

**Invitation to  
Tender for  
Warehousing  
and Distribution  
Operations**

**Issued By: Mike Dymond**

# Table of Contents

<b>1. SCOPE, FORMAT AND TIMETABLE .....</b>	<b>5</b>
1.1 SCOPE OF INVITATION TO TENDER .....	5
1.2 FORMAT OF THE INVITATION TO TENDER .....	5
1.3 FEATURES OF THE INVITATION TO TENDER .....	5
1.4 PRINCIPLES .....	6
1.5 AWARD OF THE BUSINESS .....	6
1.6 TIMETABLE OF EVENTS .....	7
1.7 RESPONSES .....	8
<b>2. TERMINOLOGY AND ABBREVIATIONS.....</b>	<b>9</b>
<b>3. OVERVIEW OF OUR CLIENT .....</b>	<b>10</b>
3.1 IT SALES SERVICES .....	10
3.2 DELIVERY MANAGEMENT .....	10
3.3 RECYCLING SERVICES.....	10
<b>4. OVERVIEW OF THE TECHNOLOGY INTEGRATION CENTRE (TIC) .....</b>	<b>11</b>
4.1 TIC ORGANISATION STRUCTURE.....	12
4.2 HANDLING EQUIPMENT .....	12
<b>5. ACTIVITIES TO BE TENDERED .....</b>	<b>13</b>
5.1 TUPE TRANSFER OF EMPLOYEES.....	13
5.2 POSSIBLE TRANSFER OF ASSETS.....	13
<b>6. WAREHOUSING .....</b>	<b>14</b>
6.1 CUSTOMER ORDERS.....	14
6.2 PICKING PROCESS .....	14
6.2.1 IT roll outs.....	15
6.2.2 Pick and ship .....	15
6.2.3 Picking in support of recycling .....	15
6.3 DELIVERY DOCUMENTATION.....	15
6.4 INVENTORY MANAGEMENT .....	16
6.5 PACKING .....	16
6.6 PALLETS .....	16
6.7 OWNERSHIP OF INVENTORY .....	16
6.8 WAREHOUSE ACTIVITY LEVELS.....	16
<b>7. RECYCLING .....</b>	<b>18</b>

7.1	ASSET COLLECTION AND AUDIT .....	18
7.2	DATA WIPE.....	19
7.3	RE-SALE .....	19
7.4	RE-USE.....	19
7.5	RETIRE .....	19
7.6	RECYCLING ACTIVITY LEVELS .....	19
<b>8.</b>	<b>ENGINEERING .....</b>	<b>20</b>
8.1	CONFIGURATION .....	20
8.2	ENGINEERING SERVICES .....	21
8.3	ENGINEERING ACTIVITY LEVELS.....	21
<b>9.</b>	<b>TRANSPORT .....</b>	<b>23</b>
9.1	GENERAL CARRIAGE.....	23
9.2	OFFSHORE AND EXPORT CARRIAGE .....	24
9.3	TECHNICAL COURIERS .....	24
9.4	RECYCLING COLLECTIONS .....	24
9.5	TRANSPORT ACTIVITY LEVELS .....	25
<b>10.</b>	<b>INFORMATION SYSTEMS .....</b>	<b>26</b>
10.1	LEGACY SYSTEMS .....	26
10.2	WAREHOUSE MANAGEMENT SYSTEMS .....	26
10.3	MANAGEMENT INFORMATION.....	26
10.4	DISASTER RECOVERY/BUSINESS CONTINUITY.....	27
10.5	OWNERSHIP OF DATA.....	27
<b>11.</b>	<b>SERVICE STANDARDS .....</b>	<b>28</b>
<b>12.</b>	<b>STANDARDS OF OPERATION &amp; PRODUCT CARE.....</b>	<b>29</b>
12.1	INTRODUCTION .....	29
12.2	BUILDINGS.....	29
12.3	HANDLING .....	29
12.4	HANDLING AND STORAGE EQUIPMENT .....	29
12.5	HOUSEKEEPING .....	30
12.6	VEHICLES.....	30
12.7	DRIVER TRAINING .....	30
12.8	LOADING AND UNLOADING .....	30
12.9	DOCUMENTATION IN TRANSIT.....	31
12.10	PALLETS.....	31
12.11	INSURANCE.....	31

12.12	DELIVERY AND SERVICE LEVELS .....	31
12.13	DRIVER DE-BRIEFING .....	31
12.14	CUSTOMER RETURNS.....	32
12.15	EMERGENCIES .....	32
12.16	SECURITY.....	32
12.17	SECURITY OF GOODS IN TRANSIT .....	33
12.18	SUB CONTRACTORS .....	33
<b>13.</b>	<b>PERFORMANCE MEASURES .....</b>	<b>34</b>
13.1	KEY PERFORMANCE INDICATORS .....	34
13.2	CONTRACT PERFORMANCE REVIEWS .....	35
<b>14.</b>	<b>CHARGING MECHANISMS.....</b>	<b>37</b>
14.1	BASIS OF PRICE .....	37
14.2	PRICE ADJUSTMENTS .....	37
14.3	TERM OF CONTRACT .....	37
14.4	INCENTIVES .....	38
14.5	PENALTIES .....	38
<b>15.</b>	<b>CONTRACT TERMS AND CONDITIONS.....</b>	<b>39</b>
<b>16.</b>	<b>TENDER RESPONSE FORMAT.....</b>	<b>40</b>
16.1	CONTENT .....	40
16.2	SUGGESTIONS AND PROPOSALS.....	42
16.3	IMPLEMENTATION PLAN .....	42
16.4	COSTING .....	42
16.5	PERSONNEL .....	42
16.6	ACCOUNTS .....	43
16.7	AMENDMENTS, DELETIONS AND ADDITIONS.....	43
16.8	FAILURE TO MEET SPECIFICATION.....	43
16.9	OPERATIONS .....	43
<b>17.</b>	<b>YOUR COMPANY PROFILE .....</b>	<b>44</b>
<b>18.</b>	<b>REFERENCES .....</b>	<b>45</b>

# 1. SCOPE, FORMAT AND TIMETABLE

## 1.1 Scope of invitation to tender

This document is the basis upon which service providers (the Providers) may submit quotations for the various operations described for Our client, (the Company).

Tenders are invited for the following:-

- ✂ The provision of warehousing on behalf of Our client's customers
  
- ✂ The provision of recycling services
  
- ✂ The provision of engineering services including configuration and repair of IT equipment for Our client's customers
  
- ✂ The provision of transport and technical courier services and/or the management of transport sub contractors

Full detail of the scope and requirements of each of these is given in Sections .

## 1.2 Format of the Invitation to Tender

This Invitation to Tender covers the following -

- ✂ An Introduction and overview of the Company and its activities.
  
- ✂ Details of requirements against the four modules listed above.
  
- ✂ Details of Information Systems requirements.
  
- ✂ Service standards and performance measures.
  
- ✂ Contractual information.

## 1.3 Features of the Invitation to Tender

The essential features of the Invitation to Tender (ITT) are :-

- ✂ The business subject to quotation is defined.
- ✂ The business awarded will be subject to a contract.
- ✂ Prices quoted are fixed for a defined period of time, except where price adjustment clauses are mutually agreed as part of the contract.

## 1.4 Principles

The following principles will apply throughout the purchasing process:-

- ✂ All quotations are handled confidentially and the Company requires equal confidentiality from Providers about the Company's business.
- ✂ The Company encourages fair competition and fair prices will be paid for the services offered.
- ✂ All Providers will be treated equally and impartially.
- ✂ Quotations will not be sought from any Provider unless the Company is prepared to consider offering that Provider the business.
- ✂ The Company may seek clarification of a particular point or points.
- ✂ When a quotation is submitted, it is considered the Provider's best offer. The Company reserves the right to undertake post-tender negotiation.
- ✂ The answer to any query raised by one bidder, which relates to a clarification of The Company's requirements, will be communicated to all others. This will not, however, apply to any questions in support of an initiative likely to exploit an individual bidder's competitive advantage.

## 1.5 Award of the Business

The Company may award the business to one (or more) Provider(s) based upon the Company's evaluation of the written quotations received, and upon other factors including observations of the Provider's operations.

Providers should note that the activities for which tenders are sought are critical to the continued success of the Company's business. Tenders will therefore be judged on price, ability and performance. Providers will need to demonstrate their ability to provide accurate and informative management information and should indicate the form of documentation that will be used for this.

Factors to be taken into account will include at least the following items (not in order of priority):-

- ✂ Understanding of THE COMPANY, its ethos and market place
- ✂ The Provider's team and competence
- ✂ The approach taken to implementation
- ✂ Relevant experience
- ✂ Approach to customer care
- ✂ The Provider's organisational culture
- ✂ Level of IT systems WMS capability
- ✂ Approach to performance improvement
- ✂ Approach to security and ability to comply with List X requirements
- ✂ Price
- ✂ Flexibility to adapt to Business changes
- ✂ Nature of the solution
- ✂ Demonstration of current performance

**1.6 Timetable of events**

The projected timetable of events is as follows:-

Invitations to Tender issued	March
Latest date for receipt of Tenders – No later than 12 Noon	Date to be entered
Tender presentations, if required	Date to be entered
Activity with short-listed companies, to include reference site visits, further presentations, discussions and consideration of revisions (if any), by	Date to be entered

Notification of successful provider(s) with Letter of Intent	Date to be entered
Finalise Contract details and Service agreement	Date to be entered
Commence full operation	Date to be entered

**1.7 Responses**

One electronic copy (e-mail or disc) and **Three** printed copies of your proposal should be sent to -----  
 These should be delivered to the address below.

Contact for further information:-



## 2. TERMINOLOGY AND ABBREVIATIONS

The following terms and abbreviations are used within this document:

<b>Term or Abbreviation</b>	<b>Meaning</b>
COMET	Supply Chain Oracle Financial system
Configuration	A Supply Chain service: Integration of customer specific builds to new or refurbished product.
CRISP	An internal call logging system used by engineering and MUSS
DVR	Delivery Variance Report
HEAT	Call management system used by LSC.
List X	Ministry of Defence specified security requirements for the management and storage of data. Providers must be List X accredited in order to handle MoD data and the data of its approved suppliers. This restriction can also apply to other government departments
Loop stock	Customer owned stock of finished units held in reserve as replacements
LSC	Logistics Service Centre – call management centre for Fulfilment. Interacts with Order Management, Logistics & Integration, and Supply & Inventory functions to ensure any special requirements are managed.
MUSS	Mobile unit support service, a service supported but not operated by Engineering for repair of equipment on customers premises
PDB	Product Data Base – team within Supply & Inventory responsible for maintaining product database systems.
Recycle	A Supply Chain service: Reverse logistics of withdrawn customer product, audited and graded for refurbishment, resale or disposal.
Sentencing Rules	Customer defined rules (criteria + consequential action) to be followed in respect of withdrawn equipment undergoing the Recycle service.
STAR	Recycle Warehouse Management System
TIC	Technical Integration Centre – the facility providing warehousing, logistics, and engineering capability.
TPM	Third-Party Maintainer
WEEE Directive	A directive, expected to be brought into law in April , to control the disposal of electrical and electronic equipment
WMS	Main Warehouse Management System - more than one system may be deployed.

### 3. OVERVIEW OF OUR CLIENT

Operating from xxxx, Our client Services offers:-

- ✂ IT Sales Services,
- ✂ Delivery Management
- ✂ Returns handling and recycling services

to large corporate organisations which include high street banks, government departments and private finance initiatives.

#### 3.1 IT Sales Services

IT Sales Services is a complete supply chain for IT hardware and software. They will provide pricing, product selection, procurement and order management for customers. Included within IT Sales Services is the warehousing of customer product and the configuration of systems prior to delivery.

#### 3.2 Delivery Management

Delivery Management handles large scale IT deployments and offers a delivery service of cartons and pallets to single drop-off points for the roll out of new IT to multi-site corporate customers.

Delivery is through a set of third party contractors providing carton and pallet delivery from the TIC to individual customer sites. Services include, semi-technical courier service, deliver to desk, site clearance of all packaging and removal of old IT estate.

#### 3.3 Recycling Services

Recycling Services replaces or updates customers IT assets. These services include, asset collection and audit, storage and warehousing, data security including data wiping, re-use, re-sale and destruction of equipment.

These services are provided partly through licensed partners including transport and disposal agents. All services are compliant with the WEEE Directive.

## 4. OVERVIEW OF THE TECHNOLOGY INTEGRATION CENTRE (TIC)

The Our client Services operation within the UK is based at the Technical Integration Centre (TIC). The TIC is a purpose built facility opened in January 1997. It is a 12m high bay building covering an area of 141,000 sq. ft (including a 20,000 sq. ft mezzanine) and houses a semi automated warehouse operation. There are in excess of 12,000 pallet spaces with the capability of holding over 50,000 different part numbers. There are 20,000 storage locations based around VNA racking, small parts storage and a carousel. There is also two-tier live storage.



Operates Monday – Friday, 6am-8pm. With a small night shift and capacity to operate 24hr / 7days. Storage is arranged logically such that fastest moving items are within easy access areas. All locations within the warehouse are bar-coded including floor areas. There is a mezzanine forward pick area, which is used for the 200 fastest moving line items.

See Appendices A and B for layout drawings and pictures of the TIC.

Many customers prefer to forward purchase and require Our client Services to store their equipment until required. Within the warehouse there is a zoned area for customer “bonded” stock storage. Within the TIC is a specially constructed storage and build operation, which is used specifically for UK Government high security business. This is approved to List X standard with processes and security that have been developed to ensure compliance with a List X approach.

The TIC utilises on site carriers for both UK and International deliveries. and also offers managed services through specialist carriers. See section 9 Transport, for more details.

The TIC houses the Logistics Service Centre. This function manages communication between account teams and the Logistics operation.

### Key Tasks

1. Warehousing, which includes receipt of incoming stock, inventory management, pick and despatch.

2. Recycling, which includes collection from customers, equipment grading, data wipe, re use and disposal.
3. Engineering, which includes IT build, configuration, testing and asset registration
4. Transport, which includes carton and pallet deliveries, technical courier services and export services

All of the above activity is subject to tender and is described in more detail in the sections that follow.

#### 4.1 TIC organisation structure

The chart below shows the organisation structure of the Technical Integration Centre.

*Insert chart*

#### 4.2 Handling equipment

The TIC is equipped with narrow aisle pallet racking and a shelved forward pick area. Handling equipment includes narrow aisle trucks, counterbalance trucks, reach trucks, pallet trucks, a vertical carousel, work stations, a server and the racking and shelving.

All of this equipment is owned by The Company.

## 5. ACTIVITIES TO BE TENDERED

The activities and operations that THE COMPANY wish to tender to potential service providers cover a range that could be provided by a single provider or a number who would have to work together in a way that is seamless to the customers and consumers.

These activities and operations are within Logistics and Engineering Services based at the TIC and include all of the activities described later in this document under the following headings:-

✂ Warehousing

✂ Recycling

✂ Engineering

✂ Transport

### 5.1 TUPE transfer of employees

The Company would prefer to continue to operate from the Present site and to transfer the current employees under TUPE legislation to the Provider. Providers are asked to consider the implications of this and to submit an outline plan for the transfer.

### 5.2 Possible transfer of assets

The Company own the TIC building and all of the capital assets. The Company can retain ownership of the facility or may consider transferring ownership to the Provider. Providers are asked to consider the implications of this and to include outline proposals for a transfer of ownership of all these assets.

## 6. WAREHOUSING

Warehousing performs three main functions:-

- ✂ Servicing customer orders by supplying original equipment from stock and by storing and supplying customer owned equipment in support of IT roll outs
- ✂ Supporting recycling by storing and issuing customer owned assets for eventual recycling, disposal, re use or as back up equipment.
- ✂ Supporting engineering by storing and supplying equipment for configuration and other engineering activities and by storing and supplying temporary replacement equipment.

See Appendix C for process charts describing fulfilment, goods receiving, picking and despatch.

### 6.1 Customer orders

There are two sources of customer orders:-

1. Roll outs which are planned typically one month in advance and contribute between 45% and 50% of the total sales workload. Typically, 95% of this equipment will pass through engineering for configuration before despatch to the customer site
2. Pick and ship, which is a highly responsive, largely next day service accounting for 50% to 55% of the total sales workload. About 30% of pick and ship is routed to engineering for configuration prior to despatch.

### 6.2 Picking process

Product is stored randomly within zoning rules and is picked from the random locations on a FIFO basis. There are no fixed pick locations and no pick replenishment processes. Picking is from narrow aisle locations using the man-rider narrow aisle trucks and also from shelving, live storage and vertical carousel locations as directed by the system-produced pick document.

Picked orders in progress will accumulate in despatch consolidation lanes until the picker has completed the order.

### 6.2.1 IT roll outs

For roll outs the lead time is determined by customer negotiation and is usually extended. This enables pre planning and to some extent, pre picking of the work load. There is the facility to use this as lower priority work which can be set aside in favour of pick and ship at peak times.

### 6.2.2 Pick and ship

For pick and ship the order/despatch cycle is as follows:-

DAY	TIME	ACTIVITY
1	Before 16.30 hrs	Receive orders for next day delivery
1	Before 18.00 hrs	Final pick wave released
1	Before 20.00 hrs	Orders picked and loaded to trunker for shipment to carrier hub
2	To meet agreed delivery time	Orders delivered to customer site

For equipment requiring configuration, if the total order is for 25 units or less and does not include server build, then one additional day is allowed so that customer delivery will take place on day three.

For orders of over 25 units and for server builds, an additional two days is allowed so that customer delivery will take place on day four.

### 6.2.3 Picking in support of recycling

Recycled equipment is stored on mixed pallets and pick demand is usually for one or more items from a pallet, items are identified by bar code.

Picking therefore involves retrieval of a mixed pallet from the narrow aisle store, identification of the individual items, often involving a breakdown of the pallet load, and then rebuilding and return to store of the pallet. **Orders must be placed before 10.00 hrs on Day 1 for picking by 20.00 hrs on Day 3.**

## 6.3 Delivery documentation

A packing document, listing all order contents is generated by WMS. This document supports picking and packing and then acts as a manifest travelling with the order to the delivery point.

## 6.4 Inventory management

All reserve stock is stored randomly on pallets under control of the WMS. Some customers require physical segregation of their stock, if this is the case then their stock is stored in a 'bonded' area reserved for them. List X stock is stored in a separate caged security area.

Putaway locations are manually selected and putaway is confirmed by reading the pallet label and the location label. All reporting is via hand held RF terminals.

## 6.5 Packing

Orders for small items are packed in cardboard cartons, a range of twelve sizes is used. Air bags are used to protect the items in transit. Larger items are despatched on pallets in their original suppliers cartons. Some of the largest items are despatched one item to a pallet.

Stocks of packaging materials are controlled and re ordered by the TIC and it is envisaged that this responsibility would transfer to the Provider.

## 6.6 Pallets

Pallets received from suppliers are all non returnable and are re used by the TIC for storage and for despatch of product to customers.

## 6.7 Ownership of inventory

Of the current £34.5m of stock, £7.5m is owned by Our client with the remaining £27m owned by customers. The Company take liability for any loss or damage of customer stock on a like for like basis and would expect to transfer this liability to the Provider. Similarly, The Company would expect the Provider to assume liability for loss or damage to Our client owned stock.

The Company carry out perpetual inventory checks on a 4 times a year cycle as part of their contract with customers and would pass this responsibility on to the Provider.

From time to time, customers request full stock takes in addition to the routine PI checks.

## 6.8 Warehouse activity levels

The table below shows typical throughput for the warehouse.



Growth of x% is expected over the next y years and the mix is expected/not expected to change as follows:-

## 7. RECYCLING

Recycling comprises the collection, receipt confirmation, assessment, refurbishment, and either return to estate (for re use) or disposal of customers IT equipment.

The Company's Recycling Service manages the removal and processing of customers' redundant IT assets. The requirement for each customer differs significantly, and therefore customer specific Sentencing Rules (Statement of Work) will be issued prior to any work being undertaken.

See Appendix D for a process chart describing recycling and Appendix E for an example of Sentencing Rules.

The core service comprises the following major components:-

### 7.1 Asset Collection and Audit

The logistics service centre (LSC) prepare a collection manifest and the returns job is then put out to tender to the various carriers used for this work. The contract is usually for the equipment to be returned to the TIC within 48 hours. The LSC will deal with any customer or carrier queries arising from a returns job and will instruct the driver accordingly.

On arrival of the assets in the warehouse, they are moved to a booking-in area where the make, model, serial number, asset number and condition of a product is established and the item is booked in using a unique identifier (barcode).

Any asset labels specific to the customer are removed and the details of the configuration of each device are recorded and graded:-

Grade 1 – Fully working and free of external damage

Grade 2 – Working but cosmetic damage

Grade 3 – Working but physically damaged or parts missing

Grade 4 – Dead on Bench / Unable to boot up

Grade 5 – Disposal required

This information is made available to the customer to determine the eventual outcome for each individual asset.

## 7.2 Data Wipe

Items for data wiping will be identified by the Company and will be sent for data wipe where data is removed to one of three levels of data wipe, standard, government and military. The details of the disk, processor speed, and memory size are recorded on the Warehouse Management System as a result of this process. If the magnetic data wipe reports any failure in removing data then the storage device is physically destroyed, unless requested differently (in writing) by the customer.

Following the data erasure process, equipment is then stored in the warehouse, awaiting answers as to the eventual outcome of each individual asset (options below)

Our client can mix, match and merge components from redundant faulty assets to maximise the items that will be suitable for resale or re-use if required. Where necessary faulty equipment will be upgraded and/or repaired to an agreed level. Equipment will be cleaned and PAT tested as part of the refurbishment process.

## 7.3 Re-sale

Prior to resale the customer can choose to have assets refurbished in the TIC in order to maximise the return from sale.

## 7.4 Re-use

Items that are to be re-used may be configured at customer request. All assets for re use will be cleaned and PAT Tested.

## 7.5 Retire

Assets for retirement (destruction) will be despatched to a specialist contractor.

## 7.6 Recycling activity levels

The table below shows typical throughput for the recycling department.

Growth of x% is expected over the next y years and the mix is expected/not expected to change as follows:-

## 8. ENGINEERING

Engineering supports Sales and Service by configuring equipment to customer specification, by asset tagging, image loading and assembly of till units. Engineering also supports the mobile unit support service (MUSS), which itself is operated by a separate part of the Company and is not for tendering.

The engineering and configuration centre is housed within the Technical Integration Centre (TIC) This purpose built 10,000 sq.ft. facility can accommodate the work of more than sixty engineers at any one time. The tasks include replicating and applying system builds to customers' equipment working with the assistance of five technical consultants who provide key verification services and support. There is potential to use a three-shift system, providing a theoretical capacity of over 2,000 configured systems per day. The Configuration Centre is able to simultaneously configure over 350 systems, of the same configuration, downloading software from the deployment servers.

### 8.1 Configuration

The configuration department provides the personnel, procedures and space to create, implement and test a replicable system build definition for customer IT infrastructures. Once the build is agreed, Our client builds and configures each system component including installation of add-in cards and peripherals, loading software, virus checking and full unit testing.

The configuration centre's main activities are the configuration of PCs, servers, laptops, networking devices and printers, non-standard products such as kiosks are also catered for.

The services available are:

- ✂ Fit/install hardware items, configure and test them
- ✂ Load and configure software
- ✂ Undertake specific applications tests, including data volume testing
- ✂ Anti-Virus updates
- ✂ Asset registration and labelling
- ✂ Customisation to individual user level (e.g. IP address, user's name, workgroup)
- ✂ Specific labelling

- ✂ Full workstation testing (monitor, keyboard, mouse, disk drives/CD-ROM, speakers)
  
- ✂ Modem tests and remote network connection
  
- ✂ End-of-configuration diagnostics test, producing a report or a file on the hard drive, noting the modifications made to the base system

As an additional part of configuration services Our client offer asset labelling and asset tracking services including tagging facilities whereby asset tags can be affixed to equipment as part of a configuration activity. Asset tag details are recorded in order to provide additional control and inventory management of stock that has been through Our client's configuration centre.

The Configuration Centre provides an evaluation and validation service to assist the customer in defining and testing a standard hardware configuration, this service is provided by Customer Solutions, the evaluation unit of the Configuration Centre.

See Appendix F for a process chart describing engineering services.

## 8.2 Engineering Services

Additional engineering services include:

- ✂ Repair of desktops, laptops and mobile devices for the Mobile User Support Service (MUSS)
  
- ✂ Testing of Nova enterprise servers within the Nova assembly & test area.
  
- ✂ Refurbishment, spares replenishment and disposal of mainframes within the used equipment service (UES) area
  
- ✂ The Ministry of Defence (List X) approved facility for configuring and storing secure systems for Government agencies, this facility is also available for delivering services to non Government departments

## 8.3 Engineering activity levels

The table below shows typical throughput for the engineering department.

Growth of x% is expected over the next y years and the mix is expected/not expected to change as follows:-

## 9. TRANSPORT

The geographical scope of this tender is mainly Great Britain and Northern Ireland, including offshore islands, and the Channel Islands. There will be a requirement to supply to mainland Europe and the USA, which is currently no more than 5 % of activity and is not expected to exceed this level.

All carrier services are currently outsourced to a number of general and specialist carriers under the management of the LSC. One of these carriers has a permanent base on site.

Broadly, there are four types of carriage:-

- ✂ General carriage to the UK mainland
- ✂ Offshore and export carriage
- ✂ Technical couriers
- ✂ Recycling collections

See Appendix G for a process chart describing despatch of goods to customer.

### 9.1 General carriage

Carriage is typically on a next day basis for orders placed before 16:30 hours timed according to customer requirements which can range from:-

- ✂ A timed delivery, e.g. before 10.00 hrs
- ✂ A morning or afternoon delivery
- ✂ A next day delivery where no time is specified

Consignments are sorted according to geographical location prior to despatch to ensure orders are directed to the correct carrier hubs to reduce lead time and cost.

All equipment serial numbers are recorded by TIC employees at point of despatch Proof of delivery is by signature and there is scope to develop an electronic POD on line with electronic tracking and sign off. Providers are asked to illustrate how this could be achieved.

## 9.2 Offshore and export carriage

The LSC maintains an export desk to manage international business. All manifest and consignment information is transferred to the specialist carrier and entered into the carrier's system to produce Customs and Excise and all other required documentation.

All Export orders need to be with the Export Desk before 16:00 hours. The nominated carrier will then deliver the order against the delivery timescales quoted.

The export desk will advise customers on transit times, costs, custom requirements etc. and prepare all paperwork and manifests prior to shipment. There are daily collection slots for freight and the main export carrier also maintains a customer support desk.

## 9.3 Technical couriers

Technical couriers provide a 'plug and play' service to customers where PC's are delivered to the user's desk, unpacked, installed and checked for correct operation.

- ✂ Deliveries are undertaken by approved technical couriers
  
- ✂ PC's are delivered to desk
  
- ✂ Systems are unpacked and the packaging removed
  
- ✂ Full system audit available to the customer on request
  
- ✂ Specialised / dedicated vehicles e.g. tail lift
  
- ✂ 2 Man Deliveries where necessary

All packaging is disposed of by the carrier and does not return to the TIC.

## 9.4 Recycling collections

This process is managed by the logistics service centre as described under recycling, Section 7.

Carriers are benchmarked against on-time delivery and cost per consignment.

Providers are asked to consider how they would manage all of the transport activity.



## 9.5 Transport activity levels

The table below shows typical throughput for the transport department.

Growth of x% is expected over the next y years and the mix is expected/not expected to change as follows:-

## 10. INFORMATION SYSTEMS

### 10.1 Legacy systems

The Company's preferred solution is for the Provider to manage all of the tendered activities at the existing TIC site, using existing systems in the first instance at least.

All data transfer processes will be retained and all legacy systems will be retained. Ownership of these systems will initially remain with The Company but providers are asked to consider alternative arrangements with the objective of the legacy systems either being replaced by the Provider or being transferred to the Provider.

### 10.2 Warehouse management systems

The Company sees scope for improvement in the various warehouse management and other systems employed in the operation of the TIC. Principal among these systems are:-

System	Description
COMET	Supply Chain Oracle Financial system
CRISP	An internal call logging system used by engineering and MUSS
HEAT	Call management system used by LSC.
STAR	Recycle Warehouse Management System
WMS	Main Warehouse Management System

Providers are asked to consider how they could replace some or all of these systems with 'best of breed' warehouse management systems that they are familiar with.

There is scope to develop an electronic POD on line with electronic tracking and sign off. Providers are asked to illustrate how this could be achieved.

### 10.3 Management information

Service providers should make available to the Company a full track and trace of all customer inventory by quantity, part number, value, order status and delivery confirmation. The systems listed above are the primary source of information for the Company and those systems or their replacements should continue to provide the information required. Facilities should be available for Our client staff to access these operational and reporting systems directly. Data should be archived according to the format needed by Our client.

## **10.4 Disaster Recovery/Business Continuity**

The Company has a requirement for processes to be in place to cover security of data and servers, and a policy on Business Continuity and disaster recovery. Providers will need to demonstrate their IT systems capacity and resilience. Service providers will also need to provide details of their business continuity and disaster recovery plans.

## **10.5 Ownership of Data**

All customer data transferred by the Company to the service provider, or collected by the service provider on the Company's behalf, will remain the property of the Company. The Company is the data controller and the service provider will process and use this data acting as the Company's agent.

## 11. SERVICE STANDARDS

The importance of meeting service expectations cannot be underestimated. The full range of measures will be developed during the latter stages of the ITT process with successful providers. However, providers should show what service targets they normally work to and what their actual achievement against these has been during the past year. Some examples of those that are important to the Company are:

✂ % deliveries on time

✂ % of recycled equipment processed on time

✂ Configuration completed to meet expected delivery date

✂ Goods receipts checked and confirmed by 09.00hrs Day 2

## 12. STANDARDS OF OPERATION & PRODUCT CARE

### 12.1 Introduction

The physical distribution standards will form part of the contract between the Company and the Provider.

### 12.2 Buildings

All buildings must be weatherproof. Buildings should provide cool and dry storage conditions and there must be no direct sunlight on the product. Floors must be sound, non-porous and dust free. There should be no standing or flowing water or any dampness in the building.

Receiving bays, which form part of the external perimeter of the building, should be protected from adverse weather conditions by overhead and side covers.

Suitable fire fighting equipment will be installed in each receiving bay, and in all storage and dispatch areas, and at the entrance there should be sufficient equipment to contain or eliminate a vehicle fire including tyre fires.

### 12.3 Handling

All products must be stored on pallets. Whilst in process it is recognised that picked items awaiting packing or dispatch may reside on other handling units.

Provision for secure storage will be required at all times.

All staff must be trained in the following procedures:

- ✂ Product handling,
- ✂ Damage recognition and damage handling,
- ✂ Manual Handling,
- ✂ Health and Safety regulations relevant to individual staff.

### 12.4 Handling and Storage Equipment

All handling and storage equipment should comply with all appropriate European and National standards and guidelines such as those issued by SEMA and FEM and should meet all necessary Health and Safety standards.

## 12.5 Housekeeping

Buildings must be kept free from infestation and pests such as rats, mice, insects, and birds. The highest levels of cleanliness must be maintained at all times and Approved Health and Safety Regulations complied with.

## 12.6 Vehicles

All vehicles and containers used for the transport of product must be clean, dry and weatherproof. There should be no holes or protruding objects in the interior of the vehicle that could result in damage to product.

All vehicles and containers must be maintained in a serviceable condition at all times, and must be free of odour, grease, and any other form of contamination. Vehicles must be kept clean inside and out at all times. Any spillage must be attended to immediately. The Company places considerable importance on vehicle and driver presentation and cleanliness.

## 12.7 Driver Training

In addition to normal driver training, all drivers must be trained in the following procedures -

- ✂ Product Handling,
- ✂ Damage recognition and damage handling,
- ✂ Deliveries to customers,
- ✂ Returns procedures,
- ✂ Emergency procedures,
- ✂ Security procedures,
- ✂ Relevant Health and Safety Regulations.

## 12.8 Loading and Unloading

Loads must be made up so that there is minimal movement during transportation.

Due care must be taken when loading and off-loading product. In no circumstances must product be thrown or damaged.

## 12.9 Documentation in Transit

The Provider is fully responsible for obtaining proof of delivery for each delivery made. This will take the form of a clear signature on the Provider's documentation for the total number of packages received, or, where issued, a retailers receipt note. Details are to be confirmed into the Provider's reporting system.

Original POD's and receipt notes should be filed and retained by the Provider.

## 12.10 Pallets

All pallets used must be dry, clean and in good condition.

## 12.11 Insurance

Details of responsibility for insurance cover will be agreed as part of the Contract.

More details to be inserted

Providers should make proposals as to how Insurance could be managed within the Contract. The financial impact of any options should be highlighted.

## 12.12 Delivery and Service Levels

All customer deliveries must be made by or on the due date and time stated on the delivery note and within the agreed delivery window.

The final point of delivery by the Provider is the customer's address and may be to an individual user's desk.

Only where prior agreement has been made will these conditions not apply.

The Provider must inform the Company of any delays, which may result in a late delivery. A delivery non-conformance report must also be completed and submitted to the Company.

## 12.13 Driver De-Briefing

The Provider will be required to keep records of any problems or difficulties encountered by drivers of delivery vehicles and make these available to the Company for inspection as required.

## 12.14 Customer Returns

All items returned should be recorded and stored separately. Inspection should take place as soon as is practicable and items sorted according to their assessed condition. Where necessary items should be stored in an accessible manner for the further inspection by The Company.

This paragraph only covers customer returns resulting from mis delivery. See sections on recycling for a more comprehensive description of the main recycling and returns functions.

## 12.15 Emergencies

In the event of a major incident or emergency the Provider is to inform the Company of the nature of the emergency within 1 hour of first being aware that the problem exists.

The basic information to be provided is to include:-

- ✂ Nature of the emergency,
- ✂ Date, time and location of occurrence,
- ✂ Contact and telephone number,
- ✂ Immediate action taken.

## 12.16 Security

Unless agreed otherwise by the Company, only the Provider's employees (whether fully or temporarily employed) are to be used by the Provider and only staff employed upon the Company's business are to have access to the product. The Provider will submit a list of staff names to the Company, as required.

The Provider will be responsible for the security of the product as soon as they are in possession of the product. This is deemed to be from when they sign for incoming product on their premises until the customer signs a proof of delivery, which is accepted by the Company.

The Provider will be held responsible for all loss or damage to product, which is deemed to be in his possession. The charging mechanism for products lost or damaged will be detailed in the contract.

The Provider's sites must be secure at all times. The perimeter fencing should be in a good state of repair and should not permit access to unauthorised personnel. The buildings should be secure at all times and must be fitted with adequate locking devices and an intruder alarm complying with the relevant British Standards.



The additional security requirements for List X customers are detailed elsewhere in this document.

### **12.17 Security of goods in transit**

Security of vehicles – providers are to specify their policy and procedures in relation to both their own and contracted out distribution services.

The additional security requirements for List X customers are detailed elsewhere in this document.

### **12.18 Sub contractors**

The Provider shall not use sub-contractors (including carriers and hauliers) without the prior written permission of the Company. If, with the Company's agreement, the Provider uses sub-contractors, they will be subject to the same conditions and standards as their own operations, and the Provider will be responsible to the Company for their actions.

Where the use of a sub-contractor has been agreed, no change to another sub-contractor shall take place without the Company's further agreement.

## 13. PERFORMANCE MEASURES

### 13.1 Key performance indicators

A detailed range of performance measures will be developed with the successful provider(s).

KPI's will fall broadly into three groups:-

✂ Service

✂ Productivity

✂ Stock integrity

Examples of high level Service Key Performance Indicator's include but are not limited to:-

✂ Delivery timeliness

✂ Pick and delivery accuracy

✂ Completeness

✂ Customer returns by reason as a % of despatches

Examples of high level Productivity Key Performance Indicator's include but are not limited to:-

✂ Unit costs

✂ Unit throughput

✂ Employee performance

✂ Budget v actual expenditure

Examples of high level Stock Integrity Key Performance Indicator's include but are not limited to:-

✂ PI counts performed on time and in full

✂ Gross stock adjustments

✂ Stock outs

Detailed performance measures will be agreed with the successful Provider with the specific intention of using these as a basis for incentives and/or penalties. The principal that will be followed is that penalties may be levied on a pre agreed basis where the Provider's shortfall in performance leads to financial loss for the Company. Incentives can be earned where the Provider's performance, initiative or innovation leads to measurable cost savings for the Company that can be shared with the Provider on a pre agreed basis.

Examples of performance related penalties:-

✂ Stock losses chargeable to The Company

✂ Customer dissatisfaction leading to penalties being levied by the customer

Examples of performance related incentives:-

✂ Productivity improvements based on agreed standards

✂ Process improvements leading to cost reductions

✂ Sharing of recycling revenues

## 13.2 Contract performance reviews

There will be progress reviews at least once a month attended by management from both the Company and the Provider to monitor the performance.

It is proposed that a regular audit of performance will be carried out. This will provide a forum for open debate on areas of difficulty caused by either the Provider or the Company with the aim of looking for areas of improvement.

The basis of the performance reviews will be the monthly reports submitted by the Provider and performance against the key performance indicators.

The Company envisages additional annual review items to include:-

✂ Process audits

✂ Audits of accreditations (e.g. Investors in People and List X)

✂ Security audits

✂ Environmental audits

## 14. CHARGING MECHANISMS

The Contractor will be required to operate the contract on an “open book” accounting basis. This “open book” approach will cover the initial resource employed and the costs of the operation and will require access, on request, to the Provider’s management accounts relating to the contract.

Freight contracts will be charged on the same basis

### 14.1 Basis of Price

- ✂ The monthly charge will comprise all costs incurred on resources used plus an agreed fixed management fee.
  
- ✂ Costs will be split into fixed and variable headings and will be calculated according to agreed parameters.
  
- ✂ Payment of the full management fee will be dependent on the Provider achieving contractually agreed levels of productivity.

### 14.2 Price Adjustments

Unless indicated otherwise, the Company expects the Provider to maintain the quoted management fee for a period of twelve months at a time (the first twelve months being from the last day of the first month of operation).

At the end of the twelve-month period, the management fee will be reviewed by negotiation, and it is expected that any increases will not exceed the annual Rate of Price Inflation, and should be less.

Fees and costs may be reviewed when significant extraordinary variations in operational costs are known or when there are significant changes in market conditions.

The quotation will be based on the existing business profile and Providers should identify the sensitivity of the rate to profile changes.

### 14.3 Term of Contract

The Company is seeking to optimise its term of commitment. The length of contract agreed will depend on the total benefits offered by the Provider for each proposed term. A five year term is seen as optimal.

#### **14.4 Incentives**

The Company is prepared to consider proposals for incentive arrangements to encourage performance improvements as outlined in the previous section.

#### **14.5 Penalties**

The Company will base its choice of Provider on both the capabilities of the Provider and the management fee proposed in response to this ITT. The Company will expect the Provider to work within the agreed management fee and agreed costs (subject to agreed changes following review periods) and will expect to apply a penalty if costs increase above these agreed levels. Payment of such penalties would be calculated using an agreed formula.

## 15. CONTRACT TERMS AND CONDITIONS

The work offered in this ITT will be subject to a contract, which will include clauses to cover:

- ✂ Definitions and interpretation of expressions,
- ✂ Term of the contract,
- ✂ Obligations of the Provider,
- ✂ Obligations of the Company,
- ✂ Force Majeure,
- ✂ Insurance and indemnity,
- ✂ Termination,
- ✂ Special provisions for the transfer of employees of the Company and transfer of assets belonging to the Company
- ✂ Pricing,
- ✂ Payments,
- ✂ Disputes,
- ✂ Audits.

The contract will also include a series of separate schedules detailing the activities

The Company reserves the right to prepare the contract and add to the above if required.

The Company recognises that a formal contract may take a number of weeks to conclude and is willing to prepare a statement of “Heads of Terms” from which the final contract may be drafted.

## 16. TENDER RESPONSE FORMAT

Tenders should be submitted in the form given in the following sections.

### 16.1 Content

Responses should be submitted in the following numbered sequence

1. Definition of the business covered by the tender.
2. A short written description of the operational methodology
3. For warehouse operations the following information is required:
  - ✂ Supervisory and management structure
  - ✂ Recruitment policies and staff training
  - ✂ Management of workload variation
  - ✂ Operating methods
  - ✂ Performance measurement
  - ✂ Details of reporting against all the service standards, including action taken to remedy any variance to target
4. For recycling operations the following information is required:
  - ✂ Supervisory and management structure
  - ✂ Recruitment policies and staff training
  - ✂ Management of workload variation
  - ✂ Operating methods
  - ✂ Performance measurement



✂ Details of reporting against all the service standards, including action taken to remedy any variance to target

✂ Management of collections

5. For engineering operations the following information is required:

✂ Supervisory and management structure

✂ Recruitment policies and staff training

✂ Management of workload variation

✂ Operating methods

✂ Performance measurement

✂ Details of reporting against all the service standards, including action taken to remedy any variance to target

6. For transport operations the following information is required:

✂ Supervisory and management structure

✂ Recruitment policies and staff training

✂ Management of workload variation

✂ Operating methods

✂ Performance measurement

✂ Details of reporting against all the service standards, including action taken to remedy any variance to target

✂ Route scheduling methods,

✂ Consignment tracking,

✂ POD and Collection Note tracking and control procedures,

7. For all operations:-

✂ Specifics relating to TUPE

✂ Specifics relating to List X

✂ An outline of the Provider's experience of similar or comparable operations

8. Specific detail of how the Provider uses, vets and monitors sub-contractors

9. Relevant information regarding insurance proposals.

10. Description of the IT systems that the Provider proposes to use.

11. Providers should describe the KPI's that they would work to and what their achievements have been against these.

12. Any additional information which may be thought relevant, including a copy of the Provider's Conditions of Carriage.

## 16.2 Suggestions and proposals

The proposal content should provide effective solutions to manage Our client business as described. In addition to the response content requested above, providers should include any suggestions or further proposals that they believe will be beneficial to THE COMPANY in the context of this invitation to tender.

## 16.3 Implementation Plan

Proposals should provide a detailed implementation plan to cover resources, timing, milestones and all input required from the Company.

## 16.4 Costing

As required in Section 14.

## 16.5 Personnel

Where possible the Provider should give details of the management team and organisational structure that would be responsible for the contract.

It would be desirable to have details of all key personnel and in particular the person who would be the main point of contact for day to day operations. The Company reserves the right to approve the Provider's personnel.

## **16.6 Accounts**

The Provider must submit a current set of Financial Accounts, together with audited accounts for the preceding two years, and any other relevant information on its operations.

## **16.7 Amendments, Deletions and Additions**

Proposals should include any amendments, deletions and additions to the requirements or the price structures.

## **16.8 Failure to Meet Specification**

Providers should clearly indicate any areas of the requirements or standards that their proposed operation will be unable to meet.

## **16.9 Operations**

The successful Provider(s) will, before operations commence, also be expected to submit and agree with the Company:-

- ✂ Operating practice manual
- ✂ List of staff responsible for managing the contract
- ✂ Reporting and communications procedures
- ✂ Proof that insurance and all statutory requirements are covered

## 17. YOUR COMPANY PROFILE

Providers should give a brief summary of their company, to include information that covers its scale of operations, client and sector base, financial performance and future developments. This should include company accounts as described above. It is understood that some of this information is commercially sensitive and the Company will treat the replies in the strictest confidence.

## 18. REFERENCES

Providers should provide References of current client companies. Please provide contact details of named individuals within the client companies, and nominate appropriate Reference Sites where your activity for these clients can be visited. The Company would only do this by request to yourselves.

## **APPENDIX A**

### Technical Integration Centre Layout

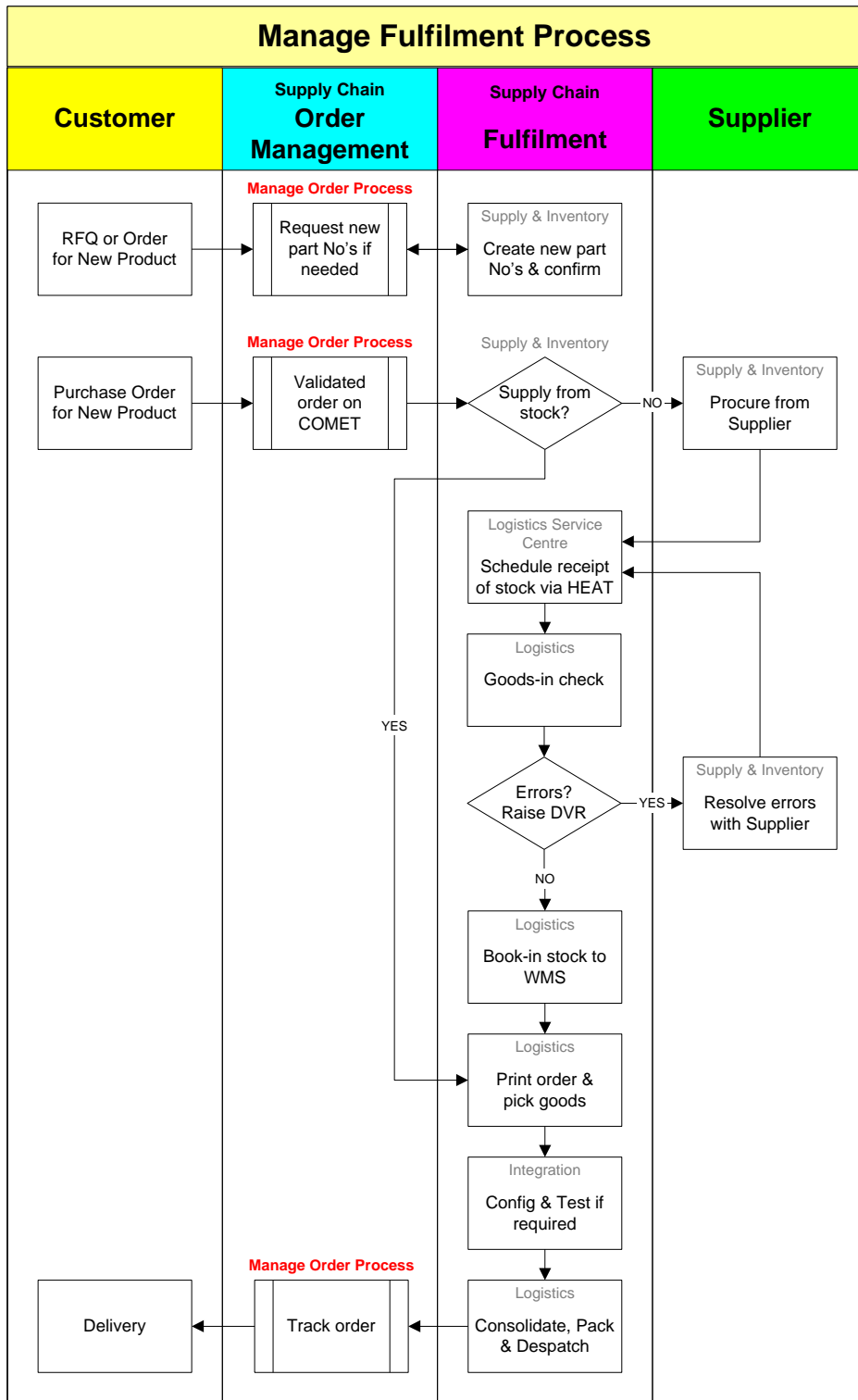
## APPENDIX B

### Technical Integration Centre Pictures

## APPENDIX C

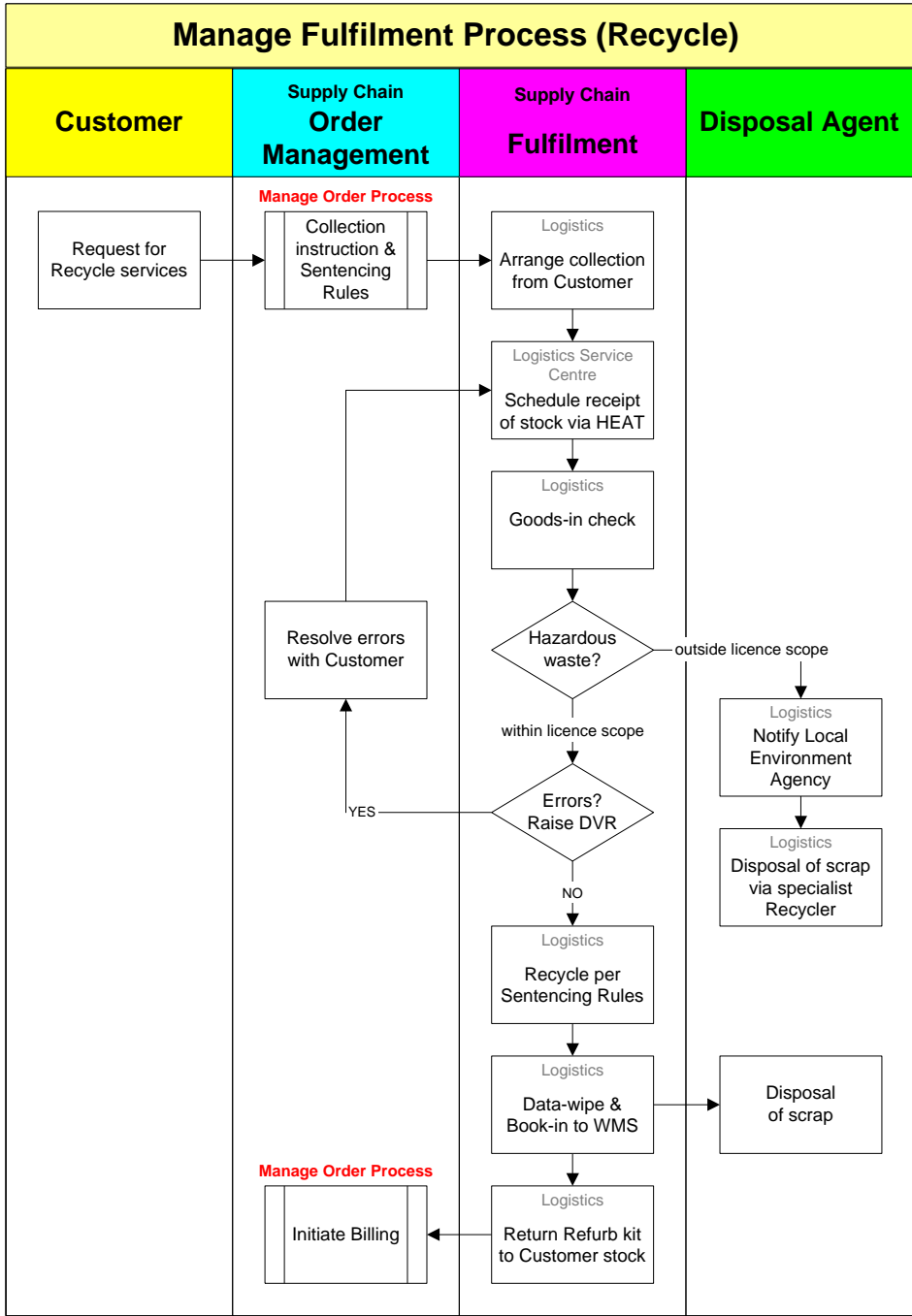
Process chart – fulfilment process

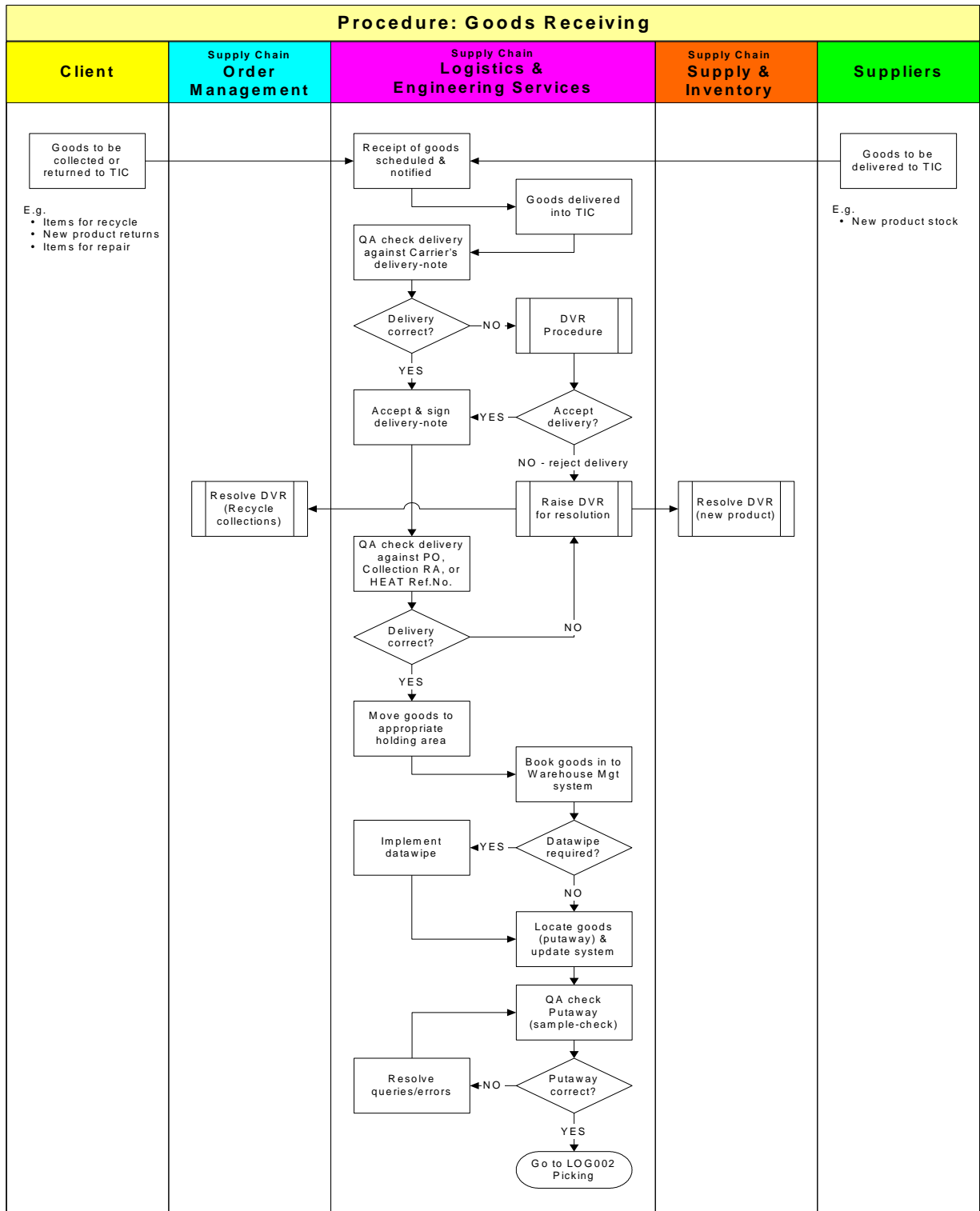




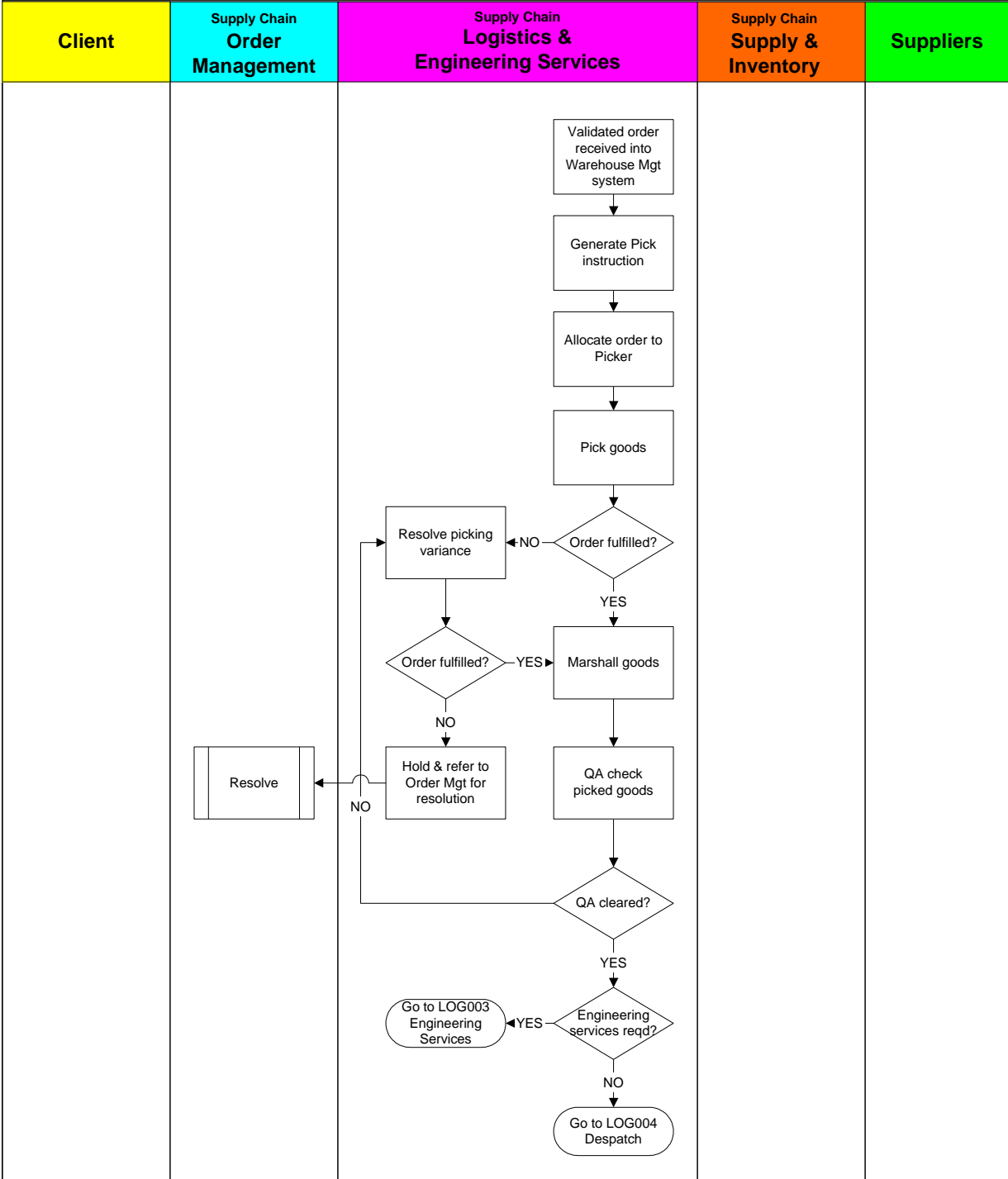
## APPENDIX D

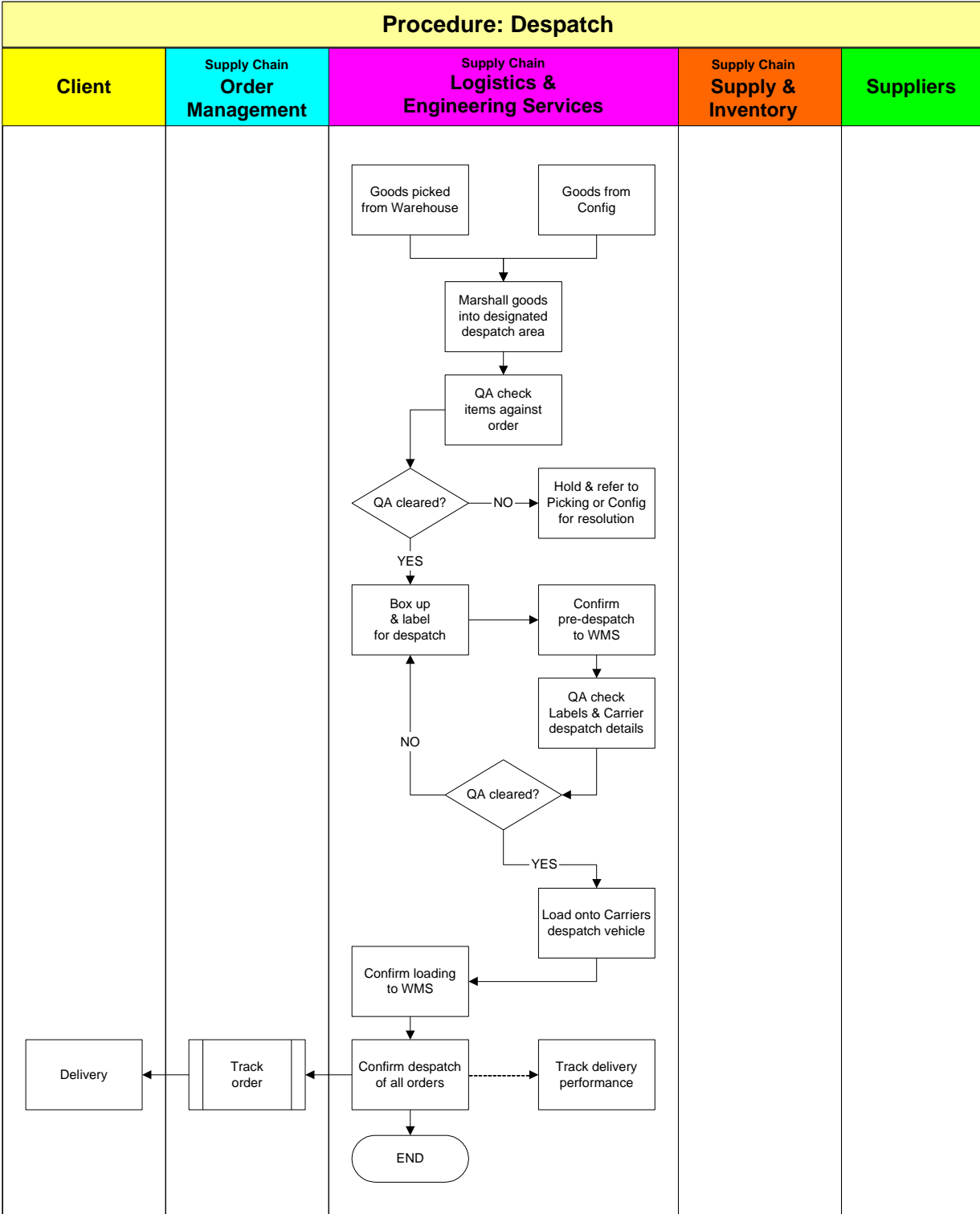
Process chart – recycle process





**Procedure: Picking**





## APPENDIX E

Process chart – engineering services

**Procedure: Engineering Services**

