Dear Customers,

Today marks the end of the first stage in DCC’s procurement of a Central Switching Service (CSS). Xoserve has submitted a non-binding bid as part of this first stage. I am extremely pleased with the quality of the bid and the performance of the Xoserve team in preparing our submission and I think this is encouraging for the road ahead. Whether we are successful or unsuccessful in our bid, we know the biggest part of CSS for Xoserve - and therefore our customers - is the consequential impact and as a result CSS is with us to stay regardless.

We aim to take a few days rest before gearing up again for the busy period pre-BAFO (Best And Final Offer). Between now and BAFO the most important thing we need to do is take you, our customers, with us. As our CEO Sian has said many times, we will only bid if we have our customers support. Therefore a key question to consider is what is required for our customers to get comfortable with what Xoserve has prepared as a bid? We think you will want to ensure that Xoserve has:

* The capability and capacity to deliver its CSS commitments, should it win, alongside its existing commitments to customers, without quality declining
* Considered all aspects of cost that need to be included in the bid submission and highlight any which it thinks are either missing, under-costed or over-costed;
* Met the requirements of the tender and that its BAFO will not be rejected on a technicality;
* Fully considered, documented and identified mitigations for all significant risks and similarly all opportunities.
* Identified and signed off with the Shipper bid group an appropriate liabilities ceiling and have built this into our negotiating strategy with the DCC.

We now have MOD666 approved and are in the process of setting up the Shipper bid committee, with all the appropriate terms of reference and confidentiality protections. We encourage Shippers to nominate representatives onto this group with the right experience to help you through this process. But we also recognise there is a lot of material for you to digest and some of it is very technical in nature. Therefore we have recommended that both our Board and the Shipper bid group are able to call upon independent assurance of our bid collateral.

With this in mind, we will procure an independent third party during October and set them onto the immediate task of ratifying with you, the scope of their assurance of us on your behalf. Their scope will need to be signed off by the Board and the Shipper bid group. This independent third party will advise our Board and the Shipper bid group directly regarding the quality and risk profile of our BAFO and support all impacted customers through a go/no-go process and final decision.

We are preparing detailed information for the first meeting of the Shipper bid group, but please do contact Emma Lyndon if you have any questions in the meantime.

We look forward to working with you over the next few months and we thank you for your support to date.

Lee Foster
CSS Programme Director