

**Date: 14 October 2014**

**Item 16: Supply of Data Communication Services and Support  
Contract Extension**

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**This paper will be considered in public**

**1 Summary**

- 1.1 The Agreement for the Supply of Data Communications Services and Support with Fujitsu Services Limited (the Agreement) is due to expire on 8 November 2014. . It is proposed that the Agreement be extended to facilitate TfL's wider IM delivery strategy.
- 1.2 On 24 September 2014 the Board delegated to the Finance and Policy Committee authority to grant additional procurement authority in respect of the Agreement and its proposed extension and this paper seeks that authority.
- 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 business affairs of TfL. Any discussion of that information must take place after the press and public have been excluded from this meeting.

**2 Recommendation**

- 2.1 **In accordance with authority delegated from the Board the Committee is asked to:**
  - (a) **note the paper and the supplementary information on Part 2 of the agenda;**
  - (b) **approve the proposed extension of the Supply of Data Communications Services and Support contract with Fujitsu Services Limited, as described in this paper (the Extension), and grant additional procurement authority (some of which has already been incurred) as set out in the paper included on Part 2 of the agenda; and**
  - (c) **note that subject to the authority referred to in paragraph 2.1(b) above being given:**
    - (i) **TfL Officers and Subsidiaries (as described in paragraph 2.2 below) are authorised to finalise the terms of the Extension;**
    - (ii) **the agreement and execution (whether by deed or otherwise on behalf of TfL or any subsidiary (as appropriate)) of any documentation to be entered into in connection with the Extension and any matters referred to in it (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements,**

**notices, contracts, certificates, letters or other documents)has been authorised; and**

- (iii) TfL Officers and Subsidiaries are authorised to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Extension and the matters referred to in it.**

**2.2 The following Officers and Subsidiaries have authority:**

- (a) TfL Officers: the Commissioner, Managing Director Finance, General Counsel and Chief Finance Officer; and**
- (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any directors of the relevant company shall be authorised to act for and on behalf of the company.**

### **3 Background and future approach**

- 3.1 Following a competitive procurement exercise in 2004, TfL awarded its contract data communications services and support was awarded to Fujitsu Services Limited (Fujitsu). The Agreement was for five years, with an option (exercisable by TfL), to extend the Agreement for periods up to a further five years. That option has been exercised in stages and the Agreement is now due to expire on 8 November 2014.
- 3.2 The scope of the agreement included services for networks, telephony and ancillary services.
- 3.3 The network capability provided reaches to all major TfL buildings, stations and depots to allow connectivity to corporate information and enterprise facilities (e.g. email, SAP, office productivity tools).
- 3.4 This network capability supports key operational systems including: Track Access Control for Rail and Underground, Electronic Service Update Boards for Rail and Underground, iBus for Surface Transport; CCTV for British Transport Police and Dial-A-Ride services for Surface Transport.
- 3.5 The Agreement also enabled TfL to require Fujitsu to undertake certain project work and provide voice services. These additional requirements have primarily related to:
- (a) The delivery of Wi-Fi:
- (i) at 120 London Underground stations;
  - (ii) to enable the delivery of non-fares ticket revenue generating public access Wi-Fi; and
  - (ii) for internal operational purposes and at selected Head Office buildings.
- (b) Improved Data Centres – in order to provide secure, modern high capacity data centres replacing TfL’s existing 33 computer rooms.

- (c) Network improvements – a process of consolidation and standardisation across the IM network to continue the replacement of the legacy network topology and circuits with high capacity Ethernet bearers and Virtual Cloud based services removing the requirement and cost for TfL provisioned “transits” such as Broadway and Baker Street.
- (d) Supporting the 2012 Games – the provision of remedial electrical work and additional out of hours network support for the 2012 Games.

3.6 It is proposed that the Agreement be extended to ensure continuity of these critical services and to facilitate TfL’s wider Transforming IM delivery strategy, described further below. Extensive work has been undertaken to ensure that the Extension is kept to the minimum duration pending a replacement contract being procured. In addition, it has become apparent as part of the contract review undertaken in preparation for the Extension that Board approval would be required due to the aggregate expenditure against the contract to date and the additional requirements of the Extension. By the time that planning had completed and the review had confirmed the position, it was not possible to enter a paper for the Finance and Policy Committee prior to the TfL Board meeting on 24 September 2014.

#### **Future approach**

- 3.7 The services currently provided under the Agreement will be competitively procured by TfL under the “Transforming IM” programme for which approval will be sought in due course.
- 3.8 The Transforming IM programme seeks to deliver a supply chain configuration known as the ‘Service Integration and Management (SlaM) and Towers’ model.
- 3.9 This model has been further developed with contributions from a number of industry consultancies, a programme of strategy and design workshops, and a formal market testing process. The model is in line with the Cabinet Office approach for ICT contracting.
- 3.10 The model identifies a “Networks Tower” which incorporates not only the services currently provided by the Agreement, but also allows for the incorporation of those provided under other existing TfL telecommunications contracts, as appropriate, as part of the transition to a more consolidated, less duplicative, better designed and controlled network infrastructure. This is in accordance with the Commercial Category Management approach, and the Independent Investment Programme Advisory Group’s recommendations in its 2013/14 annual report.
- 3.11 The approach to the Networks Tower does not cut across a wider review of the approach to data and voice telecommunications across TfL, but will provide a contractual vehicle for those services that any review recommends be consolidated during the life of the Networks Tower contract. It is currently envisaged that the Networks Tower will provide a consolidation of the telecommunications services directly contracted by IM.
- 3.12 The Networks Tower procurement is planned for issue in May 2015 and to take approximately one year to complete. Following contract award there will be a need to transition to the new service provider. This transition may involve staff consultation, time for which has been allowed. An extension for up to a maximum

of twenty seven (27) month contract extension is therefore required to allow sufficient time for these activities to be completed.

**List of appendices to this report:**

Exempt supplemental information is included in a paper on Part 2 of the agenda.

**List of Background Papers:**

Paper submitted to the meeting of the Board on 24 September 2014

Independent Investment Programme Advisory Group 2013/14 Annual Report

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