

ASPIRE CONTRACT OVERVIEW

Introduction

The Contract was signed with Capgemini in 2004 and the current term runs from 1 July 2004 until 30th June 2017 with an option to extend for a further 5 years.

ASPIRE was an acronym for 'Acquiring Strategic Partners for the Inland Revenue' – the name of the project which Inland Revenue created to manage the competition to re-let its previous IT outsourcing contract with EDS. Aspire is the name now used to describe the consortium formed by Capgemini (Including Fujitsu, Accenture & BT) to deliver the services under the contract.

The scope of the contract was extended in 2006 by merging the services previously provided by Fujitsu to HM Customs & Excise under the ISA contract.

Scope

The contract covers a full range of IT services:

- Application Development
- Business Application Support and Maintenance
- Input Services
- Output Services
- Desktop provision and support
- Data Centre Operations
- Installation Services
- Analysis and Research
- Data Centre accommodation
- WAN services
- Contact Centres
- Data Security Services

It is structured into 14 ongoing service lines (the "S" series Charges) and six categories of project-based activity (the "P" series Charges). Once the service has gone live, the "S" Charges begin.

As far as the “S” series is concerned, it is essentially a commodity pricing arrangement with unit prices being charged for all service elements at a commodity level (e.g. per Workstation, volumes of printed output etc). The charge to the Department will vary by volume of demand for each service line. Most of the unit charges are arranged in bands, so that changes in volume have a predictable effect and do not involve a contract change.

Five of the “P” series charge lines are charged on an input manday basis, Integration and IT Consultancy. The application development and delivery is primarily charged on an output basis utilising Function Points.

Supplier Structure

Capgemini is the Prime Contractor. Both Fujitsu and Accenture are material sub contractors which gives HMRC Open Book rights and results in collateral agreements being in place between HMRC and Fujitsu/Accenture. BT was a part of the original consortium and is a significant service provider but it does not have material sub contractor status.

In terms of service provision the responsibilities of the parties are:

Capgemini: Overall integrator role and main provider of application development and application maintenance services. They are also responsible for first line desktop support including the service desk operation. Capgemini also supply the majority of IT consultancy.

Fujitsu: They are responsible for data centre services, second line desktop support, Business Continuity, print and input services. Currently they also provide WAN and telephony services to the former HM Customs & Excise estate but this ceases in 2009.

Accenture: They are responsible for application development and application maintenance for NIRS and any systems developed on that platform including MPPC.

At the start of the contract, Capgemini, via BT, supplied telephony services. Desktop telephony is now delivered through the cross Government Mts Buying Solutions Telephony Service whose contractor is Global Crossing and so does not appear in the Aspire contract,

although Capgemini do provide a management layer and field first line support calls

Aspire (BT) provide the WAN service which transports data around the HMRC estate. For HMRC this excludes voice but VOA are going ahead with a VOIP solution therefore they will shortly be running Voice over the WAN.

Financial

The Aspire contract charge is approximately £700m per annum. All revenue goes through the Capgemini accounts and, to date, the actual margin achieved roughly equates to the contract target margin.

Service Levels

Service performance levels are specified as Key Performance Indicators (KPIs) that are written up in the current IT Service Requirements (ITSRs). These levels are raised each year by a small percentage where actual service levels exceed the target.

The service levels are not based on business outcomes but IT events such as desktop availability or individual system availability. Where the service levels are breached the supplier is potentially liable to pay service credits. The potential liability is very significant but in practice service credits currently run at approximately £800k per annum. There are no provisions to reward performance for exceeding ITSRs.

As part of the introduction of a contact scorecard in 2008 a risk reward mechanism was introduced, initially only £1m per annum. HMRC can allocate the at risk amounts to the parts of the scorecard where attention needs to be focussed. Currently a significant part of the at risk amount is focussed against the success of key business events such as the January SA filing peak.

Project Delivery

The commercial position on the delivery of projects is firmed up on the acceptance of the supplier's Design Proposal prior to the Build and Test stage. Aspire are then committed to deliver the specified project to a

price and a date. If the date is missed due to the supplier's fault there are provisions for Liquidated Damages to be paid.

There is a Trials regime specified in the contract whereby Supplier's margin is retained by HMRC until trials are successfully passed. 50% of the margin is retained until the final Post Implementation Trial which takes place approximately 6 months after implementation.

Value for Money

Since the Aspire contract was signed, the Department has successfully negotiated with the supplier on two occasions in 2007 and again in 2009 to achieve major guaranteed savings for the taxpayer against projected costs over the remaining years of the contract.

The negotiations in 2007 extended Capgemini's contract by three years to 2017 and will deliver simplified contract operating processes and guaranteed savings for the remaining years of the contract (£70 million per year from 2010-11).

Following the negotiations in 2009, Capgemini and its subcontractors on the contract, Fujitsu and Accenture, will put in a transformation programme to update and standardise systems that will save HMRC £110m a year from 2012, in addition to the £70m per annum savings committed to in 2007.