

# Guide to Managing Unsolicited Proposals

## Contents

What is an unsolicited proposal?.....	2
Where does it come from? .....	2
Framework for managing unsolicited proposed .....	2
Probity standards and assessing an unsolicited proposal .....	4
More information .....	4
Disclaimer .....	4
Appendix 1: Assessment criteria .....	5

## What is an unsolicited proposal?

An unsolicited proposal is an approach by a person or business with an offer for your health service outside of any formal approach to the market by your health service for the supply of specific goods or services.

## Where does it come from?

A business could approach your health service through different channel such as:

- the Minister/Minister's office
- senior management
- an officer in your health service

Sometimes it follows a demonstration of a product or service where health services officers are invited to facilitate interest and familiarity with a subsequent proposal.

Proposals often claim a high level of innovation or that adopting the proposal will deliver cost savings and productivity improvements. While these benefits might sound attractive, all proposals should be assessed for relevance to your health service.

The supplier may be seeking adoption of the proposal, or seed funding to further develop a concept for early commercialisation. They may suggest a joint development opportunity or simply be gathering information on future organisational requirements.

A supplier might approach a health service wherever they identify a potential need for their product or service. Proposals are often made on a targeted but ad hoc basis where there may be no planned procurement requirement.

When health services begin publishing their procurement activity plans online under the proposed procurement reform, they may see an increase in unsolicited proposals.

Procurement activity plans provide an overview of procurement requirements over the next 12–18 months, including the anticipated release date of individual procurement activity.

## Framework for managing unsolicited proposed

Follow the 9 steps describe the framework for managing unsolicited proposals:

Step	Action
1	Unsolicited proposal may be received by the Minister / Minister's Office, the Department or the health service.
2	Develop procedures for receiving, assessing and managing unsolicited proposals. For proposals: <ul style="list-style-type: none"><li>• disclose internal processes on the health service's intranet;</li><li>• implement a registration system to track proposals received;</li><li>• adopt a methodology for allocating responsibility for assessing and managing proposals; and</li><li>• indicate whether the complexity of certain proposals require escalation to the chief procurement officer (or delegate) for specific business unit input.</li></ul>

Proceed on the basis that the supplier is fully informed of the management process with particular reference to;

- the proponent is to provide sufficient documentation against each of the areas of assessment noted in stage 1.
- non commitment for funding/purchase/adoption, etc.;
- management of organisation/supplier intellectual property (IP);
- confidentiality obligations;
- contact/communication arrangements during assessment phase;
- whether external parties may be engaged to assist assessment;
- potential timelines/milestones; and
- debrief opportunities for suppliers if not proceeding with proposal.

3 High-level assessment – stage 1.

Nature of proposal:

- Goods / services
- Systems related
- Services related
- Progress related
- Programs related
- Proposed arrangement

Proposal relevance to:

- Health service priorities
- Health service programs
- Health service projects
- Health service activities
- Broader whole of Victorian Government (WoVG)/ Department of Health (DH) objectives
- Other stakeholders

Indicative degree of innovation

- Market scan – no known suppliers / limited supplier base
- Evidenced innovation in other relevant settings / usage
- If the proposal has broader relevance, the matter should be brought to the attention of HSV, DH and Strategic Sourcing within the Department of Treasury and Finance.

4 Result of high-level assessment – Stage 2:

If sufficient relevance to proceed as a discrete procurement activity, go to step 5.

If no relevance, or insufficient grounds for a discrete procurement activity, go to step 9.

5 Assessment of relevance – stage 2

- Program relevance
- Project relevance
- Priorities relevance
- WoVG or DH relevance
- Health service impact
- Analysis of claimed innovation
- Change management impact
- Market analysis
- Secondary supply analysis
- Cost benefit analysis

	<ul style="list-style-type: none"> <li>• Total cost of ownership</li> <li>• Risk assessment</li> <li>• Value for money assessment</li> </ul>
6	If relevant development business case and path to market strategy.
7	<p>Refer to market analysis.</p> <p>Conducting a pilot appraisal and then proceeding to the wider market raises significant probity issues especially in relation to managing and disclosing IP. Standards of equity and fairness require all potential suppliers to have equal access to generated IP and any background information previously made available to the supplier of the unsolicited proposal.</p> <p>Standard procurement processes apply when approaching the market with a quotation or any form of tender.</p>
8	Conduct sourcing, evaluation, negotiation, selection engagement, contract management. End of process
9	Inform proponent grounds for not proceeding as a discrete procurement activity or proceeding with the proposal as part of a normal process.

## Probity standards and assessing an unsolicited proposal

If you choose to disregard unsolicited proposals, you could miss opportunities to achieve better value for money outcomes or to better understand the market in relation to a category of goods and services.

However, an unsolicited proposal can give rise to significant probity and process issues. If you proceed with a proposal that pre-empts wider market testing or pilot the proposal, the broader supplier market could claim unfair advantage. If you do opt for a pilot and you want to test knowledge gained during the pilot, you need to create a 'level playing field' for other potential suppliers.

### More information

Related documents and templates are available on the HSV website.

### Disclaimer

The information presented in this document is general in nature and based on HealthShare Victoria's interpretation of the *Health Services Act 1988 (Vic)* and any ancillary legislation and regulations in effect at the time, and should not be relied upon as legal advice. Please consider seeking professional and independent advice from your legal representative as to the applicability and suitability of this information and the legislation to your own business needs or circumstances.

## Appendix 1: Assessment criteria

The supplier will be informed of the below criteria in order for these to be addressed in the Detailed Proposal during Stage 2.

**Table 1:** Assessment criteria

Criteria	Details
Eligibility	<p>Ask the right questions:</p> <ul style="list-style-type: none"> <li>Is the product or service under an existing HSV contract? If yes, do not consider the proposal</li> <li>Is the product linked to the components of products or services under HSV contract? If yes, don't consider the proposal</li> <li>Is the product or service being bundled with any product under the HSV contract? If yes, don't consider the proposal</li> </ul> <p>If all the questions are negative, then consider the other assessment criteria below</p>
Uniqueness	<p>Demonstration of unique benefits of the proposal and the unique ability of the proponent to deliver the proposal. In particular, the following are to be demonstrated:</p> <ul style="list-style-type: none"> <li>Can this proposal be readily delivered by competitors? If the answer is yes, then what, if any, justification would the organisation have for not seeking best value through a competitive tender process? What benefit(s) would the organisation gain?</li> <li>Does the supplier own something that would limit the organisation from contracting with other parties if it was to tender? This would include intellectual property, and other unique assets</li> <li>Are there other attributes which may not necessarily stand alone as unique but, when combined, create a 'unique' proposal? This may include genuinely innovative ideas, including financial arrangements or solutions that are otherwise unlikely to be defined and put to market (e.g., alternatives to providing a service or substantive processes, products or methods for delivering a service that is not offered by other service providers and constitute a significant departure from traditional service delivery)</li> </ul>
Value for money	<p>Does the proposal deliver value for money to the organisation? Consideration should be given to factors such as:</p> <ul style="list-style-type: none"> <li>Whole of life costs and revenue, quality, risk borne by the organisation</li> <li>Benefits gained, qualitative and whole of organisational outcomes including achievement of objective</li> </ul>
Return on investment	<p>Is the proposed return on investment to the organisation proportionate to the supplier's risk?</p>
Capability and capacity	<ul style="list-style-type: none"> <li>Does the supplier have the experience, capability and capacity to carry out the proposal?</li> <li>Is there any reliance on third parties?</li> </ul>
Affordability	<ul style="list-style-type: none"> <li>Does the proposal require further or additional funding?</li> <li>Does the organisation have the required funds or budget available?</li> </ul>

Criteria	Details
Risk allocation	<ul style="list-style-type: none"><li>• What risks are to be borne by the supplier and by the organisation?</li><li>• Where the risks can be quantified and valued, they may also be considered under the value for money criteria</li></ul>

