

Outsourcing timeline



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User:

- consider contract structure
- consider tax
- prepare ITT and
- find and review all relevant third party contracts (eg software licences, finance leases)
- approach relevant third parties for consent to assign etc
- assess any real property issues
- assess TUPE implications
- prepare data room, containing relevant documents

Bidders:

- review and comment on draft agreements
- carry out provider due diligence
- consult affected staff

Contract should address:

- measuring compliance with service levels and imposing remedies for failure
- any further allocation of business risk, eg identifying and sharing business benefits - see notes below
- controlling change, ie identifying the need for change; categorising changes; allowing market testing where appropriate; pricing changes; implementing changes; bringing in third parties
- controlling value: indexation, benchmarking etc
- liaison, review and dispute resolution
- ownership of information and IPR

Contract addresses:

- the rights of the User to information to allow a meaningful re-tendering
- termination rights
- exit and hand-over rights

Critical issues:

- the user must table the contractual documents
- agree the contract and the SLAs BEFORE live date, as there is little leverage over the provider afterwards

Critical issues:

- the contract underpins the relationship but is not a straight-jacket
- build-in flexibility and control
- the User must not abdicate strategic decisions

Critical issues:

- set out exit rights at the start
- have (and update) an exit plan

This is a general summary: for specific advice, contact us at info@coffeygraham.com