Supply Market Analysis - Example Questions

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Market should also take into account the knowledge held by other buying organisations, trade bodies and business support organisations e.g. Federation of Small Businesses, Chambers of Commerce, etc.

You should consider the following questions:

- Is there doubt over the existence of a market for the identified business need?
- Are there doubts over its capacity, capability, maturity or competitiveness?
- Is first-hand, in-house knowledge of the market superficial, incomplete or simply absent?
- Is there uncertainty about the level of interest from potential suppliers?
- Is the desired outcome likely to involve significant business change? Is it unprecedented?
- Is there a need to manage expectations of the project?
- Is the requirement very unusual?
- Is there, or could there be, an innovative solution?
- Will the solution be to provided to diverse groups across society?
- Are there carbon reduction targets? When considering this remember to check your organisation’s procurement strategy or other commitments.
- Is there uncertainty about the technological/eCommerce capabilities of the market?

- Has economic development been considered?
- Has accessibility and 'designed for all' been considered?
- Are more sustainable outcomes / solutions available?

Please note that this is not an exhaustive list.

Enquiries at market analysis usually fall into particular areas. These are not questions to ask of potential suppliers, but rather questions that the UIG should seek to answer for themselves through dialogue with potential suppliers:

- Maturity: is the market ready to deliver what's required? Is it evolving or diversifying with potential suppliers entering or exiting the market?
- Feasibility: will the market be technically capable of meeting the requirement?
- Technical/product innovation: are technological advancements or product/service developments expected and how can your requirement be future-proofed to take advantage of these advancements / developments?
- Competition: how many potential suppliers provide what is required? Will there be effective competition?
- Capacity: are there enough potential suppliers, with sufficient capacity, to meet the requirement?
- Size and status: is the contract likely to be delivered by a supply chain of sub-contractors, self-employed workers, sole traders, small, medium or micro businesses? Are suppliers from other countries likely to bid?
- eCommerce: is the market ready to embrace the electronic suite of tools that are currently utilised within the Scottish public sector?
- Working together: will the requirement bring potential suppliers from different subsectors together in a new way? How will this work?
- Geographical: do potential suppliers operate differently or provide different goods or services in different geographical areas e.g. in another country?
- Traditions and prevailing attitudes: what are they in this market? How will they affect the project?

Factors to consider when deciding whether to include community benefit requirements, include opportunities to:

- generate employment and training opportunities for priority groups;
- vocational training;

- up-skill the existing workforce;
- equality and diversity initiatives;
- make any proposed sub-contracting opportunities available to SMEs, the third sector and **supported businesses**
- supply-chain development activity;
- build capacity in community organisations;
- educational support initiatives;
- work with schools, colleges and universities to offer work experience; and
- minimise negative environmental impacts, for example impacts associated with vehicle movements and/or associated emissions and impacts on protected areas, buildings or sites.
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This is not an exhaustive list.

Some possible questions to open productive discussions with potential suppliers include:

- Are you interested in this opportunity?
- If not, why not?
- Is the business model realistic?
- Are the business aims realistic? Is the business attractive?
- What do you see as the risks?
- Can you give an early indication of cost? What are the major cost drivers and how can these be minimised? Are any of the costs likely to be impacted by inflation?
- Can you give an indication of likely timescales?
- Are there other, better approaches?
- What added value, in terms of sustainability, could the potential supplier provide related to the subject matter of the contract?
- Discussions on how potential suppliers can provide added value
- Can you share examples of good or bad practice in terms of how others have tried to deliver these products or services.
- What can we do to ensure clarity and improve the tendering process for potential suppliers?

Please note that some potential suppliers may be reluctant to share details of their business / business practices for reasons of commercial sensitivity. It is also important to remember that an organisation must not disclose information forwarded to them by suppliers which they have designated as confidential, including, but not limited to, technical or trade secrets and the confidential aspects of tenders.

You may also wish to discuss aspects of eCommerce with potential suppliers such as:

- Provision of content in the required format e.g. an eCatalogue or transactional punch-out site
- Ability to accept cXML purchase orders and / or invoices
- Use of PCS-Tender for tendering and potential **eAuctions**
- The market capability to support/work with a **Dynamic Purchasing System (DPS).** This is particularly important where the market has a number of SME's, third sector potential suppliers or supported businesses who may be able to meet the need of the contract. This is because it offers an easier, more cost effective route for many of them to participate in the procurement exercise.