

United Kingdom-Salford: Application service providers
OJ S 198/2020 12/10/2020
Contract award notice
Services

Legal Basis:

Directive 2014/24/EU

Section I: Contracting authority

I.1. Name and addresses

Official name: HMRC

Postal address: 5W Ralli Quays

Town: Salford

NUTS code: UK United Kingdom

Postal code: M60 9LA

Country: United Kingdom

Contact person: Liam Osborn

E-mail: liam.osborn@hmrc.gov.uk

Telephone: +44 3000532848

Internet address(es):

Main address: www.gov.uk

I.2. Information about joint procurement

The contract is awarded by a central purchasing body

I.4. Type of the contracting authority

Ministry or any other national or federal authority, including their regional or local subdivisions

I.5. Main activity

Other activity: Direct and indirect taxation

Section II: Object

II.1. Scope of the procurement

II.1.1. Title

VPaaS Contract Award

Reference number: SR283799478

II.1.2. Main CPV code

72416000 Application service providers

II.1.3. Type of contract

Services

II.1.4. Short description

The contract is for continuation of hosting provision for 13 HMRC applications on Virtual Managed Environment (VME) Platform, on which they are currently hosted. The contract

includes option for potential provision of modernisation and application services for the hosted applications, which will be either decommissioned or transitioned from the VME (and later the upgraded MVE) platform during the life span of this contract.

II.1.6. Information about lots

This contract is divided into lots: no

II.1.7. Total value of the procurement

Value excluding VAT: 168 800 000,00 GBP

II.2. Description

II.2.2. Additional CPV code(s)

72212000 Programming services of application software, 30211300 Computer platforms

II.2.3. Place of performance

NUTS code: UK United Kingdom

Main site or place of performance: UNITED KINGDOM.

II.2.4. Description of the procurement

HMRC has awarded a contract to Fujitsu to provide VME platform and support services for business critical legacy HMRC applications utilising Fujitsu's proprietary virtual machine environment system ('New Contract').

Prior to this Fujitsu was the incumbent service provider to HMRC under two contracts: one covered the support of the customs handling of import and export freight ('CHIEF') application and expires on 31 March 2021 ('CHIEF Contract'); and the other covered (amongst other things) support of the other HMRC applications listed below (and other applications no longer supported). This expires in June 2022 ('Prime Contract'). The CHIEF Contract and the equivalent services under the Prime Contract shall terminate when the New Contract takes full effect.

The services under the New Contract are: the provision of a VME platform service for the applications below using the proprietary VME operating systems; related management and storage ancillary services; and optional application modernisation and application services related to the applications which HMRC can call-off on a non-exclusive basis.

The maximum term of the New Contract is 5 years (partly overlaps with the unexpired terms of the Prime Contract and CHIEF Contract) with no extension rights. As HMRC's programme to decommission and deploy replacement applications which are hosted in more modern environments is rolled out on a phased basis ('Programme'), consumption of the services supporting the legacy applications under the New Contract will decrease steadily from December 2022 in line with that Programme. The Programme is scheduled to complete by the end of the term of the New Contract with CHIEF and CESA being the last applications to be decommissioned by 2025.

The applications supported by the New Contract are:

- CHIEF: which is critical national infrastructure ('CNI') and the related consolidated tariff system application;
- VAT: applications known as valid, vision, VAT Batch, VAT, which are also CNI;
- Computerised environment for self -assessment;
- C&IT Non VAT accounting: five applications (local data capture service, payable order optimisation project, vat certificates, warehousing, duty deferment);
- Trade statistics: generates payments figures for imports/exports;
- VAT information exchange services: handles transfers of VAT information between EU countries; and

— OAS/IRIS/ BROCS: respectively deal with accounting summaries, customer overpayments and managing tax.

The New Contract value is GBP 168.8 million (49 % for services connected to CHIEF and 51 % to the rest).

Payments are supported by service levels and service credits and are structured as a combination of: platform services based on a fixed volume consumption charges, with additional transaction charges over a threshold; related volume-based storage charges; and rate-card based charges for projects including applications modernisation and application services.

The need for the New Contract has arisen from delays to the Programme (including uncertainty regarding the impact of the EU Exit final deal on the future, volume and operation of some applications). Therefore support for legacy applications is required, beyond the term anticipated by the CHIEF Contract and the Prime Contract. As these are key applications (some CNI) HMRC requires the secure and uninterrupted delivery of support to those applications and considers the award of the New Contract to be the best option for securing delivery of those services until 2025, when it expects to have fully completed the Programme. This is an award of a contract via the negotiated procedure without prior publication under Article 32 of Directive 2014/24/EU. HMRC's view, having taken advice, is reliance on Article 32 is justified because services being procured under and for the term of the New Contract can only be provided by Fujitsu because competition is absent for technical reasons.

II.2.5. Award criteria

Quality criterion - Name: Direct award / Weighting: 100

Cost criterion - Name: No cost — direct award / Weighting: 0

II.2.11. Information about options

Options: no

II.2.13. Information about European Union funds

The procurement is related to a project and/or programme financed by European Union funds:
no

II.2.14. Additional information

Section IV: Procedure

IV.1. Description

IV.1.1. Type of procedure

Award of a contract without prior publication of a call for competition in the Official Journal of the European Union in the cases listed below

- The works, supplies or services can be provided only by a particular economic operator for the following reason:
 - absence of competition for technical reasons

Explanation:

The services required by HMRC consist of the provision of hosting platform and related services on a run off basis until 2025 to support business critical legacy HMRC applications, whilst HMRC completes the roll out of its delayed application transition and decommissioning Programme. The applications generate substantial taxes and revenue for the UK and a number of key applications are also CNI, which must be wholly reliable. It is therefore

imperative that the support of such applications continue to be delivered safely and without interruption.

The award of the New Contract to Fujitsu ensures the secure and continued support of the legacy applications on a reducing basis whilst the applications are transitioned /decommissioned over the next 5 years. The VME hosting platform is proprietary to Fujitsu and so VME based services are technically only available from Fujitsu and are not available in the market from alternative third-party service providers.

HMRC's assessment is that there is no alternative that would technically be capable of being successfully deployed before HMRC's requirements for the run off services come to an end. The VME solution has been in place with HMRC for over 30 years and so is heavily integrated with the legacy applications being supported. Due to this and the complex functionality and significant nature of the applications, the extensive testing required (particularly in respect of those applications which are CNI) and the lengthy transition periods needed given the volume of users of the applications, no alternative solution would realistically be ready for use before HMRC's requirement for the run off services came to an end.

To add further context as to why there is no reasonable alternative, VME would also still have been required throughout and to develop an immediately redundant solution would make no economic sense.

Accordingly, HMRC concluded that for technical reasons HMRC was procuring services under the New Contract which only Fujitsu could provide and for which there was no reasonable alternative.

IV.1.3. Information about a framework agreement or a dynamic purchasing system

IV.1.8. Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: yes

IV.2. Administrative information

IV.2.8. Information about termination of dynamic purchasing system

IV.2.9. Information about termination of call for competition in the form of a prior information notice

Section V: Award of contract

A contract/lot is awarded: yes

V.2. Award of contract

V.2.1. Date of conclusion of the contract

30/09/2020

V.2.2. Information about tenders

Number of tenders received: 1

The contract has been awarded to a group of economic operators: no

V.2.3. Name and address of the contractor

Official name: Fujitsu Ltd

National registration number: BR012706

Postal address: 22 Baker Street

Town: London

NUTS code: UK United Kingdom

Postal code: W1U 3BW
Country: United Kingdom
The contractor is an SME: no

V.2.4. Information on value of the contract/lot

Initial estimated total value of the contract/lot: 168 800 000,00 GBP
Total value of the contract/lot: 168 800 000,00 GBP

V.2.5. Information about subcontracting

Section VI: Complementary information

VI.3. Additional information

To view this notice, please click here: <https://www.delta-esourcing.com/delta/viewNotice.html?noticeId=528928893>

Go reference: GO-2020107-PRO-17184930

VI.4. Procedures for review

VI.4.1. Review body

Official name: HMRC
Postal address: 5W Ralli Quays
Town: Salford
Postal code: M60 9LA
Country: United Kingdom

VI.4.2. Body responsible for mediation procedures

Official name: HMRC
Postal address: 5W Ralli Quays
Town: Salford
Postal code: M60 9LA
Country: United Kingdom

VI.5. Date of dispatch of this notice

07/10/2020