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Tender

Horizon Replacement Services

Post Office Limited

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Notice identifier: 2025/S 000-047578

Procurement identifier (OCID): ocds-h6vhtk-050efb

Published 11 August 2025, 11:20am

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Scope

Description

Post Office Limited (POL) in the Market

POL has a network of 11,500 Post Offices across the UK and provides a wide range of services to its customers. There are c.50,000 users. There are 9m customer sessions per week.

The vast majority of Post Offices are franchises - small businesses in their own right. However, there are also smaller numbers of strategic partners and branches managed directly by POL. The directly managed branches are in the process of moving towards being operated by franchisees.

The services that POL offers include but are not limited to:

- Mails and parcels;
- Cash and banking;

- Bill payments;
- Travel money;
- Government services (such as identity and passport services); and
- Stamps and other postal related products and services.

Description of the Service

The current service being provided to POL relies on a system known as "Horizon" to process all its transactions with customers, and includes numerous legacy systems and assets. POL wishes to appoint up to two suppliers to replace the existing Horizon system ("Horizon Replacement Services").

The contracts for the Horizon Replacement Services will be awarded by reference to two lots:

- Lot 1 Replacement Service Provider - Datacentres Operations and Levels 3 and 4 Application Support and Management including transformation and stabilisation. To include service and system integration.
- Lot 2 COTS-EPOS-SaaS - a fully supplier-hosted, supported and maintained commercial off-the-shelf (COTS) electronic point of sale (EPOS) system, provided as software as a service (SaaS).

The system must meet the Authority's specific requirements with minimal bespoke customisations. Supplier will provide level 2 and 3 support.

The successful bidders will be required to take on delivery of relevant parts of the Horizon Replacement Services within the respective Lot scope and provide, in each case where relevant, transition and transformation services to modernise, streamline and replace the Horizon Services.

Lot 1 Replacement Services Provider

Lot 1 will require the successful supplier to:

- take over the existing Horizon Services (as detailed above) on a "walk in and take over" (WITO) basis (excluding network interconnections between data centres);
- provide system and service integration of both Lots 1 and 2;
- be responsible for maintaining and supporting IT infrastructure within the data centre

until it is decommissioned;

- manage bespoke applications and integrations with the Lot 2 product and other POL third parties where necessary;
- stabilise the current Horizon Services;
- execute key transformation activity where required by POL (is also an option under Lot 2); and
- deploy the Lot 2 solution into the branch estate.

Lot 1 will have an initial term of 5 years plus two optional 1-year extensions (to be exercised at POL's discretion). POL will also have a right to extend the contract beyond this should more time be required to complete transformation activity.

Lot 2 COTS-EPOS-SaaS Supplier

Wherever possible POL intends to purchase COTS products to meet all of its requirements rather than build in-house.

The Lot 2 COTS-EPOS-SaaS Supplier must be capable of delivering a modern, scalable, and future-ready solution for a term of 12 years.

Lot 2 COTS-EPOS-SaaS Supplier will require the successful supplier to transform POL's retail technology platform to meet evolving business, operational, and customer requirements which shall:

- be cloud hosted, in the supplier's AWS environment (or equivalent) and be a consumption and/or flexible based eCommerce service;
- use event-driven microservice architecture using standards-based integration (API) and industry recognised core service;
- include a structured data layer or open standards integration to other COTS data platforms; and
- be a modular service structure that includes but is not limited to:
- journey engine;
- point of sale (POS), EPOS & mobile POS services;
- customer engagement & insights;

- retail and/or retail POS integration;
- counter solutions; and
- options for pick up and drop off, and self-service kiosks.
- other functionality required for an end-to-end retail platform as set out in the Lot 2 requirements.

Lot 2 COTS-EPOS-SaaS Supplier shall additionally be required to:

- ensure compatibility with existing systems and hardware (where applicable) and enable future enhancements;
- support implementation/deployment to the branch network, including configuration, customisation (if required), testing and rollout;
- comply with the target operating model implemented to support ongoing operations.
- execute key capability uplifts where required by POL (is also an option under Lot 1);
- provide ongoing maintenance and support, updates, and optimisation services;
- interoperate and/or provide reconciliation tools, financial posting engines, local accounting solutions, pricing and billing solutions, product processing solutions;
- ensure that POL is always able to control when it moves to new versions of the software and accept or reject any additional functionality that does not impact the core components of the solution from new versions;
- provide POL with the opportunity to participate in the development of the supplier's roadmap for future developments to the EPOS solution; and
- collaborate with other partners in POL's eco-system.

In the Lot 2 contract, POL may serve a mobilisation notice within three years of the effective date. Following the commencement of mobilisation, the contract will have a term of 10 years. POL will have the option for two further one-year extensions. POL will also have a right to extend the contract beyond this should more time be required to complete transformation activity.

Total value (estimated)

- £410,000,000 excluding VAT
- £492,000,000 including VAT

Above the relevant threshold

Main procurement category

Services

CPV classifications

- 48110000 - Point of sale (POS) software package
- 48481000 - Sales or marketing software package
- 48810000 - Information systems
- 48820000 - Servers
- 48920000 - Office automation software package
- 48930000 - Training and entertainment software package
- 51110000 - Installation services of electrical equipment
- 51210000 - Installation services of measuring equipment
- 51610000 - Installation services of computers and information-processing equipment
- 51620000 - Installation services of office equipment
- 72210000 - Programming services of packaged software products
- 72220000 - Systems and technical consultancy services
- 72230000 - Custom software development services
- 72240000 - Systems analysis and programming services

- 72250000 - System and support services
- 72260000 - Software-related services
- 72500000 - Computer-related services
- 72610000 - Computer support services
- 72810000 - Computer audit services
- 72820000 - Computer testing services
- 72910000 - Computer back-up services
- 72920000 - Computer catalogue conversion services

Contract locations

- UK - United Kingdom

Not the same for all lots

Contract dates and options are shown in Lot sections, because they are not the same for all lots.

Lot 1. Replacement Service Provider

Description

Lot 1 will require the supplier to:

- take over the existing Horizon Services (as detailed above) on a WITO basis (excluding

network interconnections between data centres);

- be responsible for maintaining and supporting IT infrastructure within the data centre;
- manage bespoke applications and integrations;
- stabilise the current Horizon Services; and
- execute key transformations such as cloud migration as required.

Lot 1 will have an initial term of 5 years plus two optional 1-year extensions (to be exercised at POL's discretion).

Lot value (estimated)

- £269,000,000 excluding VAT
- £322,800,000 including VAT

Contract dates (estimated)

- 1 July 2026 to 30 June 2031
- Possible extension to 29 June 2033
- 6 years, 11 months, 29 days

Description of possible extension:

Lot 1 will have an initial term of 5 years plus two optional 1-year extensions (to be exercised at POL's discretion). Schedule 2 of the draft contract provides for other extension options.

Options

The right to additional purchases while the contract is valid.

This is set out in Schedule 2 of the draft contract that deals with the optional outcomes. Schedule 2 of the draft contract will be provided to all bidders that have signed and completed the non-disclosure agreement, the ethical walls agreement and the conflict of interest form.

Same for all lots

CPV classifications and contract locations are shown in the Scope section, because they are the same for all lots.

Lot 2. COTS-EPOS-SaaS Supplier

Description

Lot 2 COTS-EPOS-SaaS Supplier will require the successful supplier to transform POL's retail technology platform to meet evolving business, operational, and customer requirements which shall:

- be cloud hosted, in the supplier's AWS environment (or equivalent) and be a consumption and/or flexible based eCommerce service;
- meet the Authority's specific requirements with minimal bespoke customisations.
- use event-driven microservice architecture using standards-based integration (API) and industry recognised core service;
- include a structured data layer or open standards integration to other COTS data platforms; and
- be a modular service structure that includes but is not limited to:
 - journey engine
 - point of sale (POS), EPOS & mobile POS services;
 - customer engagement & insights;

- retail and/or retail POS integration;
- counter solutions; and
- options for pick up and drop off, and self-service kiosks.
- other functionality required for an end-to-end retail platform as set out in the Lot 2 requirements.

The Lot 2 COTS-EPOS-SaaS Supplier shall additionally be required to:

- ensure compatibility with existing systems and hardware (where applicable) and enable future enhancements;
- support implementation/deployment to the branch network, including configuration, customisation (if required), testing and rollout;
- comply with the target operating model implemented to support ongoing operations.
- execute key capability uplifts where required by POL (is also an option under Lot 1);
- provide ongoing maintenance and support, updates, and optimisation services;
- interoperate and/or provide reconciliation tools, financial posting engines, local accounting solutions, pricing and billing solutions, product processing solutions;
- ensure that POL is always able to control when it moves to new versions of the software and accept or reject any additional functionality from new versions product;
- provide POL with the opportunity to participate in the development of the supplier's roadmap for future developments to the EPOS solution; and
- collaborate with other partners in POL's eco-system.

The Lot 2 COTS-EPOS-SaaS Supplier must be capable of delivering a modern, scalable, and future-ready solution.

Lot value (estimated)

- £141,000,000 excluding VAT

- £169,200,000 including VAT

Contract dates (estimated)

- 1 July 2026 to 30 June 2036
- Possible extension to 30 June 2038
- 12 years

Description of possible extension:

Lot 2 will have an initial term of 10 years plus two optional 1-year extensions (to be exercised at POL's discretion).

Schedule 2 of the draft contract provides for other extension options.

Options

The right to additional purchases while the contract is valid.

This is set out in the requirements document that deal with the optional outcomes.

The requirements document will be provided to all bidders that have signed and completed the non-disclosure agreement, the ethical walls agreement and the conflict of interest form.

Same for all lots

CPV classifications and contract locations are shown in the Scope section, because they are the same for all lots.

Participation

Legal and financial capacity conditions of participation

Lot 1. Replacement Service Provider

Lot 2. COTS-EPOS-SaaS Supplier

This is set out in the PSQ document that will be provided to all bidders that have signed and completed the non-disclosure agreement, the ethical walls agreement and the conflict of interest form.

Technical ability conditions of participation

Lot 1. Replacement Service Provider

Lot 2. COTS-EPOS-SaaS Supplier

This is set out in the PSQ document that will be provided to all bidders that have signed and completed the non-disclosure agreement, the ethical walls agreement and the conflict of interest form.

Particular suitability

Lot 2. COTS-EPOS-SaaS Supplier

Small and medium-sized enterprises (SME)

Submission

Enquiry deadline

9 September 2025, 12:00pm

Submission type

Requests to participate

Deadline for requests to participate

12 September 2025, 12:00pm

Submission address and any special instructions

<https://postoffice.wax-live.com/S2C/SignIn.aspx>

Tenders may be submitted electronically

Yes

Languages that may be used for submission

English

Award decision date (estimated)

1 July 2026

Award criteria

| Name | Type | Weighting |
|---------|---------|-----------|
| Quality | Quality | 65% |

| Name | Type | Weighting |
|--------------|---------|-----------|
| Commercial | Price | 25% |
| Social Value | Quality | 10% |

Other information

Description of risks to contract performance

In respect of both Lot 1 and Lot 2 contracts POL has identified the following risks, the occurrence of which could jeopardise the satisfactory performance of the awarded contracts, but because of their nature, cannot be addressed in the contracts as awarded, and so may require a substantial amendment to the contracts under paragraph 5 of Schedule 8 (materialisation of a known risk) to the Procurement Act 2023:

- findings of the Post Office Horizon IT Inquiry (or any other public inquiry, or inquiry of a similar nature, into the operations of the Post Office or the Horizon system) (Inquiry) that require modification to the awarded contract to implement;
- policy decisions made by HM Government, any regulator, or any other public body, whether or not in response to findings by an Inquiry, that require modification to the awarded contracts to implement;
- the enactment or coming into force of legislation relating to the Post Office that requires modification to the awarded contracts to implement;
- where the Lot 1 and Lot 2 contracts are awarded to separate suppliers, the failure of one supplier to perform its obligations under awarded contract where that failure affects the ability of the supplier under the other awarded contract to perform its obligations;
- where the deployment of the Lot 2 solution by the Lot 1 supplier to the branch estate is delayed, disrupted to otherwise does not proceed according to plan due to complexities arising from the branch network;
- where either the Lot 1 or Lot 2 supplier is unable to perform their obligations under their respective awarded contract due to complexities arising from the Horizon systems;
- in respect of either the Lot 1 or Lot 2 contract, that the procurement for the contract for the other Lot is abandoned or significantly delayed;

In respect of the Lot 1 contract only:

- there is a delay to the appointment of the Lot 2 supplier;
- there is a delay in the design and build of the solution, or any part of it, provided under the Lot 2 contract; or
- the Authority is unable to recruit sufficient in-house service integration and management capability, and requires additional support from the Lot 1 supplier.

In respect of the Lot 2 contract only:

There is a delay in implementation of the Lot 1, which results in a continued reliance on the incumbent supplier and the need for an extension to the contract or other change to ensure business continuity.

Applicable trade agreements

- Government Procurement Agreement (GPA)
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Conflicts assessment prepared/revised

Yes

Procedure

Procedure type

Competitive flexible procedure

Competitive flexible procedure description

For this procurement, the Post Office Limited (POL) intends to award a public contract through a competitive flexible procedure in accordance with section 20(1) and (2)(b) of the Procurement Act 2023.

The public contracts under this procurement are awarded by reference to lots. The outcome could be one of the following:

- separate bidders are awarded the contracts for:

Lot 1 Replacement Service Provider (comprising continuation of the current services through Walk In & Take Over from the incumbent where a new supplier is appointed, with optional services including stabilisation activities and transform operations where required by POL); and

Lot 2 COTS-EPOS-SaaS Supplier (comprising the provision and implementation (where required) of the COTS and EPOS solution, and ongoing run services); or

- a single supplier could be awarded both Lots.

The following stages will be followed:

1. Stage 1: Planned Procurement Notice - POL issued a Planned Procurement Notice on 8 May 2025
2. Stage 2: Procurement Specific Questionnaire -
 - a. Issuing of a Tender Notice inviting bidders to submit a request to participate in the procedure.
 - b. To request to participate, bidders must register with POL's e-Sourcing platform, Web 3, complete, sign and return the non-disclosure agreement (NDA), conflict of interest form (COIF) and ethical walls agreements (EWA) (where required for incumbent suppliers) sent to the bidder.

Bidder's must complete the Procurement Specific Questionnaire (PSQ) by no later than 21 August 2025 for Lot 1 and 12 September 2025 for Lot 2.

The PSQ and other associated tender documents and background documents will be made available to a bidder upon receipt of a properly completed NDA, EWA (where required) and COIF.

In addition, bidders must register with the central digital platform operated by the Cabinet

Office (CDP) and upload the core supplier information.

They must also ensure that any associated person of the bidder and any proposed subcontractor also registers with the CDP and uploads their core supplier information.

To request to participate in Lot 1, bidders must do so by returning completed PSQ (including confirmation of CDP registration and upload of core supplier information) by 12:00 BST on Thursday, 21 August 2025. For Lot 2, bidders must do so by 12:00 BST on Friday, 12 September 2025.

c. All documents relating to this procurement, including all procurement documents, will be made available through POL's e-Sourcing platform, Web 3, the link for which can be found elsewhere in this notice. Bidders must return the NDA, COIF and, where required the EWA, to receive access to all associated tender documents. Suppliers bidding for both Lot 1 and Lot 2 will need to complete separate NDAs, EWAs and ColFs

d. The PSQ will be structured in such a way that potential providers can submit and be evaluated for the specific lot in which they are interested. The PSQ will address background information, economic standing, capability, capacity and experience, but will not require any pricing at this stage.

e. The PSQ submissions will be evaluated and moderated against a set of criteria that test bidders' capacity, capability and experience. The six highest scoring bidders for each lot will be invited to submit an Initial Tender as part of the Initial Tender Stage (ITS).

3. Stage 3: Initial Tender Stage - At the ITS of the procurement, tenders will be assessed on how the Bidder's proposed solution will be delivered, how much it will cost and under what terms it will be supplied. There will be weightings applied to the qualitative and quantitative assessment criteria set out in the ITS documentation.

Any tender submitted, at ITS, must be capable of acceptance without the need to engage in dialogue. Where an assessed tender meets the criteria set out in the ITS documentation, POL may determine that tender is the most advantageous tender (MAT), under section 19 of the Procurement Act 2024 and proceed to Stage 6: Contract Award with that Bidder. If POL does so, it will not conduct Stage 4 or Stage 5.

4. Stage 4: Dialogue (optional) -

a. Where POL decides to continue to the dialogue stage, it intends to invite up to four bidders with the highest scoring Initial Tenders for each lot from the ITS to participate with POL in dialogue/negotiation.

b. Dialogue/negotiation will be staggered with Lot 1 starting first and Lot 2 commencing prior to the Lot 1 dialogue completing.

5. Stage 5: Invitation to Submit Final Tenders (ITSFT) -

- a. Once dialogue completes, the bidders invited to dialogue will be Invited to Submit Final Tenders (ITSFT) against the refined requirements (solution, commercial and contractual) and the refined award criteria weightings that apply to this stage (which will be set out in the ITSFT).
- b. POL will evaluate and moderate the final tenders and assess which tenders offer the most advantageous tender (MAT).

6. Stage 6: Contract Award - Following evaluation and moderation of the ITSFT responses, POL will identify the preferred bidder(s) and announce this in accordance with the Procurement Act 2023 and Procurement Regulations 2024, and work with those preferred bidders to finalise contracts.

POL proposes to rely on section 24 of the Procurement Act 2024 to refine the award criteria. It will rely on that section to potentially change the relative weighting of the award criteria following the dialogue/negotiation stage.

POL expects to require similar services after the expiry of the contract awarded under this procurement. However, it does not intend to carry out that subsequent procurement in reliance on the direct award justification in paragraph 8 of Schedule 5 to the Procurement Act 2023.

Documents

Associated tender documents

<https://postoffice.wax-live.com/S2C/SignIn.aspx>

Documents to be provided after the tender notice

Via Web 3 see above

<https://postoffice.wax-live.com/S2C/SignIn.aspx>

Select 'Open Opportunities' and then click on the 'view details' button for the event titled 'AA1493a - Horizon Replacement Services Procurement - Request to Participate - Lot 2'

Contracting authority

Post Office Limited

- Companies House: 02154540
- Public Procurement Organisation Number: PRNP-5883-YMLG

100 Wood Street

London

EC2V 7ER

United Kingdom

Email: Procurement@postoffice.co.uk

Website: <https://corporate.postoffice.co.uk/>

Region: UKI31 - Camden and City of London

Organisation type: Public undertaking (commercial organisation subject to public authority oversight)