Appendix 1 – Complexity Matrix

The outcome of the complexity assessment will allocate procurement categories and individual procurements into one of four categories of complexity, and guide the market and contract management approach for each category.

Value Added (vertical axis, pointing up)

Leveraged
1. High volume and frequency of use
2. Many suppliers
3. Can exercise market power / competition
4. Can influence supplier performance
5. Understand and minimise switching costs
6. Used by multiple users / health services

Strategic
1. Significant for whole organisation/ all health services
2. High value
3. Competitive market
4. Critical to operation
5. New area of procurement for HPV
6. Potential for non-price benefit

Transactional
1. Low volume or frequency of use
2. Low value
3. Low risk
4. Substitutable / commoditised
5. Minimum transaction process / cost

Focused
1. Limited scope of users / health services
2. Limited supplier / alternatives
3. High switching costs
4. Highly customised
5. Scope for innovation
6. Manage supplier / supply chain risks
7. Manage compliance / performance
8. Identify strategies to manage switching costs
9. Risks of bottleneck

Risk and Complexity (horizontal axis, pointing right)