge management. Product development. The choices you have offered above do not reflect the full breadth of IT and technology industry at all.
12. HVAC&R
13. We use this technology as part of production and research
14. Advisory
15. High Security Technology Infrastructure
16. Collaboration software
17. Professional services
18. Digital Forensics, Investigations, and Legal Technology
19. Online data collection and surveys
20. Social impact technology consulting
21. Digital Music and Video Distribution
22. Procurement, Contract Management, Software Asset Management, Training, Project Management, Probity.

23. Geospatial services
24. AI-based optimisation
25. Regulatory advice
26. Print and related distribution services
27. Publishing, system administration, network administration, technical writing, publishing, library services (cataloguing), music teaching, IT teaching
28. Configuration services (subcontracting) for Atlassian products; Innovation Ecosystem development; Event delivery
29. Recruitment
30. Organisational performance
31. IT Services
32. Geospatial technology solutions
33. Design, digital capability building

Q8

How would you describe the sectors your business sells to?

78%
GOVERNMENT
(STATE AND FEDERAL)

46%
PROFESSIONAL
SERVICES

45%
HEALTH

35%
EDUCATION

33%
ENERGY AND
RESOURCES

33%
FINANCIAL
SERVICES

31%
TRANSPORT AND
LOGISTICS

28%
ENGINEERING AND
CONSTRUCTION

26%
OTHER
SEE COMMENTS
NEXT PAGE

19%
AGRICULTURE AND
FOOD SECURITY

17%
ADVANCED
MANUFACTURING

Q8 CONTINUED

How would you describe the sectors your business sells to?
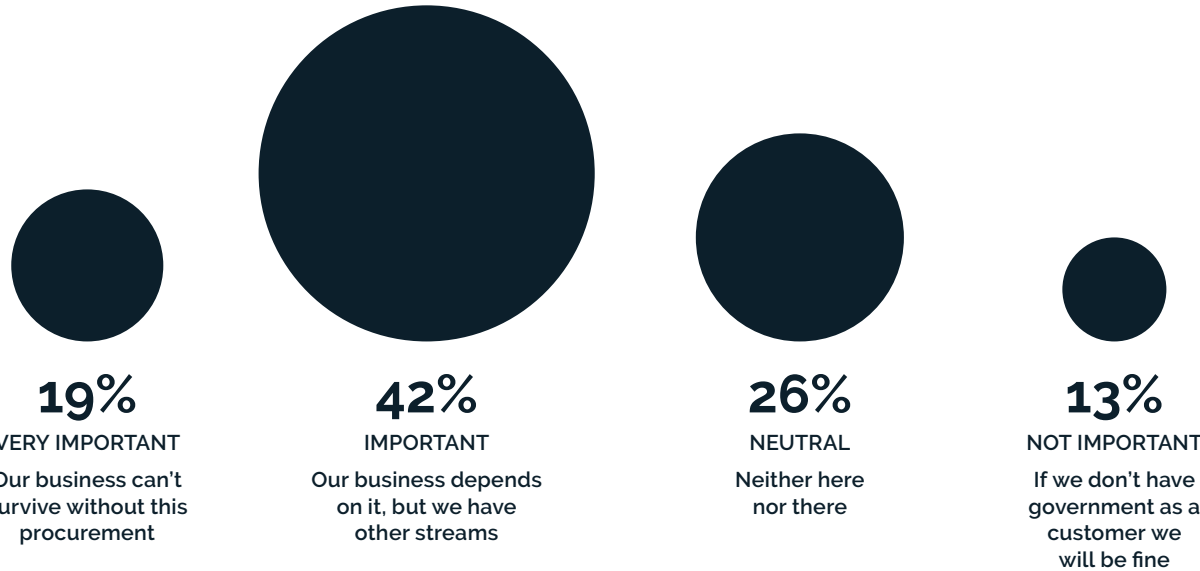
OTHER (COMMENTS)

1. Services
2. Local government in AU, NZ, USA, EU
3. Defense, water and waste water, building and asset management
4. Defence
5. Retail, technology, small business
6. Environmental intelligence and industrial automation to Utilities and Building & Construction and Mining on a small scale pre-growth

7. Local Govt + emergency services/public safety
8. Information Technology Sector
9. Science & Research, HPC Solutions
10. Environment, natural resources, non government organisations, community organisations and not for profits.
11. We develop bespoke digital/software platforms across all sectors.
12. All sectors
13. Hospitality, Fitness, Accommodation, Retail, Fulfillment Centres, Office Spaces, Cruise Ships, Casinos

14. Government Service Providers
15. Communications
16. Companies employing shift workers
17. Technology
18. Creative industries
19. Telecommunications
20. NGO/NFP, Social Services

Q9

How important is the Australian federal government as customer for your business?

19%

VERY IMPORTANT

Our business can't survive without this procurement

42%

IMPORTANT

Our business depends on it, but we have other streams

26%

NEUTRAL

Neither here nor there

13%

NOT IMPORTANT

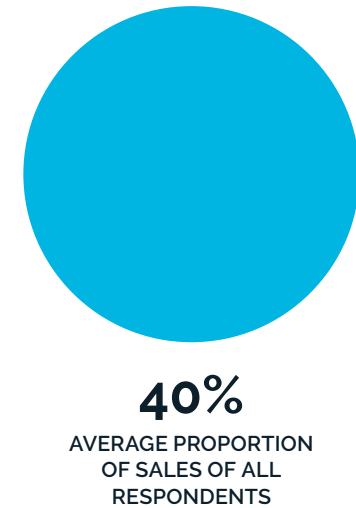If we don't have government as a customer we will be fine

COMMENTS

1. With a leading edge development for the terms of Tender - SECRET level IaaS and PaaS. Very few comparative developments are known to exist to the extent of our developments in OT as critical infrastructure based on security of devices and two-way data channel

2. Govt (in general) is very important but we have had to focus on Local/State because Federal is so hard to crack into

3. We survive without them, but are pissed that they only look to their Canberra mates

4. Our R & D Rebate is invaluable to research

5. We have small contracts but would like to develop our business in this space

6. We would like to have the government as a customer however we feel tenders are usually skewed towards MNC's
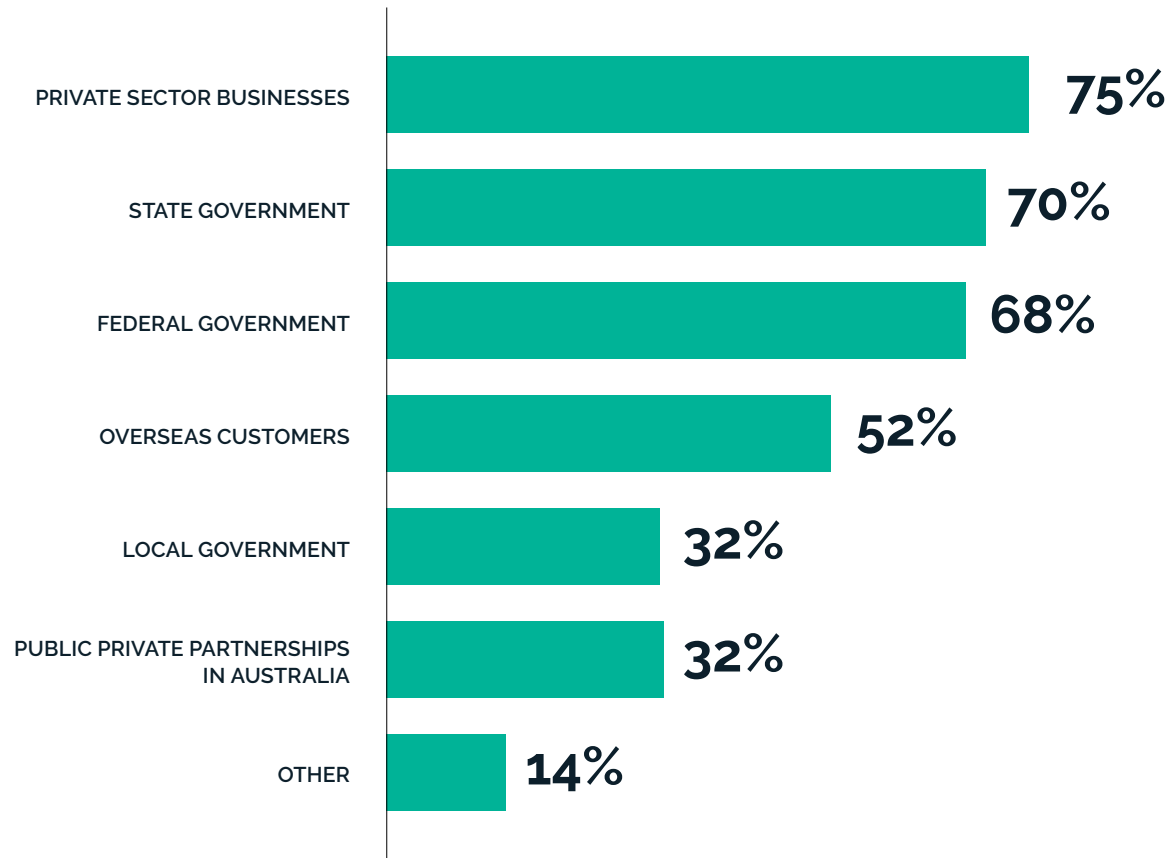
Q10

What proportion of sales are to Australian government customers?

40%

AVERAGE PROPORTION OF SALES OF ALL RESPONDENTS

Q11

What areas is your business selling to?

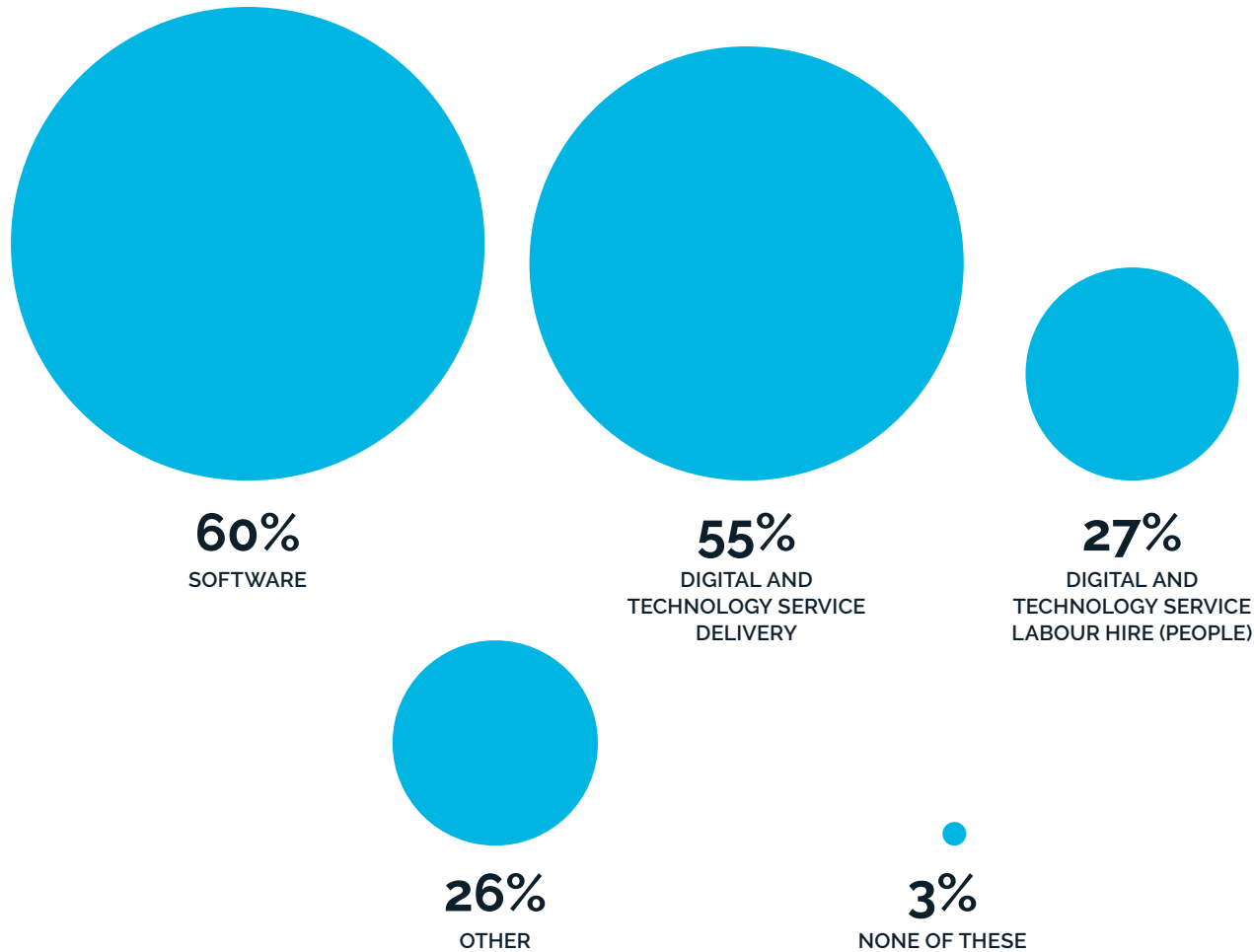| Category	Percentage
PRIVATE SECTOR BUSINESSES	75%
STATE GOVERNMENT	70%
FEDERAL GOVERNMENT	68%
OVERSEAS CUSTOMERS	52%
LOCAL GOVERNMENT	32%
PUBLIC PRIVATE PARTNERSHIPS IN AUSTRALIA	32%
OTHER	14%

OTHER

1. Schools either State, Catholic or Independent
2. Not-for-profits
3. As an SME, our capability is not considered in the realm of favoured and supported foreign owned entities that have no previous development(s) to the specification of such Tenders
4. Overseas Governments
5. Non Government Organisations, Community Orgnaisations, Social Enterprises, Universities
6. We are working on panel arrangements for Data Protection and Data Centre
7. Not for profits
8. Not for profits. Most of our clients have contracts with the government.
9. Consumers
10. Prime contractors to Govt
11. NFP/NGO

Q12

Which category best defines what you sell?

60%
SOFTWARE

55%
DIGITAL AND
TECHNOLOGY SERVICE
DELIVERY

27%
DIGITAL AND
TECHNOLOGY SERVICE
LABOUR HIRE (PEOPLE)

26%
OTHER

3%
NONE OF THESE

OTHER

1. Custom built software
2. A unique Australian developed and owned software incorporating homomorphic encryption techniques
3. SaaS cyber auditing and reporting product
4. Research, visual design, service design, information, experience, content and data strategy and design.
5. Business Service Delivery
6. Consulting - ie business outcome
7. SaaS
8. Platform
9. Management support
10. Advanced analytics services
11. Video messaging
12. Generally Salesforce implementation services, plus a healthcare focused product
13. Unified Communications
14. Digital identity
15. Scheduling, resource allocation and alert-safe rostering
16. Consulting
17. Enterprise SaaS
18. Custom enterprise and mobile applications
19. Training

Q13

How do you sell to the federal government?

30%
SUBCONTRACTOR TO A
PRIME CONTRACTOR

14%
OTHER

**77%**
DIRECT

23%
THROUGH A
RESELLER/PARTNER
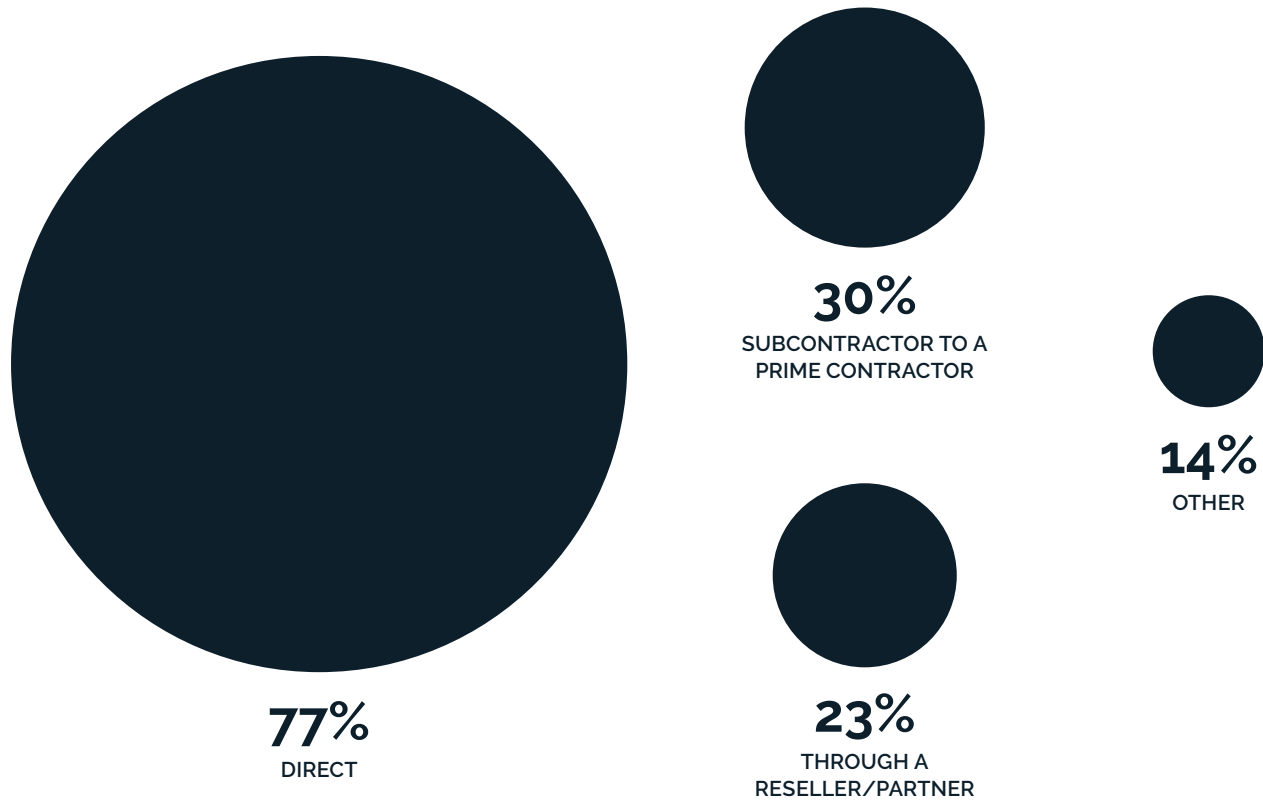
OTHER

1. Tender submission typically ignored through tick-box clearing house bureaucrats, used expediently for syphoning off legitimate SME capability and development in favour of elitist bureaucratic favour for apparent former associates interests in top-end of town foreign entities in each submission, amounting to covert discriminating mistreatment of capable Australian entities

2. We don't sell to Federal Govt

3. We don't - they limit when and how to sell and the overhead to get onto their panels is extreme

4. We don't but would like to sell direct as our software would have a place in the government. We are like a compliant / sovereign CRM however the government usually defaults to Microsoft or Sales Force products.

5. Tried resellers but not effective

6. We don't

7. Keep an eye on public tenders

Q14

Has your business successfully sold a product or service to government in the past 12 months?
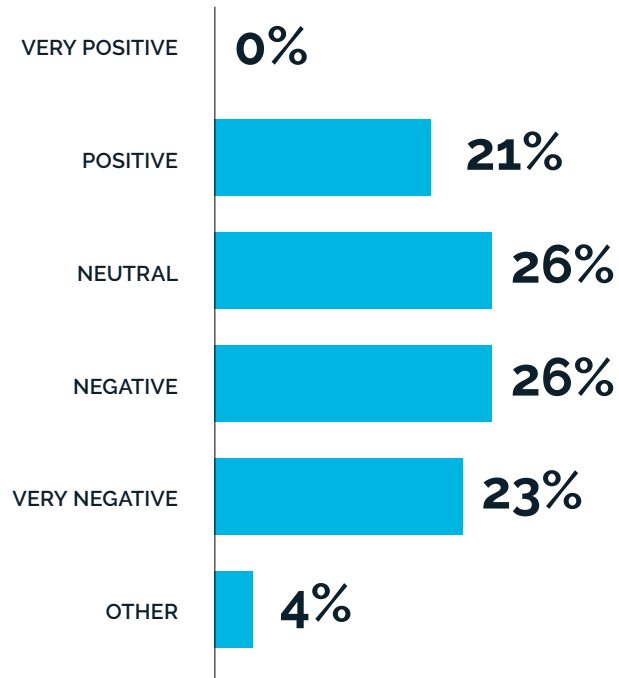
27%
NO

6%
OTHER

67%
YES
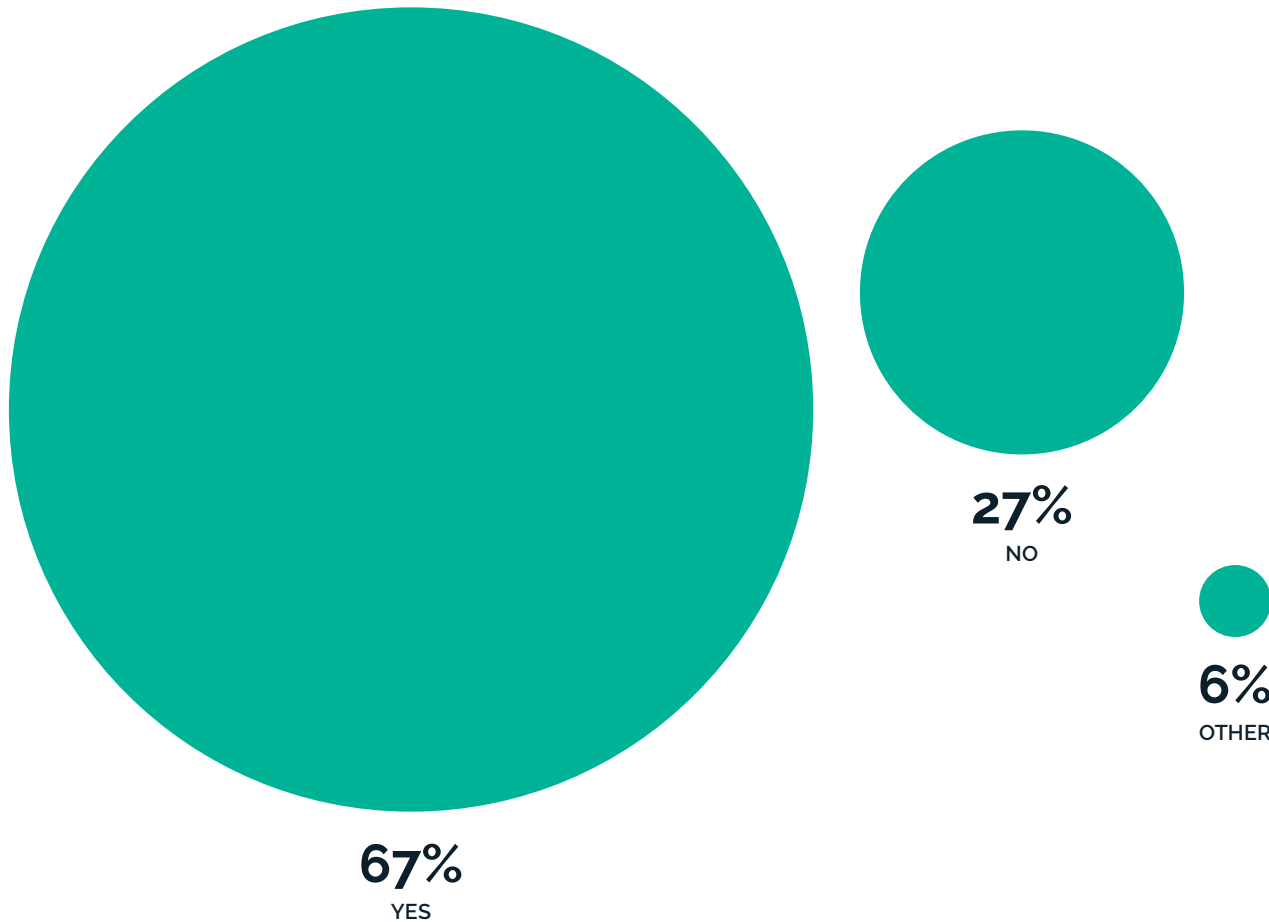
OTHER

1. Yes for State/Local, No to Federal
2. Yes UK Govt
3. Proof of Concept completed and at negotiation stage
4. We work very closely with the government but we don't provide software to the government directly. We provide software to government service providers for Employment Services and Health (NDIS).

Q15

How would you rate your experience in selling products and services to government?
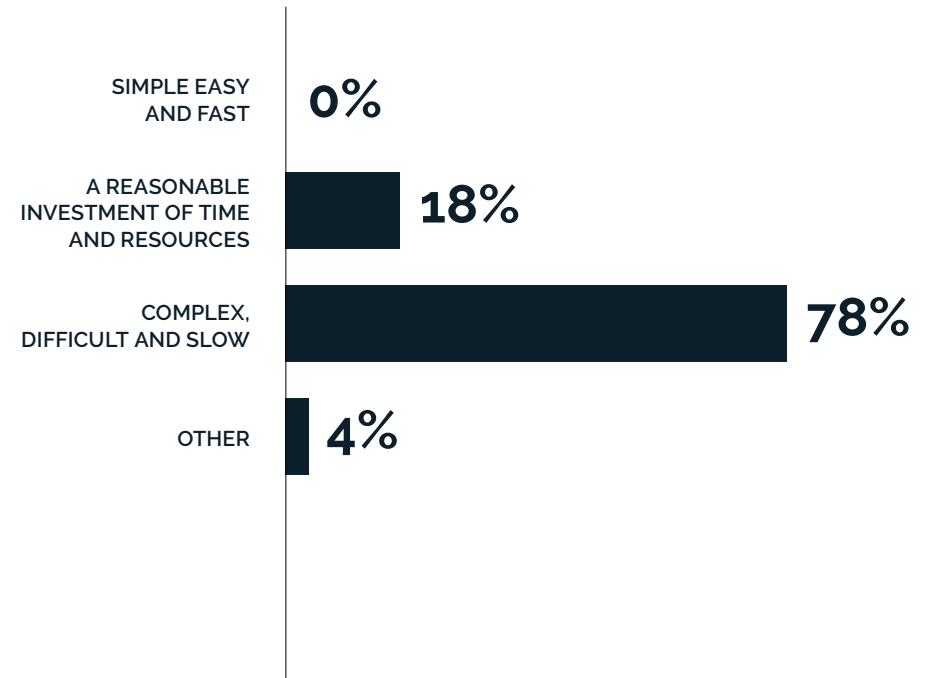
Rating	Percentage
VERY POSITIVE	0%
POSITIVE	21%
NEUTRAL	26%
NEGATIVE	26%
VERY NEGATIVE	23%
OTHER	4%

OTHER

1. We haven't tried hard enough to comment, however lots of our partners do all the time and I know that it is hard and requires large tender teams, lobbying etc making it a bit out of reach for SME's.
2. Bi-modal. Some great - some awful.

Q16

The process of selling to government is:

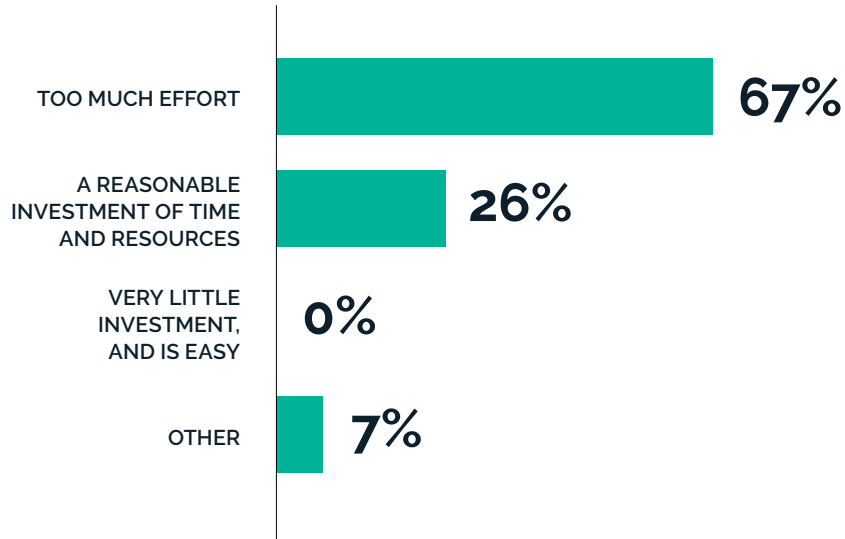| Option	Percentage
SIMPLE EASY AND FAST	0%
A REASONABLE INVESTMENT OF TIME AND RESOURCES	18%
COMPLEX, DIFFICULT AND SLOW	78%
OTHER	4%

OTHER

1. We've had two different experiences - selling to NSW Govt and selling to SA Govt. SA govt is way more agile and cooperative and easy to co-design with.
2. Not complex, but orchestrated with built-in means to exclude disparate / unfavorable submissions

Q17

Preparing and submitting bids for government takes:

|	
TOO MUCH EFFORT	**67%**
A REASONABLE INVESTMENT OF TIME AND RESOURCES	**26%**
VERY LITTLE INVESTMENT, AND IS EASY	**0%**
OTHER	**7%**

OTHER

1. Bids for $250k work cost about $15k effort and have 1/6 success rate. The first job with a new department is always a loss-leader. Our success rate for second and subsequent jobs is 1/2 or better, and only then do we make any profit.

2. Massive cost, effort and exploitation of privacy regulation for no purpose given the pre-determined (and orchestrated) agenda for dysfunctional tender process.

3. Depends on what kind of approach it is. Direct is ok. Tenders are too much work.

Q18

How often are RFTs / RFIs prepared in a manner suitable for SMEs to bid on?

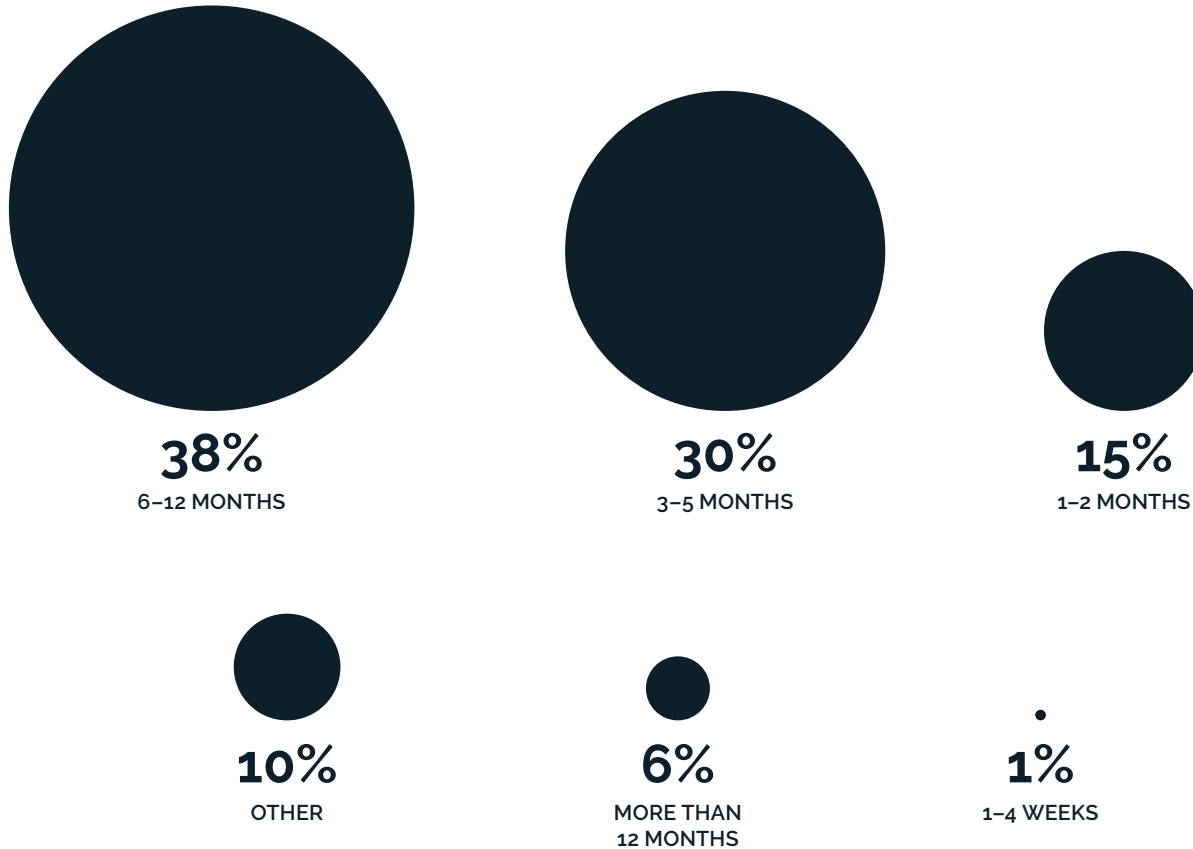|	
ALWAYS	**0%**
USUALLY	**9%**
SOMETIMES	**22%**
RARELY	**43%**
NEVER	**22%**
OTHER	**4%**
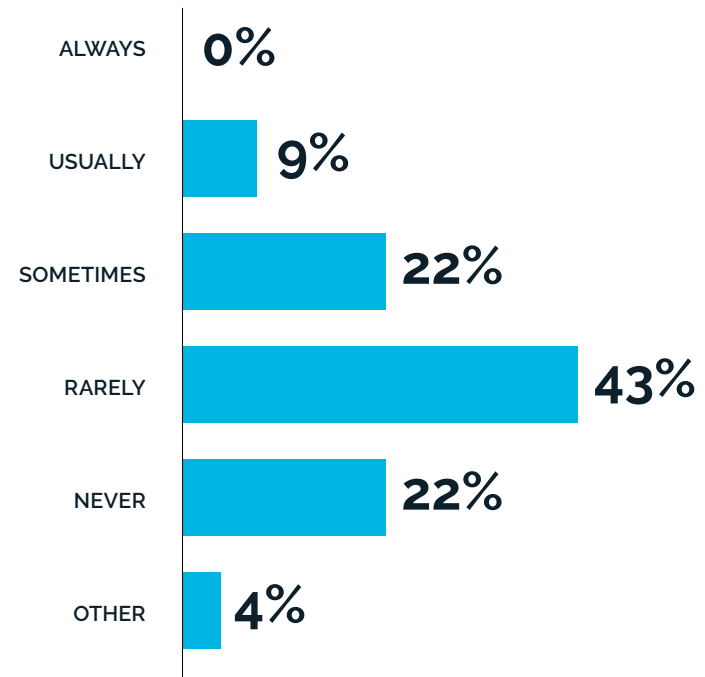
OTHER

1. Sometimes they look like they are suitable but usually they end up being taken by MNC's (default option).

Q19

Typically how long does it take between submitting a bid and learning about the results?

38%
6–12 MONTHS

30%
3–5 MONTHS

15%
1–2 MONTHS

10%
OTHER

6%
MORE THAN
12 MONTHS

1%
1–4 WEEKS

OTHER

1. It really varies a lot. We have examples in all these categories

2. Depends on the mechanism - seeing significant delays at the moment. Poor government and prime behaviour

3. Often never. Unless we have an established relationship.

4. Haven't done enough to comment

5. It varies, can be two weeks or six months or never.

6. Depends on department. Some are hopeless (waiting 3 years for longest so far)

Q20

The capabilities within government to adopt and integrate my service/product are:

38%
LIMITED

29%
GOOD

19%
BASELINE -
REQUIRE THIRD
PARTY SUPPORT

10%
OTHER

4%
EXCELLENT
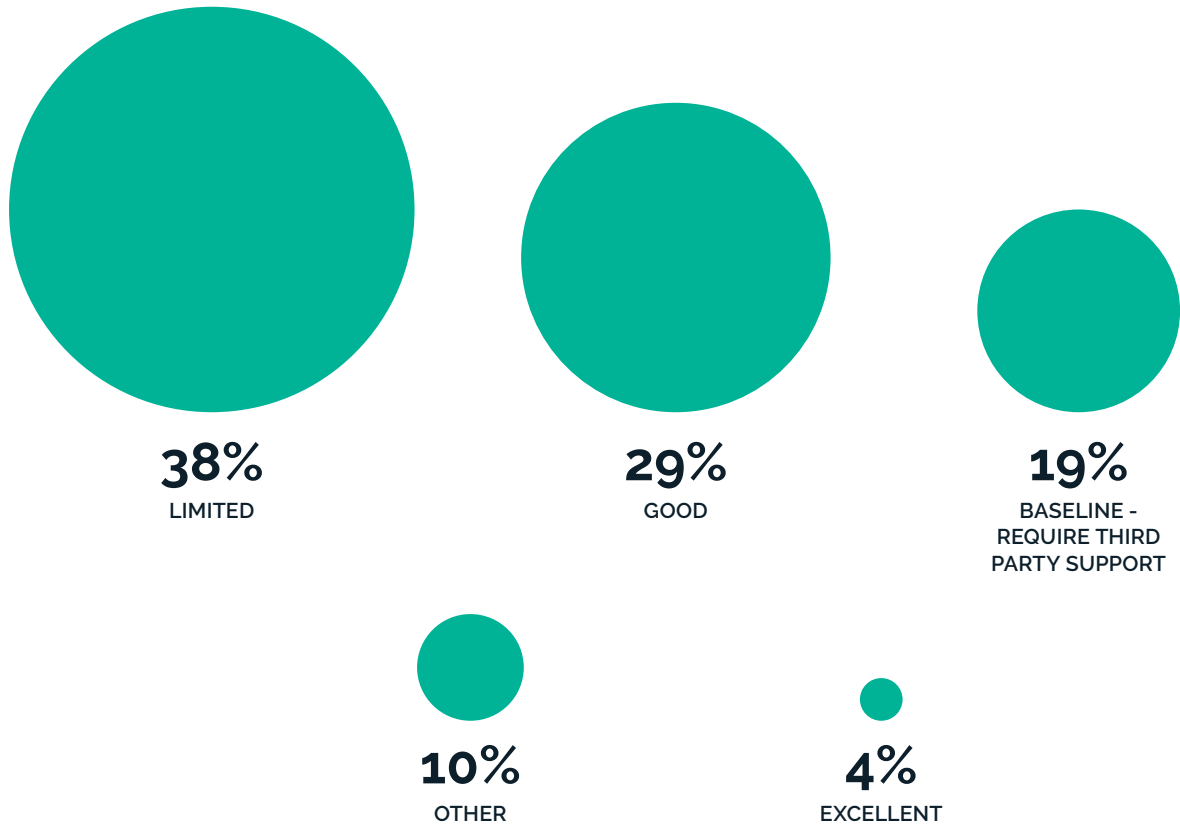
COMMENTS

1. From what is demonstrated they simply pass-off to favoured contractors if a submission should pass the clearing house stage that has no regard to the capability, but solely designed to exclude unanticipated submissions outside of favored corrupt collaboration facilitation

2. Unknown as we haven't made a sale

3. Other foreign governments use our solutions - Australia is stuck with their Canberra cronies

4. XXX is easy to integrate, the issue is more that the default big name MNC products are usually used

5. Variable

Q21

Can you expand on your views about the previous question?

1. Cross agency integration, process re-engineering with best-practice, improved services, platforms and applications which would save $billions but there is no will with politicians or empire building bureaucrats to lose power and control.

2. We provide mainly custom built software and operational support services in the cloud. Most government customers are able to integrate these services into their operations.

3. Very few executives seem to have time for Australian SMEs. I have worked for big multi-nationals for more than 30 years and have great rapport with many public servants, so I know the experience that SMEs have long complained of.

4. We could save the education sector hundreds of millions. But we can't get in the door because State and Federal Governments are so keen they don't make a mistake, they go for large organisations which by their very nature will be slow, expensive and uninnovative. "No one ever got fired for hiring IBM". The net effect are successive grand failures, which in education means continued loss of money, loss of time, loss of morale, and loss of students' prospects.

5. As a service provider we help government with their problems through the provision of people and data analytics capability. The issue we see is

more regarding the will you implement andwork with industry, and within the defence sector the hiatus in decision making.

6. Government has all sorts of integration requirements from all sorts of angles, it's not possible to answer definitively.

7. Product is simple & easy to install and use

8. Yes, government needs to be less controlling and more across the problem it's trying to solve and open to partnering with startups to prototype ways of solving it. They want to dictate the 'way as well as the what'. This means innovation is lost. They need to set the sides of the box (ie absolute standards that must be adhered) then what the problem is that is pressing and needs to find a solution, then put some funds to soliciting startups to put up a paid prototyping model. Then choose the one that looks like it would be easiest to get to a workable solution and go with that as first iteration. The first prototype is unlikely to be a scalable model but it will show the way to how to solve, then the next step is making the solution scalable which is an operations issue and may best be solved by Department officials.

9. The capabilities of government are contracted, usually to one of the Big Four consulting firms, who are also bidding for the contract in competition to us. As the government do

not have the internal resources to evaluate on merit, they will often take the low risk (high cost) international firm in partnership with a tier 1 consulting firm. This is at an extremely high premium - however due to lack of internal competency to evaluate on merit they are often left with no choice. (no one gets fired for buying SAP)

10. There are prevailing attitudes within many areas of government (and I am ex-government) that for-profit businesses are untrustworthy and that government knows best. The skills are often less than what is offered and instead of leveraging emerging products & services and using interactions to drive change and capability development, procurement is focussed on compliance with existing arrangements and known requirements. Utterly defeats the purpose of spending money and rules out smaller, innovative companies

11. Standard SI Offerings

12. Very dependent on political will and commitment to change

13. Government doesn't hold capabilities of requisite calibre! Typically, out-sourced at million dollar extravagances. Specifications are deliberately understated for this same purpose. A process that spends so much time to intimidate with obsessive compulsive

Can you expand on your views about the previous question?

bureaucratic speak and officious threatening as they have no capability for the tender sought! Bureaucrats process tenders without apparent requisite comprehension of the tender specification, purpose or conduct that cannot achieve the requirements as a part of their questionable skill sets and little more than a man-in-the-middle to obstruct the proper and honest liaison for the tender purpose and development.

14. Our low-code builder of regulatory/compliance solutions can be used quite easily by other branches of Govt

15. We are yet to make a sale to government so have no educated understanding of their capabilities to adopt ur solutions

16. Need 10 pages, but unless we put years of wining & dining subcontracted government 'staff' in Canberra there's no chance of anything. Government only uses panels & the marketplace to legitimise procurement from the big companies who can afford the presales lunches & golf andare located in Canberra. 42% of our business now comes from export, while foreign government agencies have deployed it solutions in the most secure zones. Being Australian without a Canberra office is a black mark to the Federal government - while their insatiable appetite to outsource most IT to the

cloud (foreign businesses) does little for the Australian economy or local innovation or trust in government procurement.

17. Very little engagement with the client and the private sector even after contract, as probity is often used as an excuse

18. What we offer is a collaborative, participatory and open government approach. We are designers and civic technologists, people want our unique services and to participate in the development of our open government products but find it hard to get buy in. We fall between 'communications', 'web development', process and content transformation and IT. We spend alot of time helping people figure out how to procure and contract us. We are often forced to sign contracts with onerous IP clauses. We are hired under thresholds, which means we are expected to do more for less than others get for similar services.

19. We predominantly deal with Government through grants. The process is very archaic, time consuming and often does not provide some type of certainty if successful

20. In recent years we find that internal digital/tech capabilities within the APS have withered. This gap in internal competency has been replaced by labour hire contractors & tech vendors. It is difficult for us to create the best impact for

government clients when the agencies cannot take an authentic leadership role over their own (digital) future. i.e., it is harder to create long-term solutions when direction is given by contractors or vendors who don't have a longer term view on the agency's future.

21. Extensive education and training is required to get an understanding of new technology. Often, even after that investment, the "safe" path is chosen and a traditional supplier is chosen instead of an innovative supplier.

22. We provide security cleared personnel and services which are always in demand.

23. Government processes and culture are risk averse - the opposite of what it needs for best of the best, leadership, digital, transformation, and contemporary service delivery - will always be a laggard and never attract the brightest talent it needs. Too compliance oriented to an absurd level, evaluation processes are ancient, excessive ineffective governance, not enough seniority, accountability, confusing, too many cooks, poorly written requirements, convulte, not meaningful (platitude statements, many errors because govt is a victim of its own document heavy processes, no commercial or business people experience, parochial, not making it easier for suppliers, ancient view of buyer-supplier relationships, not as

Can you expand on your views about the previous question?

partners which is the real lever of value for money - not lower prices which is how value is translated, lack of vision, do not trust the procurement processes - too much is left at their 'discretion' without fair debate of issues, competition is in part and skewed, 98% of RFX content is devoted to contract terms, onerous that SMEs give up, rather than the strength of solution ideas submitted, the innovative is shunned, the tried and tested 40 times is preferred. Culture is not digital forward, legacy lag, processes not fit for prupose, people capability not changing fast enough to keep up knowledgeably to understand the arguments and capture innovation from the market, little to grab tech and ideas from startups - govt shd be tech startups biggest buyer. Lack of professionalisation of APS, existing processes used legislation used as barrier to new ideas, innovation, sharing - despite words about change and empowerment.

24. Edge, be it data centre, compute or storage is trending globally, there are many reasons for this:
1. Security of data in a world of ransomware, legislation on compliance and competing stories regarding the relevance of overseas Cloud providers and how they secure data.
2. Data Sovereignty is bandied about in most

circles but it is less well understood when it comes to potential supply for Govt sponsored Cloud solutions that do not require a tender. This excludes the majority of Australian businesses.
3. Elsewhere in the world where Governments have made a "Cloud First" decision, innovation has come to a grinding halt and jobs in that sector have been decimated, the innovators moved to more open thinking economies. Edge is a new architecture and it is taking over even where connectivity is challenged.
4. Pushing the cloud model too far has seen a number of CIOs be reminded that core business support, application availability, data protection and security remains a primary responsibility of their job, regardless of service delivery method.
5. XXX would like to see the Government support local providers by taking advantage of Edge DCs as a service with edge compute and storage, use our understanding of long distance and remote communications, and to take back control of government IT expenditure to promote a policy of Australian First for Jobs, Security and Economic Growth.
6. Power and cooling remain critical elements of the survival of all Data Centres. Strategic asset placement provides opportunity for the Data Centre owner to meet specific market demand. Technology advances are seeing chip based cooling address the 60-200kW rack

level compute needs. Whilst seen mainly in the complex science world, this model is expanding into new markets including high-performance compute (HPC), noting increased demands on redundancy and energy costs. HPC is simply not available in "the Cloud" and is a growing part of the market that our economy will need to participate in.
7. Enhanced visibility and control presents less opportunity for "interpretation". With integrated Asset Management and web management portals, Environmental Monitoring has become mainstream for many facilities, is a standard inclusion for XXX Global EdgeDCs. The security requirements around Environment Monitoring and the risk posed by unauthorised access to Data Centre management and control systems is seeing separate "internal control" versus "external read-only" systems. We are witnessing easier and simpler systems from a deployment perspective as well as a management perspective and do not understand resistence that could provide greater cost efficiencies from deployment through operational management, as well as the eradication of audit requirements and security.
8. As a small business, we do not have the luxury of large National or indeed multi-national organisations. We read requirement specifications and understand pretty quickly that

Can you expand on your views about the previous question?

a particular provider has pretty much written the specification and that player will have a "scorched earth" policy towards partnering with a local provider.

9. We have discovered Key Management is not well understood by State Government in particular. They do not appreciate that there are in excess of 450 subpoenas a week going into county courts in the US to take possession of data. What appears to be even less well understood appears to be the fact that there is a gag order once the data has been exposed. We advocate local key management that would enable eithera multi cloud strategy or a hybrid cloud strategy. We, as a small business have recently trademarked "Jurisdiction by Design" and support the notion that you cannot outsource responsibility.

There is much more we could discuss...

25. Tend to want to "own" everything and can only buy things that are really commoditised or from a large vendor

26. There is generally a good fit

27. Market demand is extremely high for the services and resources that our organisation provides. The majority of Government agencies do not have these resources and so must outsource or contract the capability to run and use our solutions.

28. 1. Commonwealth Govt insists we become members of their purchasing panels, then work around them.
2. State govts insist we have a local office (Darwin, Hobart, etc) or we are excluded from tendering - this is against the Constitution.
3. Some govt jobs (all 3 levels) are let to firms without a public purchasing process.
4. We have experienced significant and minor/ongoing corrupt practices.

29. They have no sense of services available to them in the Sydney market. Canberra bubble with insider knowledge required

30. General knowledge and skill set required area available however we would be filling a gap withour capability. Process is very lengthy and requires significant effort by our company.

31. The government IT procurement specification process is virtually always designed by global vendors, or integrator/consultants whose business is with the products of global vendors. This has been the case for many years.

32. The adoption is the key part that needs to be fixed. There seems to be a "nobody got fired for buying IBM (insert MNC name)" culture which prevents giving an SME a chance. We are a Cloud Based CRM that is easy to use and customise. We provide training as well. I imagine

the government would have no problem implementing XXX in terms of staff to do the integration.

33. Government is very poor at co-operative engagement, tending to treat vendors as the enemy

34. Government is poor at adopting new technologies

35. We are selling the PS core skills back into Gov't, with the loss of capability to conduct a procurement without assistance, this is often over complicated by inexperienced staff or nervous managers. We are brought in to improve the procurement capability. It is at an all time low in Commonwealth Agencies at the moment.

36. Too much reliance by govt on having consultants and contractors do the work rather than using government employees and this never get to really exploit the capabilities of the software

37. Govt not great at consuming 'as a service' items (unless very discrete project timelines)

38. We find that we never get past an introduction to a Big Four. Then they typically try to copy our IP and build their own.

Can you expand on your views about the previous question?

39. Old fashioned procurement processes and restrictive tender rules that are outdated encourage customers staff to think old school - too hard to introduce innovation as procurement require them to dumb it down or to be far too vague in requirements - or the requirements are so lofty they lack the people skill to make it a reality.

40. The skills are there it is just locked out by competitors whole of government agreements. It is easier to run with a mandated experience that is less innovative than promote innovation, change and cost savings.

41. Securing identity and access is a key focus area for government

42. There are plenty of managers in government who would be able to assess the benefits of our software and support and IT staff who could supply the data feeds and integrate our solutions into their administrative processes.

43. IT support areas competent but usually understaffed

44. They tend to go for Big Four

45. In my experience, government have already made their mind up about who they want to win a bid. The tendering process is often a facade. The opportunity cost of wasting time on facade tenders is huge. Facade tenders impair small businesses and reduce competition in the market. Facade tenders exist in a lemon market where government don't know how to measure value. Value and price are two different things. Another reason for facade tenders is self interest. Government officials at secretary level, director generals, or CIOs will decide who wins a contract before it goes out to tender. The personal incentives are driven by vendors who can accelerate their career. Vendors who are "trusted" to write lucrative business cases unnecessarily for example. So personal incentives and inability to measure value over price create an opaque, lemon market.

46. The software product is designed to be easy to implement

47. Primary contractor specs the combat system of submarine then I wrote the software which they then modify to suit their hardware

48. They are able to do it easily if they choose to implement

49. It depends on the technology maturity of the customer. Sometimes we need to assist with integrations or adoption, other times they're reasonably quick at it themselves.

50. They either don't know what exactly they want, or keep changing their mind on a whim until the entire project withers on the vine

51. Too much bureaucracy and too little understanding of how, in our case, the labour and recruitment market works in practice.

52. It's relatively easy to 'consume' our advice and insight - doesn't require broad consensus, but provides them with actionable insight to proceed with.

53. The people I'm selling to are not technical but they are the customers. They appear to have limited skills in the adoption and deployment of SaaS tools.

54. I think a lot of education is needed in government to understand the true value of advanced analytics and process automation.

55. Government procurement focusses on managing inputs, not outcomes.

56. Some areas are ready and willing to adopt innovative solutions - others are far more conservative

57. They have staff to deploy

58. They follow a script rather than understand risk/benefit appropriately

Q22

Does having government as a customer provide credibility to your sales in other sectors?

26%
ALWAYS

21%
USUALLY

29%
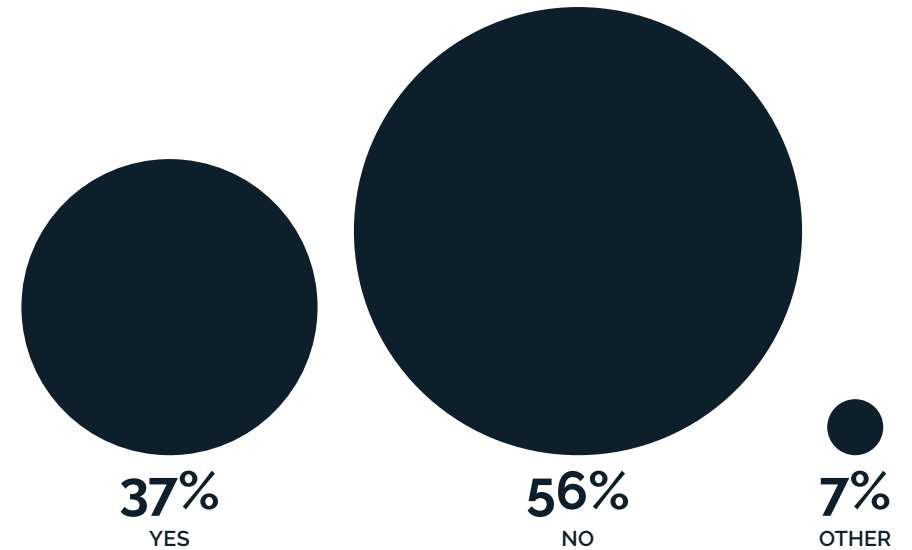SOMETIMES

17%
RARELY

6%
NEVER

1%
OTHER
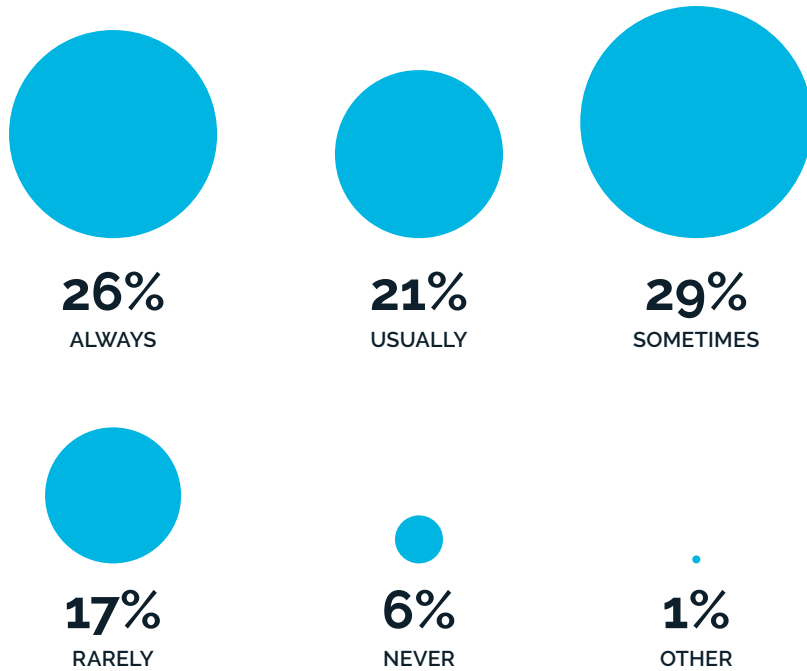
OTHER

1. Invariably. Particularly with governments in other countries, and particularly in SE Asian markets

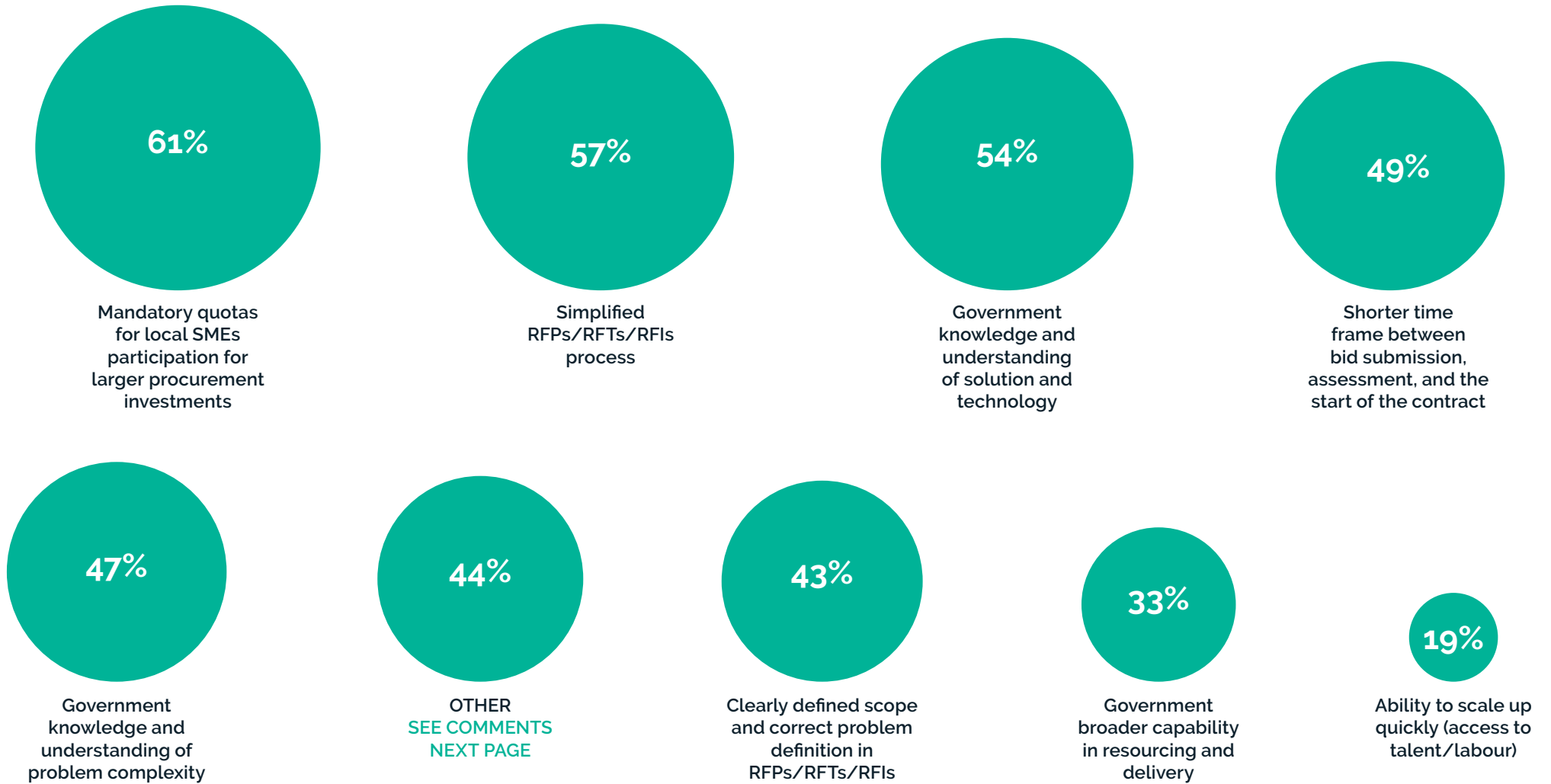# Q23

Has your business ever received a government grant?

37%
YES

56%
NO

7%
OTHER

OTHER

1. EMDG
2. One innovation grant 15 years ago
3. ATO startup tax incentives

Q24

What would help you sell more to government?

61%

Mandatory quotas for local SMEs participation for larger procurement investments

57%

Simplified RFPs/RFTs/RFIs process

54%

Government knowledge and understanding of solution and technology

49%

Shorter time frame between bid submission, assessment, and the start of the contract

47%

Government knowledge and understanding of problem complexity

44%

OTHER
SEE COMMENTS
NEXT PAGE

43%

Clearly defined scope and correct problem definition in RFPs/RFTs/RFIs

33%

Government broader capability in resourcing and delivery

19%

Ability to scale up quickly (access to talent/labour)

What would help you sell more to government?

OTHER (COMMENTS)

1. The government should approach procurement as an opportunity to investigate and invest in Australian industry capability. I believe there is still a cultural cringe after all these years.

2. Partnership approaches work best, where "business" sets clear objectives and work iteratively with a high performing team to deliver frequent bundles of value.

3. Stop hiring IT Directors that want recreate the same square wheel that has failed before. If they were any good at developing software, they would command a market rate well beyond the reach of government pay-scales.

4. An innovation or prototyping procurement for Australian startups and SMEs up to $1 million for government agencies to genuinely engage through a discovery and alpha testing process. Making startups bid against Big Four and others on public RFPs/RFTs/RTIs is unfair as they often submit at a loss to pick up other work or contracts after initial phases. There needs to be an 'innovation' procurement pathway that means government can meet its risks needs, while also engaging with startups to support sovereign capability and technology businesses.

5. Simplified cybersecurity requirements

6. Strong view against mandatory quotas, unless the government is unable to evaluate on merit. If they lack the competency to determine the best overall solution, then splitting between local and international would be most logical/reasonable

7. Outcomes based procurement; treat vendors as a customer of the procurement process; government understanding of industry capabilities & how to leverage them; emphasis on government as change leader, not compliance manager.

8. Avoid the deluded bureaucratic self-serving conduct and treat the small business sector and Australian businesses honestly and equitably as the supposed engine room of the economy, that pay taxes, spend within the local economy, provides employment, pay all the regulatory forced payments to fund the bureaucratic bias and prejudice, as the genuine sector that can and will create solutions and innovation with honesty and commitment. Big business is no more than milking public money and buy-in services after they have received guaranteed exploitive funds from favoured government procurement incompetence and discrimination.

9. Govt willingness to put SME vendors' partial solutions into overall delivery. Govt want a single vendor for most projects, and this excludes almost all SMEs and some very good contributing technology

10. Government willingness to contract non-Canberra businesses (other than global cloud providers & consultants). Understand what they're asking for – we sell cybersecurity solutions (to banks), hence we cannot get Cybersecurity Insurance, as the underwriters place us outside their risk appetite – yet it's a requirement in government panels!

11. For governments to stop using the 'problem' solution framework – not all situations have a 'problem' and that limits innovation and delivering on the needs of communities, audiences, and users

12. Get channels and panels consistent, fairer, consolidated (BuyICT, Austender, …), use/cite head agreements not copy boilerplate into the core RFX, improve the quality and clarity of RFX docs, you can't have daily rates and ask for fixed price – these are orthogonal, answers to questions are poor, evasive, reduces govt reputation, too many documents

What would help you sell more to government?

inconsistencies/contradictions, many Q&A is suppliers bug-fixing the poor written statements, allow suppliers to cite that govt approach or decision is unfair, not just a complaint about following the letter of the law

13. Govt at all levels discriminates against Australian technology; if it is sourced overseas it must be better...

14. Preparedness to price the high-risk of not supporting domestic capability with regular purchase orders

15. Sovereignty and understanding of the need to build a sustainable local ecosystem (capacity and capability).

16. Ability to pitch directly to agencies before they decide on solutions or architecture and we get locked out.

17. As we are a SaaS business, it would be interesting if for every 9 MNC [multinational] licenses they buy they have to buy 1 SME license in any given area, e.g. CRM or 8 to 2 whatever % is deemed doable.

18. A willingness to buy Australian, less "probity"

19. Again, reliance on multinational consultancies to pollute acquisition and deployment activities makes the challenge of actually engaging with government extremely challenging and to me [important] to get past their "expertise"

20. Less local participation requirements – we are locked out of QLD for example because they tend only to buy locally

21. Visibility of future procurement pipeline

22. SMEs involved in hackathons or ideation phase, rather than RFPs

23. Decision makers prepared to take the risk of buying innovative software from a small company

24. More emphasis on solution compliance and life cycle cost, and less emphasis on perceived risk of a newer / younger company. It's always the big companies that blow budgets and fail on delivery, and yet small companies considered more risky.

25. Small businesses cannot wait for long time to hear about out outcome

26. Government needs to define how to measure value over price for each type of procurement. Government officers should be made accountable for the outcomes delivered, but should be encouraged to take risks on small businesses without a track record also.

27. More risk appetite to take on smaller suppliers who have great products or services, but just do not yet have brand recognition

28. Able to sell to state or local govt, but locked out of federal govt due to security clearance 'Catch 22' (must be sponsored to get cleared, they won't go with someone not cleared)

29. Holding bureaucrats accountable for failure to act. Making a decision seems fraught with risk to them, even where there seems little consequences for delays and obfuscation.

30. Less need for security clearances in non-security roles

31. Remove public RFPs where the result is largely pre-orchestrated

Q25

What haven't we asked you, that you would like to share?

COMMENTS

1. The BuyICT is a "market for lemons" that seems to exist for the purpose of replacing the APS with contractors and circumvent procurement rules. If you pay for timesheets, you get timesheets; and dollars per hour is a terrible way to measure value.

2. Digital Service Standard is a one-size fits all dogma that promotes the idea that the only way to succeed is to "rent the right job titles" (contractors), and this approach has a terrible track record. When we work directly with policy/business owners we get much better outcomes.

3. Increasing specificity in procurement is a terrible idea; big up-front design before procurement results in the wrong things being specified (designs, not requirements). Much better to ask for proposals that respond to "how might we achieve …?"

4. Why do so many government IT projects fail? Why do they cost so much? How can government do things better? How can government fail fast? How does government pivot, whilst allowing the authors of failure to save face?

5. Programs like the old Department of Innovation BRII challenge [Business Research and Innovation Initiative] works well for procurement startup engagement.

6. Why is government so stuck around controlling the 'how' of the solution when it comes to technology. This is not their wheelhouse. They need to open their minds up to new ways of solving old and persistent problems. More willingness to negotiate and work side-by-side with startups/scale-ups is required. Otherwise govt will keep buying bloated big consultancy-driven solutions, that don't work. And most startups do not want to be sub-contractors to these big consultancies.

7. The process is determined by third-party consulting firms engaged by government to ensure the process is robust. It is, but it is robust for large consulting firms. There is very little opportunity to present local indirect benefits to government. In terms of competition for talent, our business chose to serve other markets which were easier to deal with, focused on value, and able to determine needs and evaluate solutions on merit (evidenced by their clear and articulate feedback on why they made the selection choice for or against our application or services).

8. Procurement is designed with process compliance at the centre, not what the required outcomes are for government or citizens and certainly not what is efficient and effective for engaging potential providers. The logo on the front page (ie large consultancies and companies) is valued ahead of the ability to deliver right sized, value for money solutions.

9. The major issue for private sector businesses is that so often we find ourselves competing with government/government agencies.

10. Why are SMEs not given the same opportunities and access at least as their favoured associates that are in the government loop before any tender is published? Why does government not pay or at least compensate SMEs for tender submissions (they disregard the equivalent unconscionable contract legislation SMEs face that should apply equally to tender and grant processes for their own benefit) where the massive expense and resources are subjectively and exploitatively mistreated and dismissed in bureaucratic anonymity and unaccountability.

11. Govt willingness to put SME vendors' partial solutions into overall delivery. Govt want a single vendor for most projects, and this excludes almost all SMEs and some very good contributing technology. Govt needs the capability to source and combine technologies not just try and outsource/offload the entire project which leaves the partners decisions to the prime contractor (who have an agenda of their own – and it's not about supporting local SME tech)

What haven't we asked you, that you would like to share?

12. 1. Do you have a sales team in Canberra?
2. Are you a cloud provider?
3. How much $ did your company earn from the federal government over the last 3 years?
4. Export .. ? Was in the intro but no question about it .
Were you surprised by the ANOA findings – free answer = No … These reports come out every couple of years but nothing changes … they go back to buying from their mates.
The inability to get Australia's governments (federal, state and local) to buy, let alone engage, in discussion about what we do is embarrassing. We expanded into the UK in Jan 2020 and have deployed and now maintain innovative high security edge solutions for Public Health England, the National Health Service, and a major government research agency – effectively as a local startup.
We now export from the UK to Europe, South America & India from the UK, while our Australian business note exports across the Pacific. Not one single new government customer in Australia while we've grown 800% in the last 2 years. Pathetic.

13. I'm pretty disappointed with this survey. There is a blatant bias at play that I feel uncomfortable about. The first question about being headquartered in Aust for tax purposes was the first misstep. Mostly I feel like you have reinforced and replicated the terrible and harmful view the federal government makes about technology. That it is all about 'code' and AI. Which is why they make harmful toxic tech.
You have not included important disciplines such as research, design, content and information or knowledge management. And a missed opportunity to explore gender, seeking to understand the nuance of being a woman and how we are treated when dealing with the government.
I know for certain as a woman I am underpaid and expected to reduce

my rate. I'd love to share more experiences. I work as a procurement and contracting transparency advocate – especially to support small business and community organisations.
A few other things I suggest you explore are:
- negotiation practices
- archaic and unfair contract terms (especially related to IP)
- whether variations or amendments have been part of a process (usually not for SMEs) we don't get to do the variation dance
- panels

14. Most government procurement practices haven't changes for years and is unlikely to change. The same people float around in system from department to department adding minimal value. There needs to be consequences for poor procurement – there rarely is. Accountability needs to be put on the suppliers. Most suppliers know how to work the system and are complicit in circumventing procurement processes and practices – the relationship is simply too cosy and in some cases it's fraudulent.

15. Probity is often used as a reason for not engaging with industry. Industry should be seen as a partner, especial Australian SMEs so that sovereign capability can be built. There is an anti-private sector attitude by the public sector rather than an engagement approach. There is no understanding of commercial operations so that the engagement can be mutually beneficial.

16. Have you asked the AIIA about their policy advocacy on procurement?

17. Australia's digital government services are falling behind. Anecdotally the government's ability to deliver digital transformation agendas seems to be slipping on pace with the outsourcing of the public sector's core digital competencies. The result is a public sector increasingly unable to define or lead the execution of an effective digital strategy.
The symptom of this is government procurement biasing towards

What haven't we asked you, that you would like to share?

investment in ICT labour hire contractors, or Hail Mary projects with large multinationals. The large number of labour-hire contractors, and multinational tech vendors, do consume the ICT budgets. However, they are not providing outcomes on this investment, as the budget is not being well directed by a de-skilled public sector.

18. Procurement platforms, panel arrangements in disrepute, value for money is arbitrary decision, fairness, govt-industry ecosystem, pricing, agile contracts,

19. Access needs to be simplified

20. Can be easy, but seems to have become harder and harder recently – complexity and delays are the norm unless you have a head agreement, which is very hard to get unless you are a big player.

21. We often find that contract start or gated deliverables are extended without understanding that our resources are otherwise billable / idle

22. We would encourage Australian government to provide better support for Australian business in the form of a greater weighting in the purchasing of technology from local suppliers.

23. 1. Stop rigged tenders which openly favour an overseas competitor.
    2. Willingness to be flexible in their requirements in order to buy Australian.
    3. Cease claiming they are helping SME's when they are openly hostile to them.

24. Australian govt buyers need to buy from places beyond Canberra and consciously build up local supply chains to create wealth and jobs in Australia. They should not buy from businesses that don't pay their share of tax in Australia. Signing contracts with sellers who shift their profits from those transactions overseas is nuts.

25. RFTs are often written to the benefit of large vendors. There should be a list of government approved SME vendors and a preference [for] sovereign operators.

26. I was told 2-3 years ago, by a very senior government cybersecurity adviser, that Australian public servants will not buy Australian software. So stop trying. Compare this to current enthusiastic evaluations of our software in the US by a DoD integrator; we cannot even get to the Australian ADF to even make them aware of what is possible

27. It would be fantastic to see a % of government procurement $ mandated to going to tech SME's and startups. It would cause massive growth in the Australian technology ecosystem, which would create many jobs, export revenue, taxation revenue and overall growth in GDP.

28. Government continues to assume overseas solutions are better and think the higher prices they pay indicates the domestic alternative is not suitable, even when it has been shown that the local solution meets all requirements.

29. Globals lobby hard and crowd out locals. Globals employ government decision makers after a contract is awarded. Globals have incumbency that lets them know everything and locals get "probity".
    The retained economic benefit is not considered under value for money.
    Data Sovereignty and security is an afterthought.
    Locals are perceived as risky but globals keep failing and making adverse decisions for Government.
    Globals do not support open standards and cause vendor lock in.
    Industry groups are controlled by globals and shape the rules.
    Government does not release accurate spending data.
    All Federal Whole of Government agreements are with globals.
    The big consulting houses have deals with the global vendors and recommend them though tender requirements.
    Globals pay less tax so can provide lower costs.

Q25 CONTINUED

What haven't we asked you, that you would like to share?

There is one set of rules for local companies (like needing AGSVA clearances), but globals get exceptions for follow the sun support.

30. The heavy reliance on large consulting firms has diminished corporate expertise within government and the have become easy prey for such firms. These firms have a long track record of protect cost and time over runs, scope creep, avoidance of accountability and tipping procurements in favour of themselves.
They have captured government procurement and their revenue numbers are indicative of the damage they have done and continue to do to small innovative local technology innovators

31. Dreadful minimum standards of service – too many times we get no feedback, too anonymous, would much prefer clients to say "this is closed procurement, we know who we want" rather than wasting our time bidding for something we can't win

32. Far too much federal govt goes to the Big Four firms with seemingly little accountability for successful outcomes

33. Why sprint procurement isn't used in Australia. Look at California, Singapore and the EU – they all get startups to come up with the idea, then form JVs with the Big Four to deliver.

34. Government tenders generally favour the big consulting houses or "panels" to make it easier on them to procure – which is counterintuitive to competition. The big consulting firms are 'handed' contracts as they're the only ones that are "able" to respond and then just outsource it to smaller companies less 30-40% who in turn outsource it to individual contractor, less another 30% … so the people actually doing the work are not paid the right amount but have to do all the work!

35. A path to an open playing field. Vendor lock-in is created, that is not value for money. The competition are more complex and costly to deploy and

manage but value for money is ignored, as the mandate remains in legacy platforms or newer more expensive options.

36. I believe that government needs to seriously look at the messaging around SME procurement and the reality of how this is operationalised

37. Concerning trend that the 'Big 4' consulting firms are increasingly playing both sides of the line in government procurement – and chasing delivery work at premium price while pushing out smaller enterprises. Not a level playing field when they help shape the procurements, and when bid evaluations bias towards larger firms with more experience and strong brands…

38. Governments at all levels need to provide greater education to the business community on tender process. Further, government needs to have a better understanding of business operations when making demands and requirements on businesses who provide products and services.

39. If you are an SME has government directly sourced from you

40. The problem of government procurement is three-fold:
1. The market is opaque. Need proper data.
2. Government officers are not held accountable, creating an environment of self-interest. Need objective outcome driven measures of success. Success is not the size of a project, but the auditable outcomes delivered from a project.
3. Value is not measured so price tags are used, resulting in a lemon market. Value measures should be auditable. For example software delivered can be audited against ESG criteria – energy use and opex, cyber secure, accessibility to vision impaired or disabled.
A tender should not be issued and no project should commence if the above cannot be defined clearly and independently of vendors bidding. Government must run independent audits to generate trusted and transparent data on vendor and government officer track record.

What haven't we asked you, that you would like to share?

41. When Australian government cut French built submarine it put the submarine industry back 10 years, the primary contractor did not tell me that the person I was dealing with had retired so I had to contact the help desk to extend my login so I could keep in touch in case they did subcontract for nuclear-powered submarine, Defence dept did not debrief SMEs like me but pushed me away, ADSTAR conference helped build bridges.
I still have to hunt up support to get reconnected in incubator as nothing happened from their end, despite asking if I was interested. Defence dept started Innovation Hub which I will approach myself rather than wait for primary contractor to do something and contact me which they don't do: https://www.innovationhub.defence.gov.au/.

42. Policies that weight regionally based SMEs – we are regional, act as local ecosystem employers and change agents who stimulate local networks + capability.
Lower living costs mean more of our revenue is spent locally, creating positive impact in our community. Would like to see a regionality weighting applied on top of SME purchasing policy.

43. We have a few government customers. They have largely been more able to experiment due to the type of people employed there. Other places just seem reluctant to trial an Australian product or can't get the bureaucracy out of the way. It's generally the procurement processes that are the most challenging. Also, having those panels e.g. tenders.gov.au with a set number of vendors on them for years at a time is anti-competitive and should be totally abolished.

44. Government procurement with SMEs will never improve. There is no incentive for them to, unlike other progressive countries that place much greater value and faith in a diverse supplier base

45. There is good intention with govt procurement, but in my 20 years I've noticed the execution is poor and usually way over complicated. It may be worth getting SME stakeholders or industry associations like the RCSA involved to advise on best practice and commercial reality.

46. For govt at all levels – it's not about a good / positive / advantageous / effective /beneficial outcome, but simply following process so that the govt employee cannot be fired for following all of the steps it takes – irrespective of whether the outcome isn't achieved.

47. Government is both the biggest opportunity and the biggest challenge for our business. Those who succeed in the bureaucracy (and thus have power) seem adept at managing upwards, limiting personal risk, and spinning success. But bugger all gets done.
Government programs to spur innovation and improve SME opportunities can cause more harm than good as soon as you put a bureaucrats discretion in the mix. The outcomes, positive and negative, for all such programs should be measured and reported independently of that bureaucracy.

48. How long does a typical government procurement process typically take? How valuable are government vendor debriefs to losing vendors? How fast are government procurement processes? To what extent do government procurement processes favour incumbent vendors? How flexible / forward looking are government procurement processes? How willing are government agencies to move to the cloud?

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PUBLIC POLICY AND BUSINESS INNOVATION