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Contract

## **Extension of Horizon Data Centre Operations and Central Network Services.**

Post Office Limited

F20: Modification notice

Notice identifier: 2023/S 000-010251

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

Published 6 April 2023, 4:39pm

### **Section I: Contracting authority/entity**

#### **I.1) Name and addresses**

Post Office Limited

Finsbury Dials, 20 Finsbury Street

London

EC2Y 9AQ

#### **Email**

[procurement@postoffice.co.uk](mailto:procurement@postoffice.co.uk)

#### **Country**

United Kingdom

#### **Region code**

UK - United Kingdom

**Companies House**

02154540

**Internet address(es)**

Main address

<https://www.postoffice.co.uk>

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**Section II: Object****II.1) Scope of the procurement****II.1.1) Title**

Extension of Horizon Data Centre Operations and Central Network Services.

**II.1.2) Main CPV code**

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

**II.1.3) Type of contract**

Services

**II.2) Description****II.2.3) Place of performance**

NUTS codes

- UK - United Kingdom

**II.2.4) Description of the procurement at the time of conclusion of the contract:**

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"). Provision of all Services were extended in 2021 with the Data Centre Operations and Central Network Services expected to be terminated upon the successful move to the cloud, or to expire naturally on 31st March 2023, whichever occurred earlier. However, the program to transfer the services to a new cloud provider created fundamental technical challenges that POL could not economically and technically overcome, and the business has taken the decision to pivot back to the Fujitsu provided Horizon Data Centres until the successful transfer of

services out of Horizon and into its replacement NBIT ("New Branch IT").

The Data Centre Operations and Central Network Services have thereby been extended for an additional period of 1 year from the 1st April 2023.

The estimated value of these services for the additional one year under the modification is £16,500,000 GBP.

#### **II.2.7) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Duration in months

12

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### **Section IV. Procedure**

#### **IV.2) Administrative information**

##### **IV.2.1) Contract award notice concerning this contract**

Notice number: [2021/S 000-009752](#)

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### **Section V. Award of contract/concession**

#### **Contract No**

N/A

#### **V.2) Award of contract/concession**

##### **V.2.1) Date of conclusion of the contract/concession award decision:**

1 April 2023

##### **V.2.2) Information about tenders**

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

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

Fujitsu Services Limited

Lovelace Road

Bracknell

RG12 8SN

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

00096056

The contractor/concessionaire is an SME

No

**V.2.4) Information on value of the contract/lot/concession (at the time of conclusion of the contract;excluding VAT)**

Total value of the procurement: £16,500,000

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## **Section VI. Complementary information**

### **VI.3) Additional information**

The most recent modification to the contract was in 2021, contract notice 2021/S 000-009752.

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

Royal Courts of Justice

London

Country

United Kingdom

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## **Section VII: Modifications to the contract/concession**

### **VII.1) Description of the procurement after the modifications**

#### **VII.1.1) Main CPV code**

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

#### **VII.1.3) Place of performance**

NUTS code

- UK - United Kingdom

#### **VII.1.4) Description of the procurement:**

Continuing provision of Data Centre Operations and Central Network Services under an existing software and IT Services agreement relating to Point of Sale ("POS") customer facing transactions across multiple channels.

#### **VII.1.5) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Duration in months

### **VII.1.6) Information on value of the contract/lot/concession (excluding VAT)**

Total value of the contract/lot/concession:

£16,500,000

### **VII.1.7) Name and address of the contractor/concessionaire**

Fujitsu Services Limited

Lovelace Road

Bracknell

RG12 8SN

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

00096056

The contractor/concessionaire is an SME

No

## **VII.2) Information about modifications**

### **VII.2.1) Description of the modifications**

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

The following key amendments will be made to the Horizon Agreement.

A 1 year extension of the Data Centre Operations and Central Network Services.

### **VII.2.2) Reasons for modification**

Need for additional works, services or supplies by the original contractor/concessionaire.

Description of the economic or technical reasons and the inconvenience or duplication of cost preventing a change of contractor:

This Notice relates to the modification of an existing contract that has been necessary due to the following reasons:

The existing Horizon System is a highly complex platform, written in legacy versions of software languages and which incorporates five "systems" in one i.e. financial services, banking, government services, mails and retail. "Horizon" itself is an aging platform constructed on an inflexible monolithic architecture that makes technology change difficult.

Accordingly, the Program to transfer the services to the Cloud encountered fundamental technical challenges that Post Office could not economically and technically overcome, and the business has taken the decision to pivot back to the existing Data Centres until the successful transfer of services out of Horizon and into its replacement NBIT ("New Branch IT").

The Data Centre Operations and Central Network Services cannot be transferred away from the original contractor in the short term because of the specific interoperability requirements, compounded by the highly complex nature of the existing infrastructure and the Post Office's business model and operating procedures. A change of contractor would result in disproportionate technical difficulties in implementation as well as operation and maintenance at this time. Awarding the services to a different contractor would also cause significant inconvenience in terms of service delivery, reliability and continuity of service including because of incomplete transfer of know-how.

Therefore, Post Office has modified the contract 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. The Data Centre Operations and Central Network Services have thereby been extended for an additional period of 1 year from the 1st April 2023.

### **VII.2.3) Increase in price**

Updated total contract value before the modifications (taking into account possible earlier contract modifications, price adaptations and average inflation)

Value excluding VAT: £2,322,500,000

Total contract value after the modifications

Value excluding VAT: £2,339,000,000