



merlin

promoting supply chain excellence

Assessment Report
For

ATOS IT SERVICES UK LIMITED

By Sue Dowey

On behalf of emqc Ltd

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About the Organisation

Atos is an international information technology services with the organisations headquarters based at Bezons in the North East of Paris. There is an annual turnover of e 8,844m; net income of E 320m; operating across 48 countries with the largest market place in Germany followed by the UK and Ireland. As at December 2012 – 76,417 staff were employed working across Manufacturing, Retail, Services, Public Health and Transport, Financial Services, Telecoms, Media and Technology, Energy and Utilities. Public Sector turnover budget for 2012 was £515m working across the Home Office, Scottish and Welsh Government, Justice, Defence and Department for Work and Pensions (DWP).

Services for the DWP include Health (medical assessments) IT services and Welfare Reform, Community Action Programme (CAP), Mandatory Work Activity (MWA) and the Personal Independence Payments (PIP) programmes. The CAP pilot and MWA were both serviced 100% by Pinnacle People with the (PIP) contract being serviced by fourteen supply chain partners. Atos were successful in winning Lot 1 (Scotland, NE England, NW England) Lot 3 (London and South England) of the PIP contract. The development and design of the supply chain and was undertaken from scratch by Atos for the delivery of PIP, the MWA contract is delivered solely by Pinnacle People a welfare reform focused organisation.

The outcome of this assessment is reflected against the PIP contract requiring further time to truly embed itself within the Atos S supply chain management framework.

Assessment Methodology

The Merlin assessment plan covered a representative sample of Atos IT Services UK Limited supply chain partner organisations and Atos staff operating across both public and private sector contracts operating across the UK. Both Corporate and Department for Work and Pensions supply chain partners were invited for a discussion. The assessment included the Department for Work and Pension Community Action Programme (CAP), Mandatory Work Activity (MWA), Personal Independence Payments (PIP) programmes and the general IT supply chain. The CAP and MWA are serviced 100% by Pinnacle People with the (PIP) contract serviced by fourteen supply chain partners.

The assessment team including lead Assessor, Sue Dowey, and team Assessors Neil Potentier, Andy Richardson, Stuart Morgan and Christine James spent 15 days on site. The assessment involved 97 face-to-face or telephone discussions with senior managers, staff and customer facing staff from across the supply chain partners. Interviews included those supply chain partners who had been successful and a number of unsuccessful organisations. The opportunity was also taken to interview a supply chain partner that had found it necessary to register a complaint against Atos.

The assessment team visited location across the country to ensure that a wide spread of supply chain partners and Atos staff could be included in the assessment. During the course of the assessment the team had the opportunity to view written documents and IT systems.

Assessment Outcome

Overall %	63%
Overall Outcome	Satisfactory
Supply Chain Design	Satisfactory
Commitment	Satisfactory
Conduct	Satisfactory
Review	Satisfactory

Strengths

- ▲ Findings from across the assessment were that communications are clear, open, honest, pro-active; supportive with promises fulfilled thus creating a great bond between Atos and the supply chain partners. (2a1) (2c1) (3c1) (3c4)
- ▲ Communications at all stages of the procurement activity were described as, honest, fair, open and two-way, supply chain partners could describe how they had been supported through the PIP costing model and e Bidding with Atos staff support on guidance documents and tutorials. (2a1) (2a2) (2c1)
- ▲ Supply chain partners felt that Atos work hard at embedding effective relationships across the supply chain and this was ably confirmed in discussions with those supply chain partners interviewed. (3a3) (3c1)
- ▲ Contractual documentation clearly defined the obligations on both parties. Contracts have clarity throughout with clearly set out SLA's and KPI's. PIP supply chain partners felt that the current re-negotiating of contracts due to the DWP changes in volumes is being handled in an honest and open manner describing in full the effect the changes may have. (2c3) (3c1)
- ▲ It was clear that there is a real commitment and passion from the supply chain partners to deliver sound and effective services in partnership with Atos. (2a5) (4a3) (3a3) (4a4)
- ▲ The experience of Atos in supply chain management has contributed to the successful design and development of the PIP supply chain. (1a3)

Areas for Improvement

The following suggestions are made by the assessment team as to offer additional support and value to Atos. The assessment team have concentrated on those areas of the supply chain management that Atos may wish to consider in their supply chain design and management.

- ▲ Consider what could be done to be more open and transparent with supply chain partners regarding your fixed costs that sit outside of the supply chain partner contract price. (2c8)
- ▲ From discussions with tier 2 supply chain partners, it was evident with the PIP contract that inconsistencies exist in how tier 2 partners are managed by tier 1 supply chain partners. You may wish to consider how you address the current inconsistencies with your tier 1 supply chain partners. (3d1) (2a3) (4a1)
- ▲ Although the words 'core principles' are not used by Atos supply chain partners are bound by the same ethical, behavioural and professional standards of Atos. Supply chain partners were unclear, as there appears to have been no overt attempt to share Atos values with supply chain partners, being left to discern for themselves. (3a1)

- ▲ More effort could be placed on collecting, analysing and sharing data, two examples being Equality and Diversity and Environmental Sustainability. (3b7) (3b8) (3e2)
- ▲ Clearly define what value for money looks like across the supply chain network and clearly communicate this to the supply chain. Value for money across larger corporate supply chains could benefit both Atos and the smaller supply chain framework. Consider using buying power to more effectively contribute to value for money thus benefiting the supply chain network. (3d5) (2b2) (4a2)
- ▲ More consistency is required in your Quality Assurance systems. Consider how you use the findings from quality assurance activity and how it informs and improves service delivery. (3b2) (3d3) (3d4) (4a5)
- ▲ Further work could be undertaken to determine a robust continuous improvement process and to ensure that all supply chain partners and stakeholders have opportunities to input to the continuous improvement process e.g. annual self-assessment. (4a1) (4a2) (2a2) (3b1) (3d2) (3d4)

Assessment Findings

1 Supply Chain Design

1a) Supply chain design

Atos consider in the design of supply chains detailed analysis and research identifying the market for the service. Atos have delivered contracts for the Department of Work and Pensions for twenty years. Atos worked with one sole supply chain partner for both the Community Action Plan pilot (CAP) and have continued this arrangement for the Mandatory Work Programme (MWA). The Personal Independence Payment (PIP) is provided across 14 supply chain partners.

There was clear evidence throughout the assessment that wide research is undertaken to contribute to the design of the supply chain with the analysis of regional and local data and demographics. 120 public and private sector organisations were approached for the PIP contract where 14 were subsequently offered contracts. Third sector organisations were not approached or considered as tier 1 Supply chain partners could consider these if outsourcing to tier 2 supply chain partners.

Owing to the small amount of time to set up the PIP contract and develop a supply chain from scratch direct invitations were extended to both public and private healthcare specialist, third sector organisations were not considered or pursued as part of the PIP contract. Clear evidence was provided relating to the selection of supply chain partners. There was no open invitation or opportunities to request information on the tender or to become part of the PIP supply chain network. Direct contact with Chief Executive Officers of NHS organisations and private organisations that had previously worked with Atos on healthcare contracts were invited to participate. The Mandatory Work programme contract is delivered 100% by one supply chain partner from private sector organisation. This organisation works with 3rd sector organisation e.g. voluntary and community organisations in placing MWA participants.

PIP supply chain partners provide an holistic service to their customer groups and are contracted by Atos to provide regional services therefore volumes are awarded on a post code basis to cover the geographical areas under the lots won e.g. Lot 1 Scotland, NE England, NW England and Lot 3 covering London and the South England. Tier 2's were selected on their ability to cover the geographical areas set out in the lots and were also able to demonstrate their experience. Capacity planning with supply chain partners was undertaken to determine their capacity to deliver based on the post-code validation, travel time and home visits. Atos contingency planning was also evidenced when one major supply chain partner for PIP withdrew and was immediately replaced with a supply chain partner able to up the contract. The PIP supply chain resulted in a representation of public and private organisations that ensured the scope required to achieve the commissioner's objectives and contractual requirements.

There was evidence that Atos had used internal capacity to identify, locate and secure contracts and resources from third parties not included in the supply chain that would be invaluable to delivering contracts. A major example had been the use of external property

development businesses, which had been utilised to provide office, and clinical space to act as processing centres for PIP. The Facilities Director was able to describe how Atos are actively securing properties on lease for the variety of DWP and other contracts.

Other examples included IT whereby manufacturers of computer equipment and back up products were used to enable the supply chain partners to deliver services to the end user e.g. specialist computer contractors used manufacturers to provide IT hardware whilst it managed the infrastructure of the installation. A number of wider networks exist owing to pre-existing arrangements and Atos are starting to develop wider networks e.g. Mind and CAB. There were a number of inconsistencies with tier 1 supply chain partners who were unaware of the wider network and the work Atos is conducting to widen the network.

2 Commitment

2a) Collaboration, cooperation and communication

Throughout the assessment it was clear that negotiations with Atos were clear, concise and all but one of the supply chain partners interviewed felt that Atos communicated at all stages of the procurement process. Evidence would support that Atos were available at every stage of the bidding process and provided one-to-one support in understanding the bidding documentation. One example was of an organisation that pulled out of a contract on the basis that it wasn't commercially viable for them however they continue to work with Atos on physiotherapy services. They were able to describe Atos as having provided plentiful information prior to them deciding to pull out. One tier 1 supply chain partner was able to use Atos premises to bring in and brief tier 2 partners. One unsuccessful supply chain partner felt that Atos had been proactive with communications during procurement. General supply chain partners were able to evidence that in the initial stages of procurement Atos held a number of face-to-face and telephone conversations to support and encourage the potential supply chain in knowing exactly what was required of the contract. The process was continued by weekly and monthly meetings that ensured a complete and mutual understanding of contractual requirements. One quote taken from a supply chain partner was "*The relationship that they developed with us was amazing they are a global organisation with tens of thousands of employees but they never take anything for granted. I would describe them as supportive whilst challenging*"

General supply chain partners felt that a collegiate approach to developing systems and wrap around systems with examples of workshops run on a tripartite basis (Atos, SCP, Client) during the development phase. A supply chain partner was able to discuss their involvement in the design of systems for delivering the contract and that jointly systems and processes had been agreed. Supplier Engagement Forums are in place with relationship managers and supply chain partners whilst also supporting individual supply chain partners. One example was provided whereby the PIP supply chain had been consulted on changes to the credit element of the financial arrangements as a result of the DWP changes on volumes. Further evidence across the assessment team indicated that Atos are always prepared to listen and where appropriate act on what they have heard. A quote taken from a supply chain partner was "*Atos always listen, they don't always implement everything you come up with but they listen and learn*". In relation to PIP there has been a discourse about the 18 square metre room required for physiotherapy assessment, Atos identified the difficulty in always being

able to secure rooms that meet this specification and as such a 'Fit for Purpose' ruling has been negotiated between Atos and DWP.

Very clear communication channels are in place between Atos and its supply chain partners. Supply chain partners were able to comment on the open, honest, transparent and direct communications in their relationships with Atos staff. One partner was able to describe how they work collaboratively with Atos on a day-to-day basis and that together they jointly attend performance review meetings with DWP. For the PIP contract Supplier Engagement Forums are held with outcomes shared in an Innovation Log that is openly available on line for PIP supply chain partners to access. Further examples of collaborative working are across the general supply chain partners whereby Atos bring together partners to work jointly on projects e.g. MOJ. Some tier 1 partners are making plans to introduce tier 2 forums however this is not consistent across all tier 1 partners. One quote taken from a tier 1 partner was *"Our relationship manager has worked very closely with us and helps daily with solutions to issues that at times are troubling us. We are about to go live with PIP and she has offered to come and work back office to support us"*

One supply chain partner (PIP) highlighted that in the early days of negotiations there were too many people involved in discussions and that Atos rely too heavily on e mail. They felt it was more like command and control rather than supportive and trusting. Receiving between six and eight e-mails per day from multiple people asking for the same information in multiple formats but being told it is a DWP requirement was frustrating. Supply chain partners felt there to be information overload at times and would prefer where appropriate a synopsis.

The general feeling across the range of supply chain partners is that Atos have a good understanding of relationships at all levels of their organisations, that communications are clear from the outset and covered clearly in briefings and subsequently through contractual discussions. One strength of Atos is in their ability to communicate with their supply chain with 95% of supply chain partners reporting high levels of communications at both strategic and operational levels.

2b) Developing supply chain partners

There was limited evidence to support that Atos routinely develop their supply chain partners. Networkers tier 2 general supply chain partners have grown globally as Atos has grown but development of supply chain partners has not been part of Atos strategy. Discussions with the general supply chain partners was that each SCP was more in touch with the development of their staff and processes and their own company profiles; however where assistance of Atos was required it was forthcoming. There was evidence to support that through the PIP contract Atos are providing mandatory training to frontline clinical and administrative staff. The third sector are not routinely used as part of the PIP supplier network but the smaller specialist tier 2 partners are supported by the tier 1 supply chain partners in recognising development opportunities. There are inconsistencies across tier 1 supply chain partners on their management of tier 2 partners e.g. the use of smaller supply chain partner payment structures. Supplier Engagement Forums and the Innovation Log serve to share lessons learnt and areas for development. Examples were provided by supply chain partners where support and encouragement is offered in building refurbishment e.g.

building modifications to meet the DWP and PIP requirements whilst also developing and growing business via the tier 1 partners.

Supply chain partners have been assisted in accessing additional funding however this is an area that will require further exploration by Atos. One supply chain partner was able to evidence that Atos had increased the payment offer and financial assistance with some building modifications with a further supply chain partner already having a dialogue about building further capacity. A number of supply chain partners have encountered set up costs that have been supported by Atos, however there are inconsistencies across tier 2 supply chain partners with the financial support required for their set up costs. Involvement of larger general contracts could assist the smaller supply chain management with sharing of experience; this would contribute to the development of the Atos supply chain working together to build greater capacity.

There are many requirements within all contracts held by Atos for particular knowledge, skills and behaviours. For the PIP contract Atos are providing supply chain partners with training forums, train the trainer so as to cascade training through supply chain organisations, e-learning packages being a mandatory requirement of the PIP contract along with a variety of security based training that enables practitioners to be in a position of delivering the high standards demanded in the contract. General supply chain partners are in constant communication with Atos and receive proactive support to train and update staff. One quote taken from a supply chain partner *"All our staff needed to be upgraded on security training on a particular contract. Atos did everything you could expect and more to support it and make sure it was carried out"*. During the assessment there was some concern raised by the health professional relating to the amount of training required and the order in which the training was being delivered.

2c) Contracting and funding

There was no open invitation or opportunities to request information on the invitation to tender or to become part of the PIP supply chain network. Direct contact with Chief Executive Officers of NHS organisations and private sector organisations considered to be experts in healthcare were invited to participate. The Mandatory Work programme contract is delivered 100% by one supply chain partner from a private sector organisation. This organisation works with 3rd sector organisations e.g. voluntary and community organisations in placing MWA participants. In relation to the PIP contract the tier 1 organisations had been approached directly and the tier 2 providers approached by Atos or tier 1 supply chain partners. Atos do not use expressions of interest (eoi's) but use Request for Information (RFI) or Request for Proposal (RFP). All successful supply chain partners interviewed through the assessment felt that the procurement process had been fair and transparent. Unsuccessful supply chain partners had differing opinions of how they felt Atos had handled the procurement process however in the main it was felt that fairness and transparency had applied. General supply chain partners (IT) regarded the procurement process to be fair and honest and that they had won or lost on their ability to provide Atos with the most appropriate outcomes. A quote taken was *"Atos are interested in your capacity to deliver and not just the price"*. One example of an unsuccessful organisation was that they would have preferred the opportunity for telephone feedback and not a standard e-mail; they would also have liked the opportunity to receive feedback on the quality of their bid.

Due diligence formed part of the procurement process and included financial viability of supply chain partners. Funding arrangements were considered to be fair with PIP tier 1 supply chain partners being recompensed for set up costs albeit there was inconsistent practices on how or if tier 2 set up costs, some significant outlay, would be recompensed. Supply chain partners recognised the risk element and is proportionate to normal business practice. The Do Not Attends (DNA) raised by the supply chain related to how Atos or tier 1's will be recompensing tier 2 clinicians. Inconsistent practices across tier 1 supply chain partners related to issues surrounding management of the contract with tier 2 partners particularly concerned about unfair funding arrangements, further consistency is required.

Contractual documentation is of the highest standards and meets the exacting requirements of all major global players with standard clauses as a base then varying schedules with each contract. One example of a major contract was a sixteen-schedule agreement completed in three months. The MWA and PIP contracts clearly defined the obligations of both Atos and supply chain partners. The PIP contracts are currently being re-negotiated with the supply chain as a result of re-profiling volumes, the supply chain partners involved in this assessment could confirm that they were being kept fully informed, examples of the standard contract document and appendices was viewed on site.

The re-profiling process of numbers in the PIP contract has been accepted and internalised although some potential partners removed themselves from the process. Those interviewed during the course of the assessment felt that it was good business practice and an example of openness and honesty by Atos. The e-bidding and RFP was based on the lots awarded for the PIP contract and based on post codes, service delivery capabilities, price and management. The MWA contract is delivered 100% by a sole private organisation where the business model was jointly agreed in an open book policy, this could be confirmed in the discussion with the organisation. Discussions with tier 2 providers confirmed their awareness in local provision but not regional or national. Geographical offers have been agreed with supply chain partners.

Supply chain partners report Atos as having an open approach to negotiations, flexible and open for variation. PIP supply chain partners are already seeing volumes changes due to the increase of claimants from 3500 to 7000 over the course of the five-year contract, there will still be approximately two million face to face assessments during the five year contract. Volume changes have happened that has necessitated some supply chain partners having to alter their plans. Following two way negotiation changes have been made to the IT contracts. Initial volumes, funding and performance levels were clearly detailed in the observation of contract documentation. Supply chain partners were able to confirm that Atos had been open and honest regarding offers and subsequent amendments. A quote taken from the assessment "*Very professional in terms of negotiations it feels like a true partnership*".

IT supply chain partners confirmed that excellent communication process exist and is embedded. Supply chain partners were able to confirm that Atos are flexible wherever possible. Standard practice appears to be request a proposal based on specification of which some having a fixed price, supply chain partners are happy that their requirements are met as much as possible and this has led to long term lasting relationships between Atos and supply chain partners. Payment terms are clearly detailed in contracts and discussions with the Head of Procurement described the possible support that would be offered to the smaller supply chain should cash flow experiences happen, it is true to say that this situation has not

been experienced to date. Twice monthly payment runs are in place. Feedback from one tier 2 was that it would have been beneficial if they had had a list of resources / equipment that would be needed to deliver the service. The supply chain partners for the PIP contract has proactively negotiated with Atos and through the commissioner regarding room size. They feel they have been listened to and some specifications have been agreed. Other examples have included the IT contract that subsequently resulted in saving of £350,000.00 per annum by changing postal costs. Quote taken include *"There are been a lot of discussion on room size but Atos have been really good in making representations on our behalf"*. *"Even where Atos have lost a contract they have not prevented us from working with the new contract holder, that shows the strength of our relationship"*

Supply chain partners fully understand how funds are transferred and what they need to adhere to ensure that funds are paid on time. Payment terms are clearly laid out in contracts and individual set up costs are agreed with the supply chain partner where appropriate. There were very few examples of late payments but where it happens supply chain partners could confirm that it is quickly resolved to their satisfaction. For the PIP contract supply chain partners are clear on the transfer of funds and their accountability. PIP set up costs can be negotiated with Atos relating to how paid, some costs have been paid up front with others added to the unit price (click) over the lifetime of the contract. Supply chain partners are concerned that if volumes are delayed it will take longer to recoup costs.

Atos do not operate a management fee as such and fixed costs are not shared with supply chain partners. This is an area for development as supply chain partners are not fully aware of the support that is included in the DWP contract price e.g. IT support, PIP contact centre, complaints resolution, relationship managers and other Atos responsibilities. Some supply chain partners were able to surmise what was included but more could be done by Atos with the supply chain in the transparency of costs and what constitutes a management fee.

3 Conduct

3a) Demonstrating commercial and business integrity

Although the words "Core Principles" are not used by Atos the supply chain partners understand they are bound by the same ethical, professional and behavioural standards as Atos. PIP supply chain partners accepted that standards are agreed and are a necessary part of the delivery of service. The tier 2 supply chain partners felt that their core principles aligned with the tier 1 provider and have been embedded and aligned through historic effective working relationships. The account and relationship managers were unable to talk about the core principles but referenced clearly the Atos values. It was unclear how these values are openly shared by Atos to their supply chain partners. The Atos values are unclear to the supply chain and there is no overt attempt to share Atos values with supply chain partners often leaving them to discern for themselves based on reputation and track record. This has been highlighted from this assessment as an area that needs to be addressed and as such has been raised as an area for improvement.

Atos have a strategy in place regarding 'TUPE' but is not relevant until an employee becomes PIP dependant. Atos have policies and procedures in place to support employee through transfer issues. Atos regularly monitor supply chain partners to see if TUPE issues arise and offer support. A discussion with a person involved in the TUPE process was that communications had been good from the start of the process and full support was offered, there were regular updates and the transition seemed seamless. An area for improvement was identified in that direct managers could offer support earlier in the process.

Interaction between Atos and their supply chain was viewed by the supply chain to be honest, open and supportive with speedy responses to all queries. Initial meetings included an open question and answer forum followed with daily and weekly phone calls. General supply chain partners felt good relationships existed at all levels across Atos and that they adopt a collaborative approach to review meetings working jointly to develop solutions. Individual support is routinely offered by contract and relationship managers alongside and assisted by the Supplier Engagement Forums. Supply chain partners were able to evidence that Atos had supported them through to early stages of bidding through to formal contract.

Supply chain partners confirmed that updates to regulatory and legislative changes are notified by e-mail and included in weekly and bi-weekly meetings. One supply chain partner saw it as a joint responsibility but confirmed that Atos do keep them informed. General supply chain partners confirmed they are kept informed of changes but tend to be self-sufficient. Contractual changes are discussed and jointly agreed. IT supply chain partners were able to evidence that additional staff training had taken place to ensure that staff are kept up to date in particular security requirements for the Ministry of Defence (MOD) contract. Findings from the assessment would indicate that more could be done between tier 1 and tier 2 supply chain partners to ensure that front line delivery is operating within the changes to legislation, statutory and contractual requirements.

3b) Quality Assurance and Compliance

For general supply chain partners quality assurance is wrapped up in the service level agreements and reviews with feedback built in from customers where appropriate. In general some PIP supply chain partners have a better understanding of quality than others. IT services are provided with feedback relating the customer experience. Quality processes are in place with the MWA contract that includes exit surveys and management information that monitors the quality of service. A monthly scorecard example was provided for the general supply chain partners that measured Quality, Cost, Logistics, Development, Management and Sustainability. The Quality measure measured complaints escalated, audits received, invoice accuracy and SLA performance. This is measured and reported on a RAG system, Red significantly below standard, Amber below standard and Green meets standard. The PIP contract will require time to embed the quality management framework into the supply chain network. Experience and learning's taken from the general supply chain quality management systems may benefit the PIP contract quality management framework.

Examples of changes being made to contract delivery for general supply chain partners include variations to controls, service level agreements or changes in specification and design. Quality improvement plans are in place with the more general supply chain partners but more could be done with the PIP supply chain, not all supply chain partners are fully aware of the proposed quality assurance processes. 100% capability of health care

professionals is required before being allowed to provide services under the PIP contract. IT contracts are heavily scrutinised by government department e.g. VOSA and MOD.

Atos has provided guidance to supply chain partners at the RFI, RFP and e-bidding process. Guidance notes were provided to supply chain partners at the bidding stage with an on-line tutorial for the e-bidding process. The supplier engagement forum, health professional interviews, BPSS process, security audits and supply chain business guides are a few examples of advice and guidance offered by Atos to the supply chain. Supply chain partners were able to evidence the question and answer forum, teleconferencing, physical security assessment summaries and supplier manuals. Guidance on complaints handling, front and back office guides and Health Professional guides was also provided to supply chain partners.

The due diligence process ensured that supply chain partners had security plans in place that met the minimum standards required. Atos provided additional support to those partners who needed more guidance on the security of the systems. Security checks are self-assessed by supply chain partners followed by a formal Atos audit. Security checks include the building, consultation room and password encrypted IT systems. All Internet connectivity must be by cable and cabinets must be lockable and fireproof.

Atos have highly qualified security managers with high security credentials. All practices meet the ISO 27001 standard with supply chain partners although accreditation is not required. A number of contracts within the Atos portfolio require level six security and therefore have the potential of delivering security to level 3 on the PIP contract. One example from a supply chain partner was that as the result of the high level of security compliance they were supported with guidance from Atos and the 'Big Word' interpreting service.

All supply chain partners could confirm that health and safety formed part of the due diligence checks and policy review. Supply chain partners complete a self-assessment questionnaire followed by a formal Atos audit. This is aimed at ensuring the claimant's safety when visiting consultation centres (PIP) and work activity outlets (MWA). Tier 2's were able to evidence that health and safety is cascaded down from tier 1 suppliers. Atos audits are conducted jointly with Atos health and safety, contract/relationship manager and the supply chain partner. General supply chain partners have their own H&S measures in place. Health and Safety forms part of the Corporate Social Responsibility audits undertaken externally across a number of the larger general supply chain partners.

Policies are in place for safeguarding vulnerable people and can be evidenced by the supplier training on unacceptable customer behaviour (safe workplace training) provided by Atos. Safeguarding forms part of the e-learning package for Health professionals and administration staff on the PIP contract. Safeguarding forms part of the due diligence process and checks.

Some general supply chain partners have their own environmental policies and strategies in place but do not routinely share with Atos. The MWA supply chain partner could confirm that they have an environmental policy. The IT sector could evidence having ISO 14001 targets for the safe disposal of waste and practices to reduce energy. A number of supply chain partners understood the environmental principles although no targets were in place. Atos provide guidance and advice regarding building modifications. The RFB bidding includes the supplier

assessment of their environmental sustainability. Ecovardis is used across the top 400 supplier organisations. More could be done on setting targets across your DWP supply chain partners to include measurement of your supply chain environmental sustainability.

Daily, weekly, bi-weekly, monthly and quarterly reviews are in place with account/relationship managers with their supply chain partners. There was evidence whereby Atos have shared the vision for the future and the impact that emerging/good practice would have on contracts. The innovation log, supplier engagement forums, future lessons learnt workshops all serve to ensure that learning's from contracts are shared. Relationship Managers are proactively encouraging IT partners to provide innovation for the benefit of the supply chain however partners are discrete in their dealings and much of the innovation is not felt to be transferable.

3c) Honouring Commitments

Supply chain partners confirmed that both pre and post contract negotiations were clear and open and that individual needs and circumstances were acknowledged. The PIP re-profiling has been openly shared with supply chain partners and evidence supported that Atos was open and honest in its dealings. Tier 2 partners were able to confirm that their contracts reflected what was discussed. General supply chain partners were able to evidence that Atos have an open approach to contracting and that pre and post contract are congruent with expectations well managed. Contractual changes are managed through a clearly defined and well-understood change process with bespoke documentation and changes fully agreed by both Atos and the supply chain partner.

Atos have a dispute resolution process and this is built into the standard contract documentation. In the IT contracts there is a well-established communication process and open support seeing the relationship manager as the main route to raising issues. Account/Relationship managers were able to evidence the process and the sole supplier for MWA contract was aware of the process and mediation service.

Evidence was provided that the Atos contract makes reference to external mediation resulting from a dispute. Atos felt able to abide by the outcome of external mediation.

Contracts carry clear description of expectations for all parties particularly where joint development and delivery takes place, these are reviewed at the quarterly account manager review meetings. The daily, weekly, bi-weekly, monthly and quarterly communications by Account/Relationship Managers manage expectations. Service Level Agreements (SLA's) and Key Performance Indicators (KPI's) detailed in contractual documentation are measured through these channels. One supply chain partner interviewed felt that the KPI's were clear in the contract including milestones for activities e.g. business continuity planning (BCP) procedures, site maps and signage. There were some examples where PIP tier 1 partners were not consistently sharing KPI's with tier 2 suppliers.

3d) Performance

There were some examples of general supply chain partners being brought together by Atos but it was difficult to determine that it benefitted to the network. Findings from the

assessment for the IT sector is that it works collaboratively owing to possibly one or more supply chain partners working with the same end user. Albeit services are complimentary and improvements fall out of project management they do not appear to come together to look holistically at the service. For the DWP contracts examples included Supplier Engagement Forums, Contract/Relationship Managers and the Innovation Log that are designed to encourage collaboration across the supply chain. An example provided was the exchange of contact details between supply chain partners (PIP) to share experiences to the benefit of both the supply chain and its claimants. Tier 2's feel that supply chain partners should be prepared to share successes and failures. Atos feel that the Supplier Engagement Forums are already providing the opportunity for collaboration across the DWP contract partners.

Based on general supply chain partners feedback performance management is conducted through weekly discussions with account managers, monthly service level agreement reviews and quarterly strategic meetings allowing for concerns to be expressed and addressed. An example was provided of a scorecard whereby an organisation was audited on quality, cost, logistics, development, management and sustainability, this scorecard is based on a RAG reporting system. IT provider reviews are carried out where innovation is discussed, evaluated and passed back to the client for acceptance or rejection. All issues are open for discussion including commissioning. Feedback from one PIP supply chain partner was that too much teleconferencing is undertaken and how they are expected to meet their milestones is not particularly robust. Supply chain partners feel that communication channels are clear but more could be done on the content of communication. Atos are continuing work on the content of final performance reviews for the PIP contract. The ethos of performance reviews was considered to be honest, focused open and direct. Partners confirmed that they felt able to raise issues and concerns with the appropriate member of the Atos group.

Clearly defined RFP's, SLA's and contracts are in place with opportunities to further develop and refine, general supply chain partners were very positive in this regard. Performance expectations are clearly defined in the contracts viewed at the assessment, confirmed by supply chain partners and measured in performance reviews. Supply chain partners for the DWP contracts were clear about their expectations. One supply chain partner felt that contracts are strong on KPI's and clear about the 'quality' element. A further supply chain partner was clear on the expectations whilst also clear on the impact of any shortfalls. Performance management for PIP is in its early stages and will require time to be fully embedded.

IT services are provided by standalone private companies, some of global proportions and much of their information is commercially confidential and not to be shared. General supply chain partners have their own management information systems. Atos maintains management information systems for each of the supply chain partners. The scorecard system operating across the top supply chain partners delivers findings on a monthly basis to Atos management teams. For the MWA contract management information is measured and jointly delivered to DWP on a monthly basis. For the PIP contract supply chain partners feel that management information is still under development and therefore partners do not entirely know at this stage of their contract what the management information will be.

Making links across the supply chain, the contracts being delivered and stakeholders outside of the formal supply chain may be seen a value for money. The sharing of information across

the DWP contracts is seen as an opportunity to evidence value for money. Atos need to more clearly define how value for money is addressed across the supply chain network and communicate this more effectively. Evidence of value for money across larger corporate supply chain partners could benefit both Atos and the smaller supply chain framework. Evidence from two major supply chain partners was that by using their buying power it had effectively contributed to increased value for money and benefitted the supply chain network.

The sole supply chain partner for the MWA programme was able to discuss the process for demonstrating outcomes from the contract and the customer. Customers engaging with the MWA programme are asked to complete an exit questionnaire when the four-week programme has been completed. There was evidence provided regarding the number of customers who after completion of the MWA programme secured permanent employment. Claimants will be asked to complete an exit questionnaire for the PIP assessments. The success of the PIP supply chain partners and their claimants is yet to be evidenced through the performance and management systems.

3e) Promoting Equality and Diversity

Atos has its own Equality and Diversity policy and evidence was required from supply chain partners as part of the due diligence process. A number of supply chain partners are finding difficulties in meeting DDA requirements in some of the consulting areas; this is being fed back to Atos who are supporting partners where appropriate e.g. contract set costs. The MWA supply chain partner measures equality and diversity and the PIP welcome pack includes a survey that will measure equality and diversity. The larger general supply chain partners have their own E&D strategies and policies at highly professional levels.

Equality and Diversity monitoring is not routinely collected by Atos from supply chain partners. Atos customers for the MWA and PIP contracts are mandated to them therefore stipulations have not been placed on monitoring equality and diversity with customers on the MWA contract or claimants on the PIP contract. One NHS supply chain partner contracted to PIP has provided training for reception and healthcare professionals on E&D, the training was delivered by a disabled person from birth and added value to the training. Relationship Managers were able to evidence to some degree that services are in place that recognise equality and diversity issues e.g. translation services. More effort needs to be placed by Atos on the collection, analysis and sharing of Equality and Diversity data. Tier 1 and 2 partners are unsure of the E&D monitoring.

Equality and Diversity monitoring is taking place by the more general supply chain partners but findings not shared with Atos. Atos were able to evidence that claimant satisfactory surveys are provided to DWP and audited quarterly by an independent (Wyman Dillon). The IT partners were able to evidence that information is gathered but no evidence was available from Atos to evidence that information collected is being analysed or used. Monitoring through the PIP contract is in its embryonic stages and E&D is an area of management information may wish to consider. The introduction of more stringent measurement of E&D and how it is used across the supply chain will increase opportunities to meet the wider policy and objectives of the commissioner

4 Review

4a) Supply chain review

Supply chain partners were not certain how Atos seeks feedback but is aware of feedback received from their relationship or account manager. The Innovation log is used to seek feedback and is openly shared across the PIP supply chain. Feedback from complainants is received by exit surveys for the MWA contract and by the welcome pack to be issued to every claimant progressing through the PIP system. Supplier Engagement Forums, Innovation Logs, Dispute Resolution Process and contract reviews with DWP work towards identifying improvements to services. A Supplier Meeting is held annually taking in the top twenty-five suppliers based on spend. This meeting provides an opportunity for a twenty-minute one-to-one meeting with the Atos CEO followed with themed group discussions. Feedback from the CEO meeting and group discussions is fed back to the most appropriate Atos area of business to respond. A lesson learnt day is to be held in May for phase 1 organisations (PIP) aiming to share learning's and best practice. The assessment team felt that seeking feedback from your supply chain is an area that could be improved upon.

Each of the IT supply chain partners provide up to date information to Atos on their performance. Monthly service level agreement reviews are undertaken with quarterly strategic performance reviews. These meetings provide platforms for concerns to be both expressed and addressed. Daily, weekly, bi weekly, quarterly discussions and meetings take place with Account/Relationship Managers for the PIP contract. The CAP pilot was self-assessed jointly between the supply chain partner and Atos and findings delivered to DWP that contributed to improvement actions. The MWA contract started in August 2012 will be scheduled for self-assessment in August 2013. There was limited evidence to suggest that supply chain partners are actively involved with Atos in self-assessment. More could be done to actively engage with your supply chain partners on annual self-assessment reviews as could contribute to continuous improvement planning. The Atos annual report produced is based on feedback and comments from supply chain partners during reviews.

Ecovardis is an outsourced organisation that externally audits Atos on corporate sustainability; it is collected and reported on a monthly basis indicating potential improvements. The findings are reported on a RAG system and takes in Engaging Suppliers, Procurement Process, People, Measure and Result and strategy and Communications. Four hundred global suppliers are reviewed through Ecovardis. All major contracts will be taken through Ecovardis with two PIP contracts are looking to undertake the audit.

MWA and PIP supply chain partners broadly understand the commissioners objectives and tier 2 supply chain partners have a passion to deliver the best possible service as they too are aware of the commissioners wider objectives e.g. welfare reform. DWP contractual obligations are flowed down to supply chain partners and it was clear that tier 1 supply chain partners had a clear understanding of the policies and intent of the commissioner. The encompassing communications process is the main vehicle for transferring information to supply chain partners. The IT supply chain partners are kept informed, as much of their work is DWP work with variations clearly communicated. Some PIP supply chain partners may benefit from a better and clearer understanding of the commissioner objectives.

Feedback to the IT sector has assisted them to meet the challenging needs and one example would be the savings in the mail/print supply chain partner. Through the review of the service it identified that an additional printing facility was required as a result Atos procured and provided the machine at a cost of £500.000. Communication strategies are in place that allows for the sharing of learning and provides a basis for improvement across all healthcare contracts across Atos.

The IT sector prime imposes on supply chain partners the need to environmentally aware and proactive and the accreditation to ISO 27001 is a testament to this. The Ecovardis audit includes environmental auditing. The assessment indicated that Atos could do more with their supply chain to encourage, measure, monitor and improve environmental sustainability. The MWA supply chain partner were able to discuss their own environmental policy.

Work is currently underway between Atos and the MWA supply chain partner to source additional resources for the programme as well as identifying potential community projects that MWA customers could contribute towards. Management of the PIP contract will have a substantial impact on external stakeholders. Supply chain partners within the PIP contract see the well being of individuals as having access to an objective assessment, leading to appropriate treatment relieving the burden on welfare benefits.