# **Aggregating demand: Goods and services guide**

# Find out how organisations combine their requirements for the same or similar goods and services.

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**Identifying opportunities to aggregate demand**

Aggregating demand is where organisations combine their requirements for the same or similar (categories of) goods and services.

This may occur:

* at an organisational level (e.g. a supplier panel that covers an entire organisation)
* across multiple organisations (e.g. a state purchase contract)

Organisations typically identify opportunities to aggregate demand by:

* analysing procurement spend data
* developing a procurement activity plan
* assessing the complexity of a category of goods or services
* analysing the supply market
* engaging with Victorian Government procurement networks and forums

**Considering opportunities to aggregate demand**

To consider opportunities to aggregate demand, organisations should:

* assess the benefits, costs, and risks of the proposed procurement arrangement or activity
* ensure that the proposed procurement arrangement or activity meets their needs
* ensure that they appropriately structure, govern and manage the procurement arrangement or activity

The benefits of aggregating demand may be financial or non-financial, including:

* obtaining savings and better terms and conditions
* increasing the efficiency and consistency of the procurement process
* improving quality assurance and compliance
* mitigating procurement risk (e.g. through pre-negotiated terms and conditions)
* improving accountability, governance, monitoring and oversight
* reducing administrative burden on buyers and suppliers
* making the procurement opportunity more attractive to potential suppliers
* avoiding duplication and waste
* enhancing contract and category management through data analytics and reporting
* strengthening supplier relationships
* increasing suppliers’ access to procurement opportunities through competitive procurement processes (e.g. by using an open market approach)
* achieving broader policy objectives and government priorities

Even if aggregating demand would deliver benefits, how might the proposed arrangement or activity impact:

* the duration and cost of the procurement process?
* the complexity of the procurement process (e.g. requiring more resourcing or capability)?
* access for small to medium-sized enterprises, social benefit suppliers, or new entrants?
* competition in the supply market?
* supply chain risk (e.g. buyers or suppliers becoming too dependent on each other)?
* buyers’ flexibility to meet their needs and achieve their objectives?

Organisations should:

* justify expected benefits in the business case or statement of grounds
* ensure that they track and deliver benefits across the procurement lifecycle

Organisations should also compare aggregating demand with alternative strategies (e.g. one-off supplies or disaggregating demand by dividing a larger procurement activity into smaller parts).

The structure of a procurement arrangement or activity will impact the benefits, costs, and risks of aggregating demand. The Structuring state purchase contracts and other procurement arrangements guide explains how to structure different types of procurement arrangements.

## Using this guide

This guide accompanies the [goods and services supply policies](https://buyingfor.vic.gov.au/goods-services-supply-policies). There are 5 supply policies:

* Governance policy
* Complexity and capability assessment policy
* Market analysis and review policy
* Market approach policy
* Contract management and disclosure policy

This guide supports the [Market analysis and review policy](https://buyingfor.vic.gov.au/market-analysis-and-review-policy).

## Tools and support

Access a document version of this guide in the [Toolkit and library.](https://www.buyingfor.vic.gov.au/Aggregate-demand-goods-and-services-guide-0)

For more information on aggregating demand, please contact the [goods and services policy team](https://www.buyingfor.vic.gov.au/contact).

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