CROWN HOSTING – THE STORY (Part 2)

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Government IT strategy is to disaggregate to deliver better, relevant services at a reduced cost

- Move from large fully integrated monolithic IT contracts from a small number of vendors to a blended IT contract which has more smaller elements which opens the field to SME's who bring innovation, agility, hunger and efficiencies.

- Where it isn't possible or economically advantageous to use the cloud, have a facility that delivers the best service with the greatest commercial flexibility at the best value for the whole Public Sector

- This is where Crown Hosting sits as a key enabler of this strategy

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VISION

- Today is to be the defacto Digital Transformation enabler for the Public Sector

- The Vision 4 years ago was somewhat different – it was to be the 'home' for legacy IT infrastructure which was unable / uneconomic to migrate to the Cloud

- Key Point – The environment is dynamic and the customer needs are dynamic therefore the Framework (agreement between Ark and Govt) needs to accommodate changing dynamics

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VALUES

- Provide 100% availability

- Provide secure facilities, both physical and logical, working with CPNI (Physical security), NCSC (Logical security) and other bodies to protect public sector data

- To be proud of the service we deliver and how we deliver it

- To always strive to be a helpful and pro-active partner who adds value to our clients

- Key Point 2 – The incentives in the JV have to be aligned and focussed on the client. We have not allowed any scope creep

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FOCUS AREAS

- Happy Customers

- Strong business growth

- Enable significant saving of taxpayers money

- Make early stages of transformation easy (as easy as possible) – journey to the Cloud

- Provide knowledgeable, unbiased advice when it is asked for

- Key Point 3 – The skills do not exist in the public sector so you need to provide advice and assistance to help them scope what they have, how to plan the move, carry out the move, installation and then the run. We have an 'ecosystem' of companies who we trust that deliver these capabilities.

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WHAT HAS CROWN HOSTING DELIVERED TO DATE?

- 9x the expected volume in the first 4 years
  - **Why**? - **easy to adopt, value for money, more flexible, modern facilities, easier to deal with than their current supply chain**

- More than 15x the total savings estimated in the business case - £105M over 7 years vs ~£1.5Bn+ achieved – and significant fees paid by CH to Cabinet Office to recover cost of procurement

- On boarded customers: 60+ customers ranging from large central departments to the NHS, Police Forces, Local Councils, 13 Health Trusts, Education, ONS, ++

- Majority of which are using Crown Hosting to disaggregate their IT services to generate immediate savings and incrementally transition toward full digital transformation

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WHAT HAS CROWN HOSTING DELIVERED TO DATE?

- Between 50 – 70% savings, like for like, for each customer EVERYTIME. For example DWP has halved its Infrastructure costs from by utilizing Crown Hosting.

- For two other departments Crown Hosting was **3x cheaper** than the BAFO price from the incumbent supplier and **50% cheaper** after a 9 month procurement competition.

- Enhanced resilience across government through contract requirements such as **Business Continuity and Disaster Recovery**

WHAT CROWN HOSTING NEEDS TO BE…

Much more visible and key enabler of Governments' Digital Strategy because it provides the key catalyst for transformation

£1.5Bn+

Cumulative savings over the first 4 years of the framework (based on original model assumptions)

50%+

Typical cost savings for large and small Departments – aligned and complimentary with the Cloud First policy

Over another £2Bn to go after in the next 4 years

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GREEN AGENDA

- Push the 'Green' benefits of CH – saves at least 50% of energy and therefore 50% of costs and significant amount of CO_2.

- Contract negotiated at industry leading 1.15 PUE efficiency

  - Enabled through innovative cooling infrastructure for equipment

  - Rainwater Harvesting, Solar Panels and use of direct air aligned to greening agenda

- All energy provided at cost with NO MARK-UP to organisation on a utility model basis

ACTION NEEDED TO MAKE CROWN HOSTING EVEN MORE EFFECTIVE

- CLOSE ANY BACK DOORS

  - Stop allowing extensions and re-procurements of prime contracts – feedback from major customers is that this is the catalyst for using CH. Otherwise, departments will delay and extend

- TAKE AWAY ALL THE EXCUSES

  - Have the best technical solution, with the best security, the most efficient energy consumption, with the most flexible commercial model and a benchmarked price that beats the market

- THAT LEAVES NO EXCUSES

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KEY CHALLENGES

- The wrong 'colour' of money – Capex vs Opex – it is disabling Government policy not enabling it

  - This has to be addressed or else the wrong behaviour will be driven

- Due to revenue restrictions sometimes easier for some organisations (such as Local Councils) to build DC using capex budget

- Smaller organisations require Crown Hosting to provide wider set of services

- There doesn't appear to be a spend to save on transition approach – you need money to save money

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