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Award

IT services: consulting, software development, Internet and support

Post Office Limited

F15: Voluntary ex ante transparency notice

Notice identifier: 2021/S 000-006992

Procurement identifier (OCID): ocids-h6vhtk-02a2c1

Published 6 April 2021, 1:10pm

Section I: Contracting authority/entity

I.1) Name and addresses

Post Office Limited

Finsbury Dials, 20 Finsbury Square

London

EC2Y 9AQ

Email

CVMTeamMailbox@postoffice.co.uk

Country

United Kingdom

NUTS code

UK - United Kingdom

Internet address(es)

Main address

<https://www.postoffice.com>

I.4) Type of the contracting authority

Body governed by public law

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

IT services: consulting, software development, Internet and support

II.1.2) Main CPV code

- 72000000 - IT services: consulting, software development, Internet and support

II.1.3) Type of contract

Services

II.1.4) Short description

This Notice relates to a Modification to a Contract in accordance with Regulation 72(1)(b) of the Public Contracts Regulations 2015. Post Office Limited ("Post Office" or "the Authority") entered into an agreement with Fujitsu Services Limited ("Fujitsu Services") dated 28th July 1999 ("Horizon Agreement") for the provision of certain services, including services in respect of the HNG-X system ("Services"). The Horizon Agreement is due to expire on 31st March 2023 . In order to prepare the Horizon Agreement for expiry and in order to receive transitional support from Fujitsu Services following such expiry, the Horizon Agreement will be extended for a term of an additional one year to 31st March 2024, with the option of one additional year (as requested by Post Office). In parallel, Post Office continues to revise and develop its system architecture and service delivery model. Further information about the modification is provided in section II.2.4. A Modification Notice will be separately issued.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Value excluding VAT: £42,500,000

II.2) Description

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement

In connection with the extension, the following key amendments will be made to the Horizon Agreement:

Services during the extension period:

o In line with the development and modernisation of the HNG-X system, on-premises hosting and data centre operations services and central network services will not be extended and will expire on 31 March 2023 (to be replaced by a separately procured cloud hosting solution). It is anticipated that Post Office will exercise its existing rights in the Horizon Agreement to terminate these services prior to that date and that amendments will need to be made to the ongoing operational services to reflect this change.

o Certain digital development services and Post Office's obligation to purchase the services of a standing team of IT developers will also expire on 31 March 2023.

Financial matters:

o Certain financial matters, and in particular relating to charges, financial savings and spend commitments, will be amended to reflect the above changes in the scope of service.

Arrangements for exit:

o A process will be added to facilitate access to specified Fujitsu intellectual property so as to assist the Post Office on its development and modernisation of the HNG-X system and exit from the Horizon Agreement.

- o A structured process will be added for addressing the replacement of end of life hardware and software components.

- o As part of the transitional support, Post Office has requested that Fujitsu Services provides certain termination services and cooperation to facilitate the orderly transfer of responsibility to a new supplier(s).

II.2.11) Information about options

Options: Yes

Description of options

The Horizon Agreement will be extended for a term of an additional one year to 31st March 2024, with the option of one additional year (as requested by Post Office).

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

This Notice relates to the modification of an existing contract that has been necessary due to the following reasons. The Authority's existing Horizon system is a highly complex, legacy platform, written in outdated versions of software languages, and incorporates five 'systems' in one i.e. financial services, banking, government services, mails, and retail. "Horizon" is an aging platform, has an inflexible monolithic architecture that makes technology change difficult. It was not designed for multi-channel digital operations. The services cannot for economic and technical reasons be provided by a contractor other than the original contractor before the expiry of the Horizon Agreement because of the specific interoperability requirements and the highly complex nature of the existing infrastructure and the Authority's business model and operating procedures. A change of contractor would result in disproportionate technical difficulties in implementation as well as operation and maintenance. Awarding the contract to a different contractor would also cause significant inconvenience in terms of service delivery, reliability, and continuity of service, not least because of risk of incomplete transfer of know-how. Changing the original contractor would result in a number of sunk costs, including an increase in run costs, dual running costs, and additional exit/transition costs for a 2-year service term. There would also be significant service risk as a result of engaging in two transitions of service provider within the relatively short time period of 2-3 years whereas an extension with the original contractor would just require one such transition.

In summary, a change of contractor cannot be made for technical or economic reasons and would cause substantial inconvenience and duplication of costs for the Authority in accordance with Regulation 72(1)(b) of the Public Contracts Regulations 2015. The increase in price as a result of the modified contract is less than 50 % of the original contract value.

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: No

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

6 April 2021

V.2.2) Information about tenders

The contract has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor/concessionaire

Fujitsu Services Limited

London

W1U 3BW

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor/concessionaire is an SME

No

V.2.4) Information on value of contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession: £42,500,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

Royal Courts of Justice

Strand

London

WC2A 2LL

Country

United Kingdom