

Date: 18 October 2017

Item: Access and WAN Network Agreement Award

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to describe the approach and process undertaken to date to identify a new supplier for the provision and on-going management of TfL's outsourced commodity data network services (referred to as "Access and Wide Area Networks (WAN)" services), and make recommendations on the next steps required for contract award.
- 1.2 TfL's principle agreement for outsourced network services (currently contracted with Fujitsu) will expire in early August 2018. The new agreement needs to be entered into before the end of 2017 to enable the successful supplier seven months to complete their transition preparatory works.
- 1.3 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of TfL and tenderers and which is legally privileged. Any discussion of that information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda and;**
 - (a) **recommend that the Board grants Procurement Authority in respect of the award of an agreement for Access and Wide Area Network services in the sum that will be set out in the paper on Part 2 of the agenda.**

3 Background

- 3.1 There are over 40 data networks in operation across TfL today, which cost upwards of £155m per annum. These vital communications networks connect all of our technology together and underpin a wide variety of services, ranging from operational systems through to the delivery of IT services directly to our customers.
- 3.2 In May 2016, TfL's Executive Committee approved our first Telecommunications and Data Network Strategy, which sets out our high-level approach to rationalising and consolidating our data networks.

- 3.3 The implementation approach set out within the approved strategy is based on four portfolios of activity. The first of these portfolios will consolidate our multiple commodity outsourced network services onto a single, new, pan-TfL network service agreement. The strategy proposes that this is done by taking advantage of the in-flight re-procurement of TfL's largest outsourced network service agreement, to secure a new Access and Wide Area Networks agreement through which we can consolidate the majority (if not all) of TfL's commodity network services.
- 3.4 Commodity outsourced network services currently account for expenditure of approximately £36.7m per annum.
- 3.5 In addition to our commodity outsourced networks, the other portfolios address:
- (a) networks that TfL owns, mainly used for delivering operational services: of these, the largest is Connect, which is also on the agenda for the Finance Committee;
 - (b) the use of our estate to deliver networks for third parties: the Home Office require a new Emergency Services Network (ESN) to provide radio services for the police, fire brigade and other emergency services. This is being progressed through the Programmes and Investment Committee; and
 - (c) commercial exploitation: the use of our rights of way to deliver public cellular services inside the London Underground tunnels and high speed broadband.
- 3.6 The value of the proposed agreement requires that the TfL Board grant Procurement Authority prior to notifying bidders of any award decision and entering into the agreement.
- 3.7 The timing of the Finance Committee meeting necessitates that this approval paper be submitted prior to the procurement exercise concluding. As a result, the final agreement value is unknown at present. The paper to the Board meeting will be updated to reflect the detail that will become available in the intervening period.

4 Tender Process and Timetable

- 4.1 The Access and Wide Area Networks procurement was launched via publication of a contract notice in the Official Journal of the European Union in July 2015.
- 4.2 Evaluation of bids from the three invited bidders is currently underway and a final award recommendation is expected by 27 October 2017.
- 4.3 During the procurement process external input and assurance has been provided in regard to the approach, strategy, tender documentation and tender process by both procurement/commercial advisors and from legal advisors.
- 4.4 All issues arising from the real-time procurement audit to which this procurement process has been subject to have either been, or are in the process of being, resolved. TfL Assurance and an external expert conducted a Targeted Assurance Review focussing on five lines of enquiry prior to release of the invitation to submit final tenders (no issues found), and a second, Integrated

Assurance Review, will be completed prior to requesting Procurement Authority from the Board.

5 The Proposed Agreement

5.1 Our approach has been to define up-front as many of our requirements as possible and then lock them down within a TfL authored agreement. This approach has provided a high degree of certainty regarding the key terms and conditions of the agreement. Therefore, although the technical solutions are yet to be evaluated, we have clarity today on the terms and conditions of the agreement (which cannot be amended by bidders).

5.2 The key aspects of the agreement are summarised below:

- (a) the term of the agreement will be for a minimum of five years, with options for TfL to extend for up to five further years in one year increments.
- (b) the scope of the services is Wide Area Networks (networks between our sites), fixed and wireless Local Area Networks (networks within our sites), and other support services such as internet and third party connectivity services;
- (b) the scope of deployment will initially be the services currently delivered through our agreements with Fujitsu and Level3. Surface Transport's network requirements have also been included within the agreement and those services will be migrated to the new supplier when Surface Transport's current network agreement expires ;
- (c) the supplier will be responsible for:
 - (i) transition: the take on of the services from the incumbent providers;
 - (ii) transformation: the technical refresh and simplification of our ageing, overly complex and unsecure network infrastructure; and
 - (iii) ongoing operation and maintenance activities; and
- (d) flexibility is key given the likely further consolidation of data network services over the coming years. The agreement therefore:
 - (i) contains no minimum spend commitments;
 - (ii) allows us to partially terminate the agreement (by service component), allowing us to migrate services to alternative networks at minimum cost;
 - (iii) ensures that we retain ownership of our assets, allowing redeployment on alternative future networks as appropriate; and
 - (iv) includes variation and volume rebate principles to maximise the benefits to be gained by consolidating services / adding volume.

6 Benefits

- 6.1 The new supplier will be responsible for transforming our current network infrastructure, standardising the technical solutions deployed across the TfL estate and ensuring that our technical infrastructure is supportable. This will result in:
- (a) assured ongoing security: a substantial number of our network assets are approaching the end of their usable life and need to be replaced in order for us to assure the ongoing security of our data networks; and
 - (b) increased availability and reliability: many of our network assets are aging and prone to increasingly frequent failure. A technology refresh will not only address reliability issues, but standardisation of the technical solutions will reduce the time taken to rectify failures.
- 6.2 The agreement will deliver a catalogue of clearly defined standard technical services with service level agreement-backed delivery timescales. This will reduce delivery timescales and make project delivery timelines more predictable.
- 6.3 The service level agreement regime within the agreement considers the services from an end-to-end perspective rather than by individual technical service. This incentivises the supplier to deliver services in a way that will improve the end-user experience.
- 6.4 For London Underground locations, we are adopting a hybrid technical approach whereby we will utilise the Connect network to provide backup connectivity. This approach will not only minimise costs, but will also deliver the highest possible level of service resilience. This hybrid approach is also a step forward in bringing our diverse and currently separate networks together.
- 6.5 The agreement is based on best practice service management principles which should drive a high level of service performance. This, together with the flexible options to vary in new services during the agreement term, means that the scope of services delivered through the agreement is scalable e.g. to include the management of other network services efficiently (such as Connect or ESN-related services) should the strategies for those services require it.

List of appendices to this report:

Supplementary exempt information is attached to Part 2 of the agenda.

List of Background Papers:

None

Contact Officer: Shashi Verma, Chief Technology Officer
Number: 020 3054 0709
Email: ShashiVerma@tfl.gov.uk