

Project: Data Centre Re-tender

Client: Confidential

Industry: property

At a Glance

- **£2.9m** saving
- Scalability upwards and downwards
- A host of commercial benefits

Solution

The activities included:

- Creating the RFP, with input from the technical team
- Review and evaluation of the suppliers' responses
- Short listing of successful suppliers
- Drafting of end contracts and schedules

Client Challenge

A constituent of the FTSE 100, the client is one of the oldest and largest property development companies in the United Kingdom, investing in retail and office property.

The company had a long-standing Data Centre provider. Whilst the supplier was flexible and responsive to the client's requirements, service performance levels were mixed.

In addition, several areas of the commercial offering needed to be addressed, including cost.

Turnstone were asked to run a market tender exercise to:

1. Reduce the cost of Data Centre services
2. Improve service performance, whilst retaining flexibility for the client
3. Remove commercial risks around loss of data, degradation of service and future needs
4. Increase cost granularity and scalability

Outcomes

Cost savings

- Total saving of £2.9m over the contract lifetime
- Additional savings of £119k negotiated by Turnstone post RFP
- Further savings in year 4 and 5 if renewed

CIO of the client company

"Turnstone facilitated a strong process, to ensure no corners were cut, which we might regret later.

They provided a speedy response to vendor and negotiation issues, resulting in a watertight contract for what is a critical service for us.

And the fantastic savings during the negotiation rounds more than compensated for their fees."

Commercial benefits

Turnstone negotiated many important advantages for the client into the new contract:

- Supplier accountability for its third party providers
- Price reduction guaranteed: 5% of services cost built in for years 4 & 5, or an RFP back to market
- Improved Service Description to ensure all service provisions are accurate and clear
- Service Credits in place for all services
- Changes to services – scalability included changes *down* as well as *up*
- Termination of old contracts, exit management and smooth service transfer from the old supplier to the new one
- Title ownership of Equipment on third party site ensured
- Better position on Warranties, Liabilities and IPR Indemnification
- Onus to comply with Applicable Laws and Regulatory Requirements at supplier cost
- Limits on Liability – secured at £2M and excluded liabilities amended
- Novation of third party contracts to the client if the prime supplier fails
- Payment Terms improved to 60 days for all non DC power charges
- Improved terms for:
 - Publicity, Data Protection, Assignment and Audit
 - Invoice Dispute Resolution
 - Insurance and Waiver
 - Exclusion of third party rights
 - Severability
 - Entire agreement
