

Gateway Review System

Briefing to the
Australian Institute of Project Management

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New South Wales

Presenters

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Gateway Team

NSW Department of Commerce



David Green

Gateway policy & history



Gateway

" there is no other process that gives you a slice across the project with all those involved and feeds back on their respective views"

Government Agency Senior Manager, 2006.



What is Gateway?

- Structured reviews (counterpart to Value Management studies)
- Conducted by teams of “peers” who are independent of the project
- Assesses the project’s health at 6 “gates” over the project’s life.



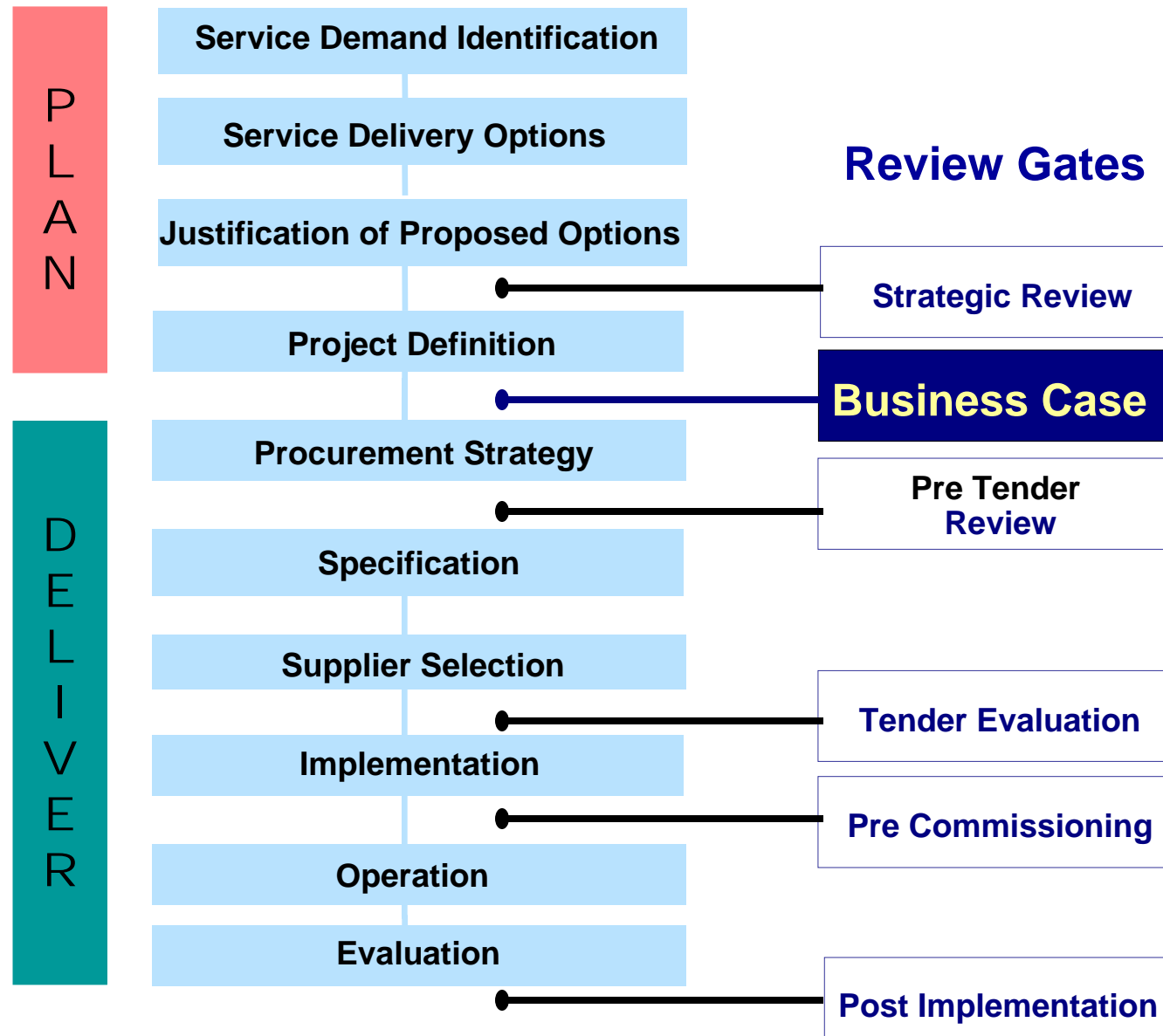
What Gateway Does

Assists in delivering better projects

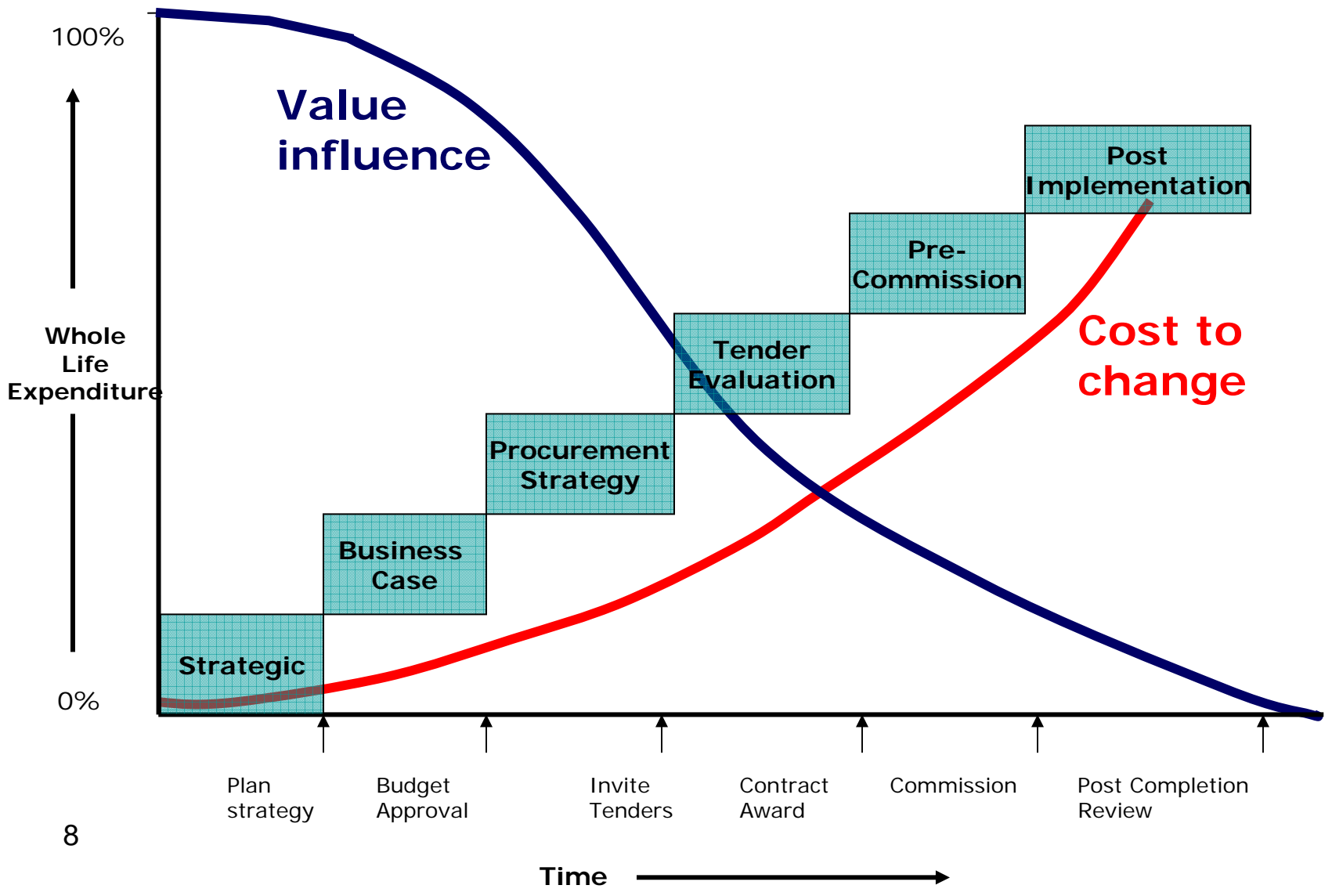
- More accurate project scoping and estimates
- Reduced time and cost overruns
- Improved alignment of service delivery with available funds
- Improved procurement discipline
- Improved risk management
- Better results for the community



Procurement Process



Opportunity to Influence



Procurement Policy

Business case gate review mandated by Government from 1 July 2004, applies to:

- High profile procurements
- ICT procurement over \$5m
- Capital works and goods & services over \$10m



Gateway NSW

- 64** reviews conducted covering 114 projects, totalling a value of \$6.7B in expenditure over 10 year period
- 23** Government agencies have participated
- 200** individuals registered as reviewers
- 250** individuals have participated in the training programs



Reviews Undertaken in NSW

Gate	Number of Reviews
Strategic	3
Business Case	44
Pre-tender	3
Tender Evaluation	1
Pre-commissioning	1
Post Implementation	Nil



Gateway worldwide

UK

- Implemented 6 years ago, completed more than 1200 reviews on billions of pounds worth of investment
- Cost avoidance of 3% - 5%
- Review costs are 0.01% of total project costs
- Originated with an ICT focus now applied to all major procurement

Victoria

- Implemented over 3 years ago, completed 115 reviews on over 90 projects worth over \$14b
- Review costs are 0.001% of total project costs
- Mandated across all departments and agencies

Other

- Now implemented at Centrelink, DOFA and PMC



Facilitating Reviews

- Treasury funds Commerce to facilitate Gateway Reviews
- Commerce facilitates all six Gates
- Agencies provide reviewers on a quid pro quo basis
- A small number of private sector consultants are reviewers.



The Six Gates

1. **Strategic** - Does the project suit the service needs identified?
2. **Business Case** - Is the project ready for funding?
3. **Pre-Tender** - Is the estimate robust? Has scope been managed? Is supplier market understood?
4. **Tender Evaluation** - Has the evaluation plan been followed? Has the best offer been identified?
5. **Pre-Commissioning** - Is the project ready for work?
6. **Post Implementation** - Has the project provided the services needed?



7 Key Success Factors (1)

1. **Service Delivery:** Will proposed project achieve service objectives and fulfil identified needs? Are they consistent with Government policy and the Agency's strategic services plan?
2. **Affordability:** Are there sufficient resources to deliver the project? Will it provide value for money over the project's life?
3. **Sustainability:** Have social, economic and environmental impacts of the project been identified and dealt with?
4. **Governance:** Have all activities to ensure a successful project been addressed (ie resource allocation, time and process management)?

7 Key Success Factors (2)

5. **Risk Management:** Have major project or procurement risks been identified? Has an outline risk management plan been developed? Does it include risk if project is not funded?
6. **Stakeholder Management:** Have stakeholders been identified and their views considered in the development of the project?
7. **Change Management:** Have necessary changes (to achieve project's service outcome) been identified? Has a plan been outlined to assure their realisation?

Report Rating

Key success factors

1. Service Delivery
2. Affordability
3. Sustainability
4. Governance
5. Risk Management
6. Stakeholder Management
7. Change Management

Assessed

- 0 This factor cannot be assessed
- 1 The Gateway Review Team's opinion is that the project should not proceed until this aspect is improved
- 2 The Gateway Review Team's opinion is that there are some weaknesses in relation to this aspect. Additional effort should be put into this before the project proceeds
- 3 The Gateway Review Team's opinion is that this aspect has been given adequate consideration not to jeopardise the success of the project

The Review Report

- Drafted at end of review
- Circulated to reviewers for further comment
- Presented by reviewers to Project Sponsor
- Project Sponsor acts on recommendations

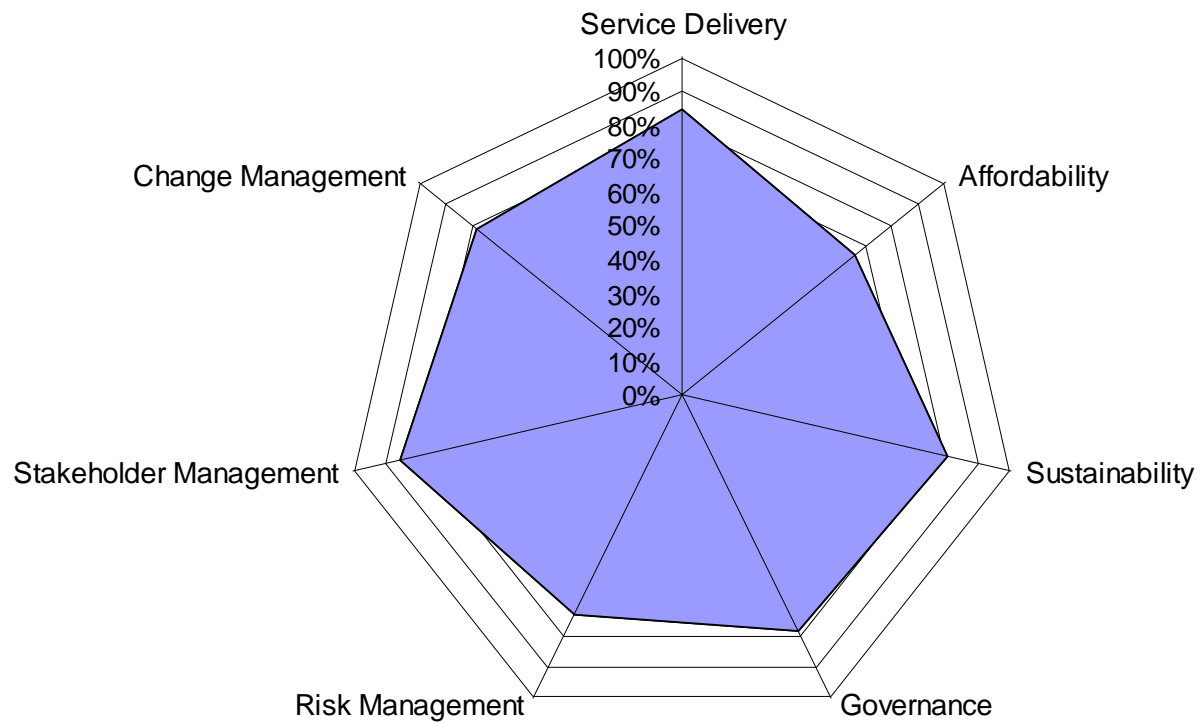
For Business Cases:

Report + response to recommendations included in funding submission



Review Findings

**Assessment Trends (Average):
1 July 2004 to present**



Sponsor Feedback

- 90%** considered the review met their expectations
- 94%** believed the review was report helpful
- 81%** agreed that Gateway assisted their agency in its procurement processes
- 95%** agreed the review was conducted professionally
- 100%** considered that the reviewers met expectations



Gateway Successes

- Agency saved \$20m in capital works expenditure (support facility)
- Agency improved economic appraisal to win Treasury support (core IT system)
- Stakeholders unified on project delivery approach (multi services campus)



Elizabeth Williams

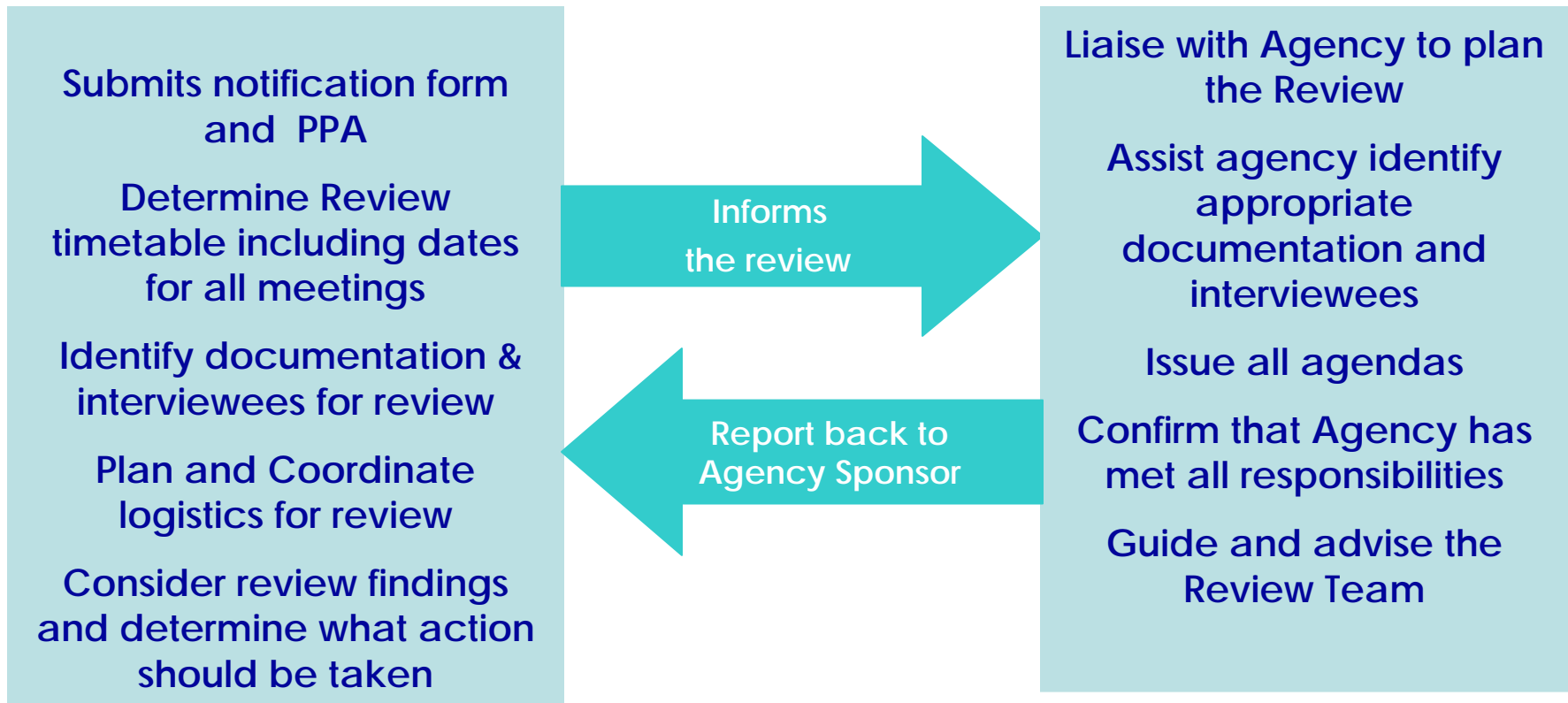
**Gateway in practice and lessons
learned**



Review Process

Government Agency

Gateway Team



The Review

- The purpose of the review is to provide the agency with a 'snapshot' of the project's readiness
- Is conducted over a 14 day period however, planning for a review can take one to two months
- Interviews are conducted in person, telephone or video conference
- Recommendations and conclusions are provided to the project sponsor
- Review report is confidential



Gateway Review Meeting

1. **Agency and Gateway Team Preliminary Meetings**
 - Initial introductions and briefing
2. **Planning Meeting**
 - Agency briefs the review team on the project
3. **Review Meeting**
 - Consists of a series of interviews with stakeholders
4. **Debrief Meeting**
 - Advise project sponsor of reasoning behind findings

Review Team's Role

The Review team will consider the project in terms of:

- Alignment of the project with agreed objectives
- The benefits and value for money offered
- The management processes adopted; then will:
- Make recommendations about any gaps or opportunities
- Prepare a report for the project sponsor



Trends and lessons learned

An analysis of a series of large construction projects identified five common trends, this included:

1. Service delivery benefits were not fully identified, evaluated or quantified
2. Strategies for mitigating service delivery risks that stem from shortened project delivery periods were not considered
3. Service delivery options are not fully evaluated or articulated
4. Risk mitigation strategies not planned
5. Change is not identified or managed for both construction and service delivery



Gateway Implementation 2004 - 2006

A survey of reviewers and agencies indicated:

- Use of consultants often improved the quality of business cases
- Not enough planning to confirm validity of project before committing to a business case
- Insufficient attention to documentation management, too much data and information presented, data conflicts between documents
- Agencies need to make effort to understand Gateway
- Process does provide rigour and strengthens the projects



Helping your clients

- Be familiar with review process
- Anticipate reviews in your project plan
- Commence pre-review activities well before the review
- Don't let the agency abdicate their Gateway responsibilities to you, the agency must own the process
- Nominate the best person to write the business case not just the most technical person



Questions & Comments

