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Contract

Extension of the Data Centre Operations and Central Network Services (including Test Infrastructure)

Post Office Limited

F20: Modification notice

Notice identifier: 2023/S 000-034447

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

Published 21 November 2023, 4:13pm

Section I: Contracting authority/entity

I.1) Name and addresses

Post Office Limited

100 Wood Street

London

EC2V 7ER

Email

procurement@postoffice.co.uk

Country

United Kingdom

Region code

UKI - London

Companies House

02154540

Internet address(es)

Main address

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

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Extension of the Data Centre Operations and Central Network Services (including Test Infrastructure)

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

- UKI - London

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"). As a result of this retention of Data Centre capabilities it is necessary to carry out Data Centre Fortification works to avoid provide stability, avoid obsolescence and ensure business continuity. Accordingly, this Modification includes capital expenditure for an appropriate refresh and improvement program.

The Data Centre Operations and Central Network

Services have thereby been extended (including the Test Infrastructure) for an additional period of 1 year from the 1st April 2024; to be co-terminus with the main Horizon Services.

The estimated value of these Services and capital expenditure for the additional one year under the modification is

£36,610,000 GBP.

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

Duration in months

12

Section IV. Procedure

IV.2) Administrative information

IV.2.1) Contract award notice concerning this contract

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

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:

3 November 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 Ltd

Bracknell

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

0096056

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: £36,160,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

Royal Courts of Justice

London

Country

United Kingdom

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

- UKI - London

VII.1.4) Description of the procurement:

Continuing provision of Data Centre Operations and Central Network Services (including Test Infrastructure) 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

Start date

1 April 2024

End date

31 March 2025

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

Total value of the contract/lot/concession:

£36,160,000

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

Fujitsu Services Limited

Bracknell

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

0096056

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 (including Test Infrastructure).

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. As an aging platform, the inflexible nature of the construction of the architecture of "Horizon" itself makes technology change challenging.

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 2024.

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: £2,339,000,000

Total contract value after the modifications

Value excluding VAT: £2,375,000,000