

# Procurement Overview

How to obtain HSCN connectivity services



**Information and technology**  
**for better health and care**

# What we will present today

- Why you need to go to market for HSCN services
- What are the sourcing options for obtaining HSCN connectivity solutions
- The role of Crown Commercial Services
- How we propose structuring procurements
- Procurement Activities and Timelines
- HSCN Contracting Model
- What we need YOU to do next?

# Why you need to go to market for HSCN services?

- N3 is being ramped down and no new N3 services will be available post March 2017
- Your existing N3 services are based on legacy access technologies and end-of-life endpoint technologies
- In the majority of cases the network services you currently contract for have not been competed in the open market for a number of years
- We want to develop a thriving competitive marketplace where you can obtain the right technologies and good VFM from a range of different providers
- Directly awarding HSCN services to the existing incumbent provider will stifle a competitive marketplace and prevent you from obtaining real VFM in the future

# Why you need to go to market for HSCN services?

## Ofcom Business Connectivity Market Review

3 year price ruling just ended

- 10Mb pricing fell first
- 100Mb next (now often the same price as 10Mb)

New Business Connectivity Market Review

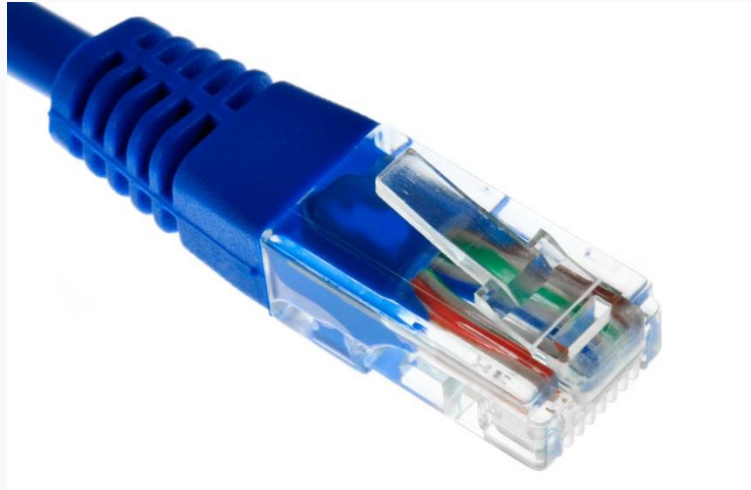
- Started 1st April 2016
- Pricing set for 3 year to fall CPI-13.5%
- Year 1 also had a 12% starting drop
- So Year 1 saw 23-25% drop in 100Mb and 1Gb Ethernet

***Data connectivity prices have fallen and will continue to do so, which is all the more reason why you should be renewing your existing connectivity contracts and avoiding signing up to long term deals!***

# Why you need to go to market for HSCN services?

## The impact of Ofcom on WAN data connectivity pricing

Every time you double the cost, you can go 10x faster

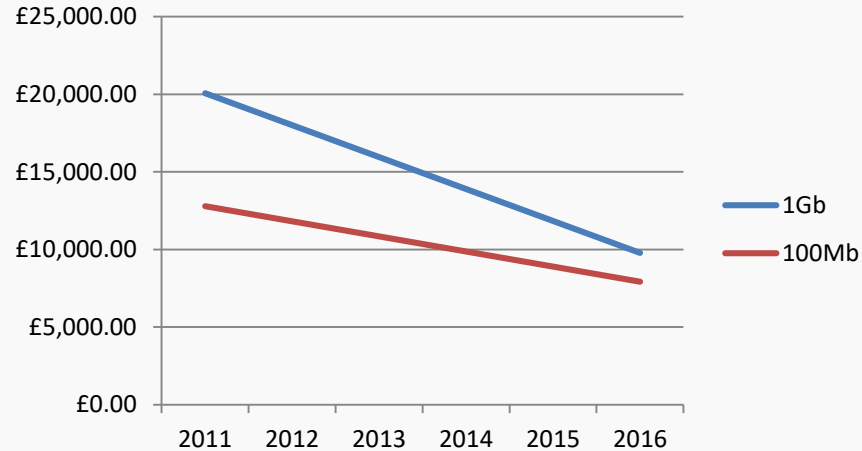


If your WAN is over 3 years old, it is likely you are on the wrong network. You can get a new one that is Better, Faster and Cheaper

Go 1,000 x Faster for 8 x times the price

# Cost depreciation over last 5 years

Prices for 100Mb and 1Gb Ethernet (15Km from nearest POP)



Service	Date	Connection Fee	Example Annual Rentals				
			Main Link 0 Km	Main Link 5 Km	Main Link 10Km	Main Link 15 Km	Main Link 25 Km
100Mb	Sep-11	£2,600	£5,393	£7,860	£10,326	£12,793	£17,726
100Mb	Sep-16	£2,580	£2,400	£4,240	£6,080	£7,920	£11,600
1 Gb	Sep-11	£5,327	£12,667	£15,133	£17,600	£20,067	£25,000
1 Gb	Sep-16	£2,800	£4,267	£6,107	£7,947	£9,787	£13,467

# Customer Sourcing Options

Sourcing Route	Suitable for	Level of central support	Benefits
<b>1. Aggregated Procurement</b>	<p>Customers who:</p> <ul style="list-style-type: none"> <li>do not join a Collaborative Self Serve procurement; and</li> <li>do not have plans for an Individual Self Serve</li> </ul>	<p>High – ‘do it for you’: the Programme, in conjunction with CCS, will run the Procurement process on behalf of Customers with the aim of combining appropriate regional requirements.</p>	<p>By taking a leading role in managing these Procurements and the subsequent migration process, we will increase the ability to manage risks and exercise control thereby enabling greater success in the achievement of HSCN objectives.</p>
<b>2. Collaborative Self Serve</b>	<p>Customers who:</p> <ul style="list-style-type: none"> <li>have plans to collaborate with health and social care organisations on shared and integrated services initiatives.</li> <li>have a good understanding of their own network requirements and those of their regional partners.</li> <li>Have established relationships capable of supporting a regional shared network procurement.</li> </ul>	<p>High – ‘do it with you’: the Programme will actively encourage and market the benefits of increasing collaboration and working in conjunction with CCS, will proactively assist Customers in driving and supporting these Procurements.</p>	<p>By working closely with Customers in developing, and running these Procurements and the subsequent migrations, we will be more able to increase the ability to manage risks and exercise control thereby enabling greater success in the achievement of HSCN objectives.</p>
<b>3. Individual Self Serve</b>	<p>Customers who:</p> <ul style="list-style-type: none"> <li>have no immediate plans to collaborate with health and social care organisations on a shared network initiative.</li> <li>have a good understanding of their own network requirements.</li> <li>have the ability to run their own procurement activity.</li> </ul>	<p>Low to Medium – ‘provide the tools for you to do it’: the Programme, in conjunction with CCS, will establish the tools and processes however there will be little day-to-day central involvement other than assistance with migration capacity planning and progress reporting.</p>	<p>By providing assistance in the planning and management reporting aspects the Programme will be able to prioritise migrations and control utilisation of the available migration capacity.</p>
<b>4. Direct Award</b>	<p>Customers who:</p> <ul style="list-style-type: none"> <li>have the ability to obtain HSCN connectivity via an existing ‘In Term’ contract and can achieve vfm doing so rather than going to market</li> </ul>	<p>Low – the programme will be able to offer advice only and will need to be informed of the customers intention and ongoing progress so that we can check status</p>	<p>Reduced time to execute a migration to HSCN</p>

# Sourcing Options - Detail

Option	Procurement Vehicle	Award Basis	Contract Position
<b>1. Aggregated Procurement</b>	RM1045 will be the sole procurement vehicle	All services within each AP shall be awarded to a single provider (including overlays and DSL)	<ul style="list-style-type: none"> <li>• Access Agreements will be between the Service Provider and the HSCN consumer</li> <li>• Any provisions necessary to coordinate and manage the multi-supplier eco-system will be achieved via the obligations framework and deed</li> <li>• Further information contained within subsequent slides</li> </ul>
<b>2. Collaborative Self Serve</b>	<ul style="list-style-type: none"> <li>• RM1045 is the preferred route</li> <li>• Other Frameworks or project specific OJEU's may be utilised where RM1045 is determined to be unsuitable</li> </ul>	We recommend awarding all services within a CSS to a single provider (including DSL and overlays)	
<b>3. Individual Self Serve</b>	<ul style="list-style-type: none"> <li>• RM1045 is the preferred route</li> <li>• Other Frameworks or project specific OJEU's may be utilised where RM1045 is determined to be unsuitable</li> </ul>	Customers should award all services for a given ISS to a single provider (including overlays and DSL)	



# Crown Commercial Service

- **Who we are:**
  - We bring together policy, advice and direct buying; we provide commercial services to the public sector and save money for the taxpayer.
- **We can support your procurement of Network Services**
  - EU compliant framework: RM1045 Network Services
  - Advice, guidance and support to procure complex requirements
  - Significant experience in delivering aggregated national further competitions
  - Government Digital Service policy compliance
- **We can support your in-life management of Network Services:**
  - Easy access to additional 'bolt on' services such as Telecoms Expense Management (TEM) and Historical Billing Audit (HBA)
  - Strategic SRM in collaboration with Crown Representatives
  - Escalation route for major contractual and framework issues

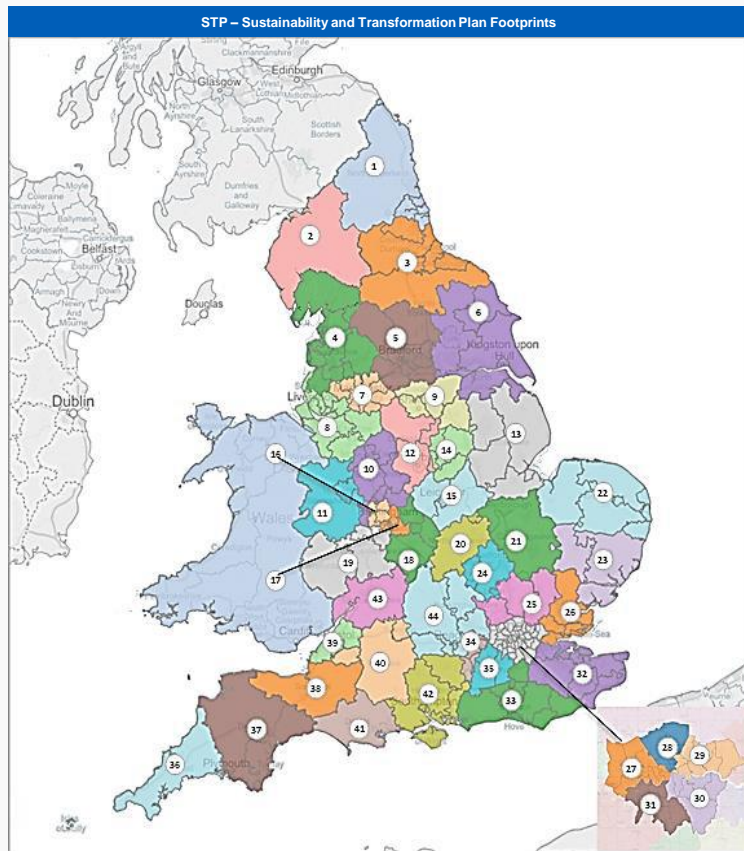
# Crown Commercial Service

- **The benefits of using RM1045 Network Services:**
  - Pre-tested supplier capability and financial standing
  - Pre-agreed terms and conditions, including award criteria
  - Established catalogue to support Direct Award
- **RM1045 Network Services supports new and emerging technologies:**
  - Replace old/aging legacy technology (such as ISDN and BT VLB)
  - Emerging technologies automatically in scope (such as 5G)
- **Three ordering procedures depending upon need:**
  - *Direct Award*: quick & flexible; reduces risk; saves time, effort & money!
  - *Short Form Further Competition*: competition using pre-agreed variables
  - *General Further Competition*: allows amendment of terms & conditions
- **Broad range of suppliers:**
  - 58 suppliers across 10 lots
  - A third of suppliers are SMEs

# How we plan to structure procurements

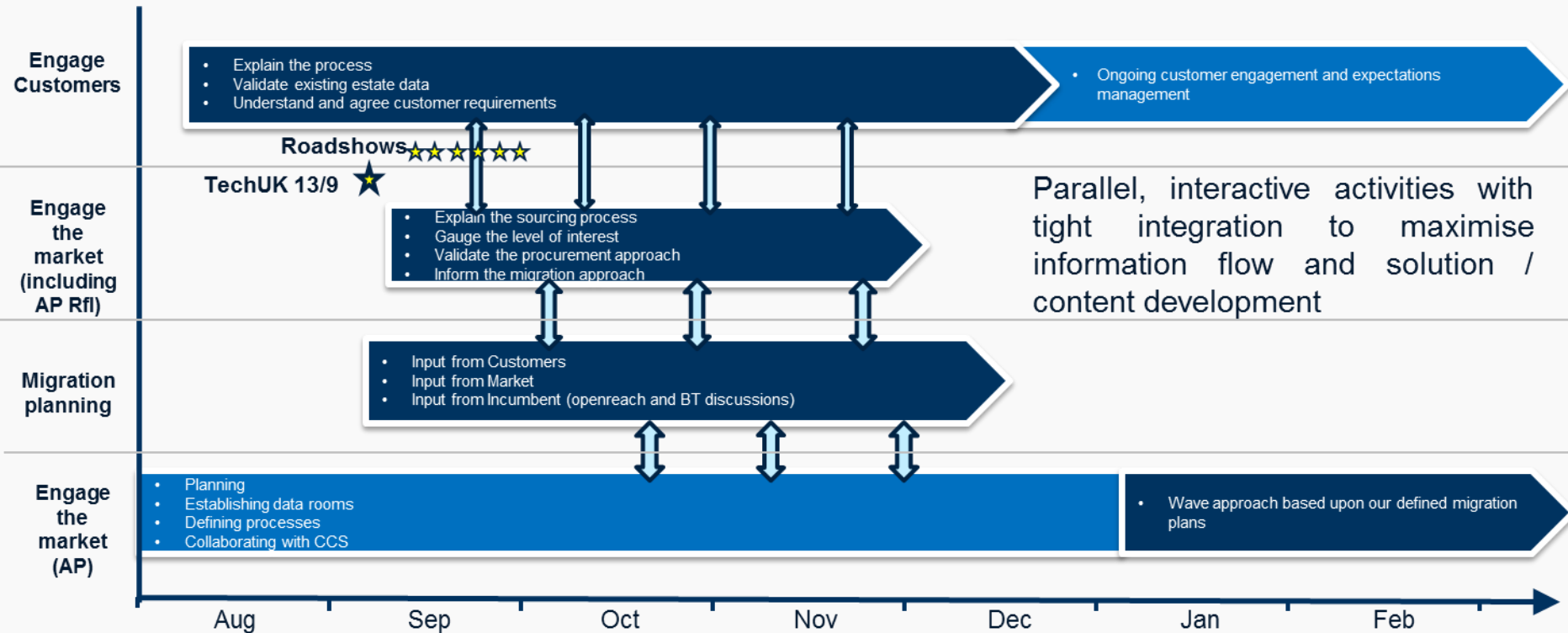
- HSCN is designed to support collaboration and shared services between health and social care organisations within a region.
  - This is where the majority of interaction between public service providers happens already
  - Key government strategies relating to cost reduction and more joined-up service delivery are leading organisations towards more collaboration and integration
- Arguably the best option is for organisations to design and manage the procurement of an HSCN compliant Wide Area Network (WAN) in collaboration with the organisations they interact with most frequently in order to deliver health and social care services.
  - Collaborative Self Serve gives organisations the opportunity to collaborate with other health and social care organisations to develop a holistic network connectivity strategy that will enable improved collaboration and integration of health and social care organisations regionally and nationally.
- We anticipate that whilst many organisations will have regional collaboration initiatives on their radar they may not be in a position at this stage to turn such aspirations into a shared, regional network procurements and will seek to join a centrally managed aggregated procurement.
- In order to support these organisations and optimise as far as possible the establishment of regional network infrastructures we are intending to group those customers that opt to participate in an aggregated procurement into regional procurement lots based on the 44 Sustainability Transformation Plan (STP) 'footprints'
- In some instances STP footprints may be quite small or reflect a small volume of services. In these cases we may consider consolidating STP footprints to make the market opportunity more attractive.
- By building procurements around STP footprints we can effectively deliver regional shared networks that will support improved collaboration and integration of health and social care organisations.
- These networks would support the STP wider transformation plans and provide an opportunity for further rationalisation and standardisation of NHS IT services, improving service quality and driving out cost.

# Designing procurements around STPs



STP No	Footprint name	Footprint population (million)	Number of CCGs
1	Northumberland, Tyne and Wear	1.4	5
2	West, North and East Cumbria	0.3	1
3	Durham, Darlington, Tees, Hambleton, Richmondshire and Whitby	1.3	6
4	Lancashire and South Cumbria	1.6	9
5	West Yorkshire	2.5	11
6	Coast, Humber and Vale	1.4	6
7	Greater Manchester	2.8	12
8	Cheshire and Merseyside	2.4	12
9	South Yorkshire and Bassetlaw	1.5	5
10	Staffordshire	1.1	6
11	Shropshire and Telford and Wrekin	0.5	2
12	Derbyshire	1	4
13	Lincolnshire	0.7	4
14	Nottinghamshire	1	6
15	Leicester, Leicestershire and Rutland	1	3
16	The Black Country	1.3	4
17	Birmingham and Solihull	1.1	3
18	Coventry and Warwickshire	0.9	3
19	Herefordshire and Worcestershire	0.8	4
20	Northamptonshire	0.7	2
21	Cambridgeshire and Peterborough	0.9	1
22	Norfolk and Waveney	1	5
23	Suffolk and North East Essex	0.9	3
24	Milton Keynes, Bedfordshire and Luton	0.9	3
25	Hertfordshire and West Essex	1.4	3
26	Mid and South Essex	1.2	5
27	North West London	2	8
28	North Central London	1.4	5
29	North East London	1.9	7
30	South East London	1.7	6
31	South West London	1.5	6
32	Kent and Medway	1.8	8
33	Sussex and East Surrey	1.8	8
34	Frimley Health	0.7	5
35	Surrey Heartlands	0.8	3
36	Cornwall and the Isles of Scilly	0.5	1
37	Devon	1.2	2
38	Somerset	0.5	1
39	Bristol, North Somerset and South Gloucestershire	0.9	3
40	Bath, Swindon and Wiltshire	0.9	3
41	Dorset	0.8	1
42	Hampshire and the Isle of Wight	1.8	7
43	Gloucestershire	0.6	1
44	Buckinghamshire, Oxfordshire and Berkshire West	1.7	7
<b>Totals</b>		<b>54.3</b>	<b>210</b>

# Procurement Activities and Timescales

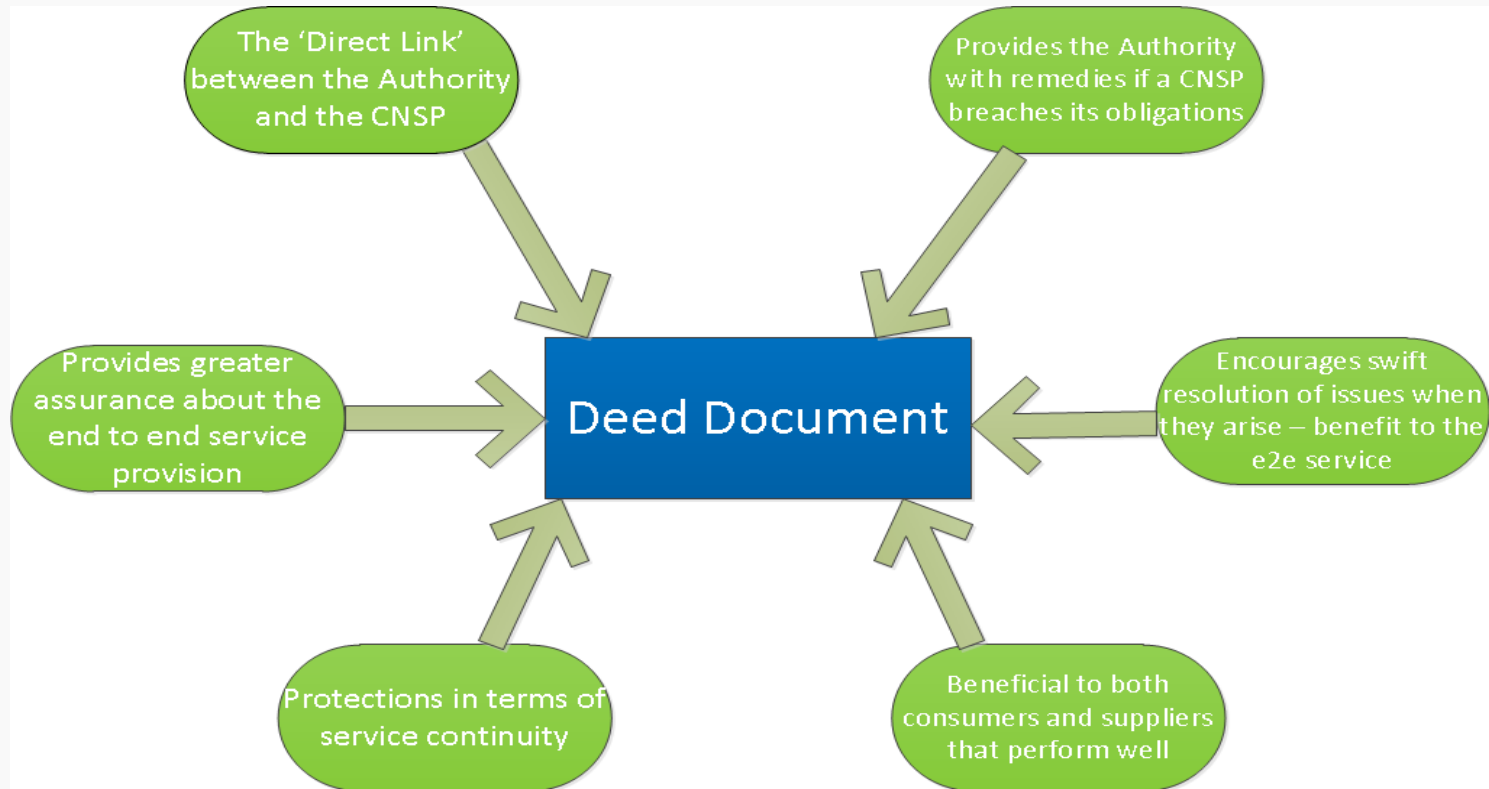




# HSCN Obligations Framework

- A set of obligations that cover :
  - Governance
  - Technical and Security
  - Service Management
- Sets standards required to support a robust e2e service
- Iterative review with supplier community via Innopsis
- The benchmark against which supplier HSCN compliance will be assessed
- Subject to change control processes

# The HSCN Deed of Undertaking

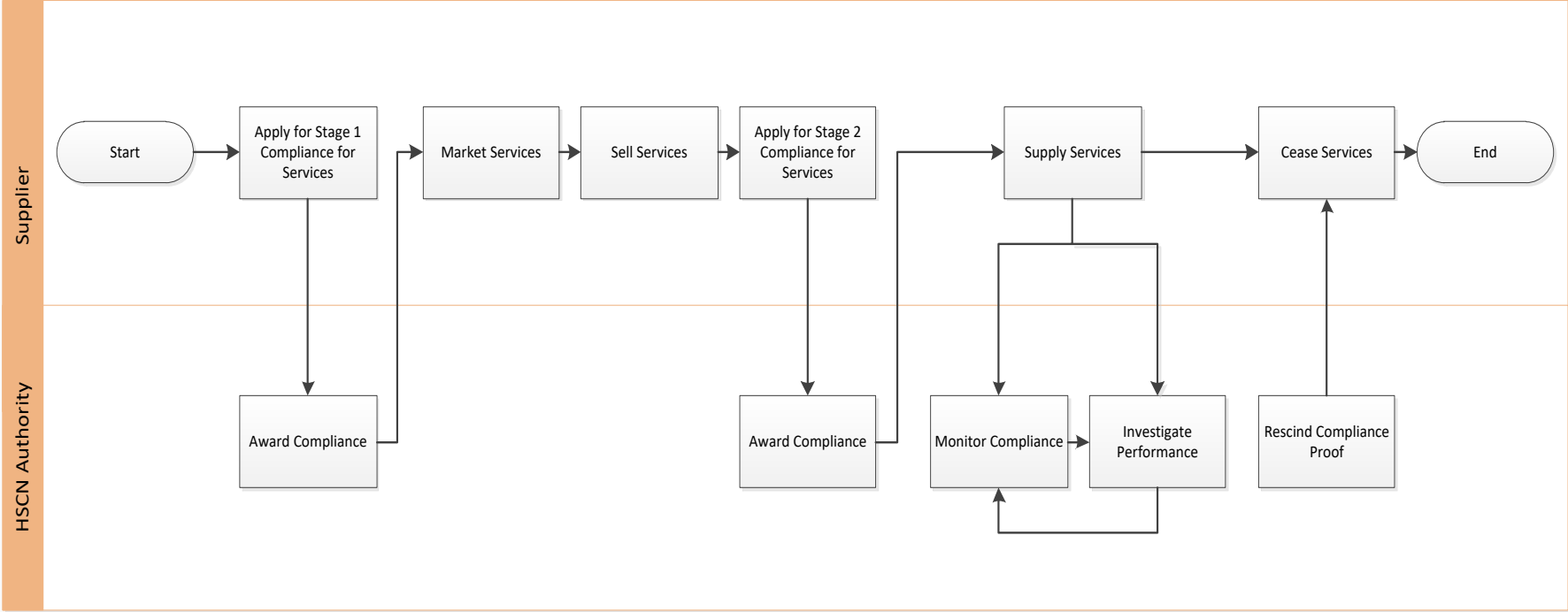




# Consumer/CNSP Contract

- Consumer organisations will hold and manage the contract with their selected CNSP (Connectivity Network Service Provider)
- Consumers are responsible for payment of services
- Frameworks will generally provide boilerplate Ts & Cs
- HSCN programme level of interaction in CNSP contract negotiations will depend on procurement route chosen
- The HSCN Mandatory Supplemental Terms must be incorporated in the Consumer/CNSP contract

# Compliance Process



# Q&A

# What next?

- Confirm which sourcing option you want to proceed with
- Provide contact details so we can continue to engage with you throughout the sourcing and migration process regardless of your sourcing preferences.
- Work with us to gather the necessary business and technical requirements so we can make sure you procure the right HSCN services for your ongoing business needs