

CASE STUDY: IT

CLIENT	IT Managed Services Contractor
PROJECT	Support (including additions and improvements) of IT systems.
CONTRACT	Support services agreement
CONTRACT VALUE	Approx £25m (max term five years)
WORK SCOPE	Perform contract management duties
BLAKE NEWPORT SERVICES PROVIDED	Contract Management - IT and Telephony



SITUATION

In 1995, Blake Newport's client originally entered into a 10 year agreement to outsource the support of the end-customer's IT and Telephony services. In 2005, the end-customer put the contract out to competitive tender and the client retained the support of the IT services but lost the telephony to Siemens.

This second period was covered by two separate agreements, one for software applications and one for hardware infrastructure. The end-customer adopted a different working practice, a "partnership" relationship replaced the previous customer / supplier relationship, with both client and end-customer staff being situated in the same office. The end-customer also decided to have all third-party licence and maintenance agreements novated back from the client to the end-customer.

IMPLICATIONS

The client's contract manager, who had been in place for several years, moved to a new role early into the new contract. Since that time the client had appointed four contract managers to the position but none stayed long term. After the fifth contract manager had left the client requested support from Blake Newport to provide continuity.

OBJECTIVES

On commencing the assignment it was immediately apparent there was no contract filing system; relevant files or copies of the signed agreements could not be found in the contract manager's office. Hard and soft copies of the two new end-customer/client agreements were provided, but there was no evidence of any contract management activity over the previous six months period.

Meetings were arranged with the key account, service delivery and administration staff which identified the outstanding matters and issues to be addressed. The activity centred on five elements: establishing new working practices, reviewing all Change Requests (CRs) for contractual soundness, providing support to the administrator when third parties required changes to the standard novation agreement, support to new business proposals and support to overdue historical activities.

BLAKE NEWPORT SOLUTION

The new working practices involved establishing new reporting formats with the end-customer (reporting had been extensively increased in the new agreements) and support to a Data Protection Agreement, which enabled the client to transfer provision of SAP support from Germany to India (reduced costs had been used in the pricing for the new agreements).

The administration activity comprising of CRs (approximately 30 per month on a seven-day turnaround SLA), administration of third-party software licences/maintenance agreements and monitoring of changes to the baseline charges was being carried out diligently; although the lack of copies of signed third-party software licences and maintenance agreements was a concern. A new filing system was created for those aspects worked on; a log of activities undertaken was maintained to provide the next contract manager with some history as to what had occurred. Support to a number of novation agreements was also provided.

Blake Newport was also involved in a major new business activity, to 'refresh' all the PC's in the end-customer's network. This project is planned to take place over the next couple of years but there was a need to provide a way for the hardware for the first tranche to be purchased and paid for by the end-customer before the end of the financial year.

Blake Newport's largest task for the client was to conclude a number of agreements, entered into under the original deal, to replace the existing call centre system with a new product which included "predictive dialling". This had previously been contracted and a signed agreement existed between the client and the end-customer. A major constituent of the system, which comprised the integration of a number of proprietary software products, had been sub-contracted by the client but was against a very open-ended ITP, no formal agreement had been concluded. To complicate the situation, the company providing the call centre software to the client's sub-contractor had delayed the availability of the "predictive dialler" element for five months but had demanded support fees. These fees were not in the client's sub-contractor's proposal and therefore were not in the charges between the client and the end-customer. To try to maintain the deployment timescale the client had secured agreement for a pre-release of the "predictive dialler" software. However the proprietary owner of the "predictive dialler" software would not deliver the pre-release version until the Pre-Release Agreement was signed and he had received the disputed support fees. This meant that four agreement types were required: Supply, Pre-Release, Ongoing Support and End-customer Licences (to meet the end-customer need for novation).

OUTCOME

The Supply Agreement and Pre-Release Agreement were agreed in the last week of the assignment although not signed; as a resolution to the disputed support fees had not been achieved.

This was a matter between the client's sub-contractor and the proprietary software supplier; a detailed contractual rebuttal of the sub-contractors claim on the client was sent to the sub-contractor. A recommendation was made to the client to meet with the sub-contractor, and possibly the end-customer, to encourage settlement of the dispute with the software supplier. Commentary on the two end-customer licences were sent to the sub-contractor and his response was progressed following agreement of the first two agreements. A draft support agreement was produced, however its release for review was held pending a decision by the end-customer, who was considering transferring the ongoing support to Siemens as this was a Telephony project.