



**merlin**

promoting supply chain excellence

Assessment Report  
For

**ATOS IT SERVICES UK LTD.**

**By Andy Richardson**

**On behalf of emqc Ltd**

**Assessment Dates: 9/3/15 – 12/3/15**

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## About the Organisation

Atos SE (Societas Europaea) is a leader in digital services with 2013 pro forma annual revenue of €10 billion (£7.1Bn GBP) and 86,000 employees in 66 countries. Serving a global client base, the Group provides Consulting & Systems Integration services, Managed Services & BPO (Business Process Outsourcing), Cloud operations, Big Data & Security solutions, as well as transactional services through Worldline, the European leader in the payments and transactional services industry. With its deep technology expertise and industry knowledge, the Group works with clients across different business sectors: Defence, Financial Services, Health, Manufacturing, Media & Utilities, Public Sector, Retail, Telecommunications and Transportation.

Atos is focused on business technology that powers progress and helps client organisations to create their firm of the future. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games, ensuring competition results are delivered to 4 billion viewers in less than 4 seconds and is listed on the Euronext Paris market. Atos operates under the brands Atos, Atos Consulting, Atos Healthcare, Atos Worldgrid, Bull, Canopy, and Worldline.

The following are further examples of the vast range of projects that Atos are involved with:

- ▲ Managing 59 million email boxes delivering 115 billion emails across Europe each year.
- ▲ Controlling 40 million motor vehicle tests on behalf of Vehicle Operator and Services Agency each year.
- ▲ Managing over 344 million payment transactions each year for online shopping consumers.
- ▲ Delivering the fixtures of 92 teams in the English Premier League, Football League and the Scottish Football League for over 20 years.
- ▲ Enabling the timely delivery of 45 million flowers and plants every year for a major European supplier.

Atos Consulting & Technology Services help clients deliver innovation to their customers, reduce costs and improve effectiveness by leveraging Business Technologies. Business Innovation, Operational Excellence and IT Leadership form the basis for the expertise and innovative solutions applied to each industry sector and individual client challenge. The Company's objective is to ensure that their clients are empowered to manage the resources provided, maintaining control of their processes and projects, as well as the ownership of their assets and systems, including transformation to benefit from Cloud services. All services to their customers are provided in accordance with the Atos Integrated Management System (AIMS), which looks to ensure the successful delivery of all services.

Atos are one of the few companies that provide all the 'design, build and operate' elements of a complete outsourcing solution. Atos can manage and transform all the IT operations of its clients, including the management of their entire information and data processing systems. Atos has developed several Cloud solutions and delivers these services according to the Atos Service Management Model, a best practice process standard that is based on recognised global standards.

## Assessment Methodology

This assessment is Atos' second assessment against the Merlin standard, having been first assessed in March 2013. The scope of the assessment was based primarily on Atos' Personal Independence Payment functional assessment contract with DWP, though also factored in the Company's wider range of work, including commercial/non-government contracts and their approaches to Mandatory Work Activity (MWA). The team comprised of Andy Richardson (Lead Assessor) and two team assessors: Rob Mottram and Susan Smith.

At an initial planning meeting between the Lead Assessor and representatives of Atos, including the person acting as Coordinator for this Merlin assessment, a sample of Supply Chain Partners (SCPs) were identified that suitably reflected the make-up of Atos' supply chain. From this sample, the Coordinator created schedules for each of the assessors, modified marginally over subsequent weeks to accommodate the availability of individuals.

During the assessment, assessors reviewed a diverse and substantial range of evidence, including written documentation and electronic systems. This was supported by face-to-face and phone interviews with representatives of Atos, Alliance Partners, contractors and Supply Chain Partners.

Each assessor completed the schedule of interviews over the first three days of this assessment, convening on day four to share findings and agree scorings for each criterion within the Merlin standard. These detailed findings were provided to a panel of senior Atos staff, at a feedback session on the afternoon of the fourth day. This feedback included the final outcome of the assessment, as well as providing an overview of the key areas of strength and areas for consideration when it comes to continuous improvement moving forward.

## Assessment Outcome

<b>Overall %</b>	<b>91%</b>
<b>Overall Outcome</b>	<b>Excellent</b>
<b>Supply Chain Design</b>	<b>Excellent</b>
<b>Commitment</b>	<b>Excellent</b>
<b>Conduct</b>	<b>Excellent</b>
<b>Review</b>	<b>Excellent</b>

## Strengths

- ▲ Supply chain design has been shown to be of a high standard throughout all criteria of Principle 1. The scope and range of Atos and its approach to defining the procurers' objectives, researching pre-existing markets and legacy suppliers through the Rainbow procurement process and actually consulting with the potential supply chain on supply chain and service design has all allowed for some very effective networks to be established with local councils, organisational networks that include voluntary and third sector organisations, enabling a diversity and depth to its provision. It will obviously serve Atos well to maintain such alliances moving forward as these will play a major part in future stakeholder analysis and supply chain review. (1a.1, 1a.2, 1a.3 & 4a.1)
- ▲ During this assessment it quickly became evident that this is a Company that is driven by its values and fundamental operating principles. Supply chain members were highly positive when it came to describing how Atos' principles marry up with their own in all aspects. Some of the SCPs actually commented, "**This is the most 'grown-up' up approach to managing a supply chain**" that they had ever experienced, due in the main to high levels of trust within a symbiotic relationship. The conduct of staff throughout Atos was equally found to be of a high standard at all levels. This had a very positive impact on the consistency, fairness and openness that many supply chain partners commented upon throughout this assessment, leading to a strong collegiate culture. (3a.1, 3a.3 & 3c.4)
- ▲ As identified in the first bullet point above, there are highly effective engagement strategies for wider stakeholders and the result is that Atos is able to gather good quality feedback from those outside of the supply chain delivery model. In particular for the PIP contract, Atos draws on the services of the Disabilities Representatives Group – a group of wider stakeholders that include for example, MENCAP and Parkinsons UK. The Group, which is 25 plus in membership, meets every 2 – 3 months and allows Atos to understand claimant experiences and concerns, especially in connection with individual disability groups. This has led to changes in processes and practices and has supported the improvement in supply chain performance, experienced by Atos in the last 12 months. (4a.1)

## Areas for Improvement

*The following areas have been identified as opportunities for Atos to improve and develop its approach to supply chain management. The comments should be seen as recommendations only and are not to be considered as 'mandated' in any way. It should be noted that the next Merlin assessment will review the Organisation's approach to these areas in order to establish progress as appropriate.*

### Commitment

1. With the Safe Harbour in place for SCPs who offer high end IT solutions, there may be advantages from investigating how DWP contract specific SCPs can be encouraged to collaborate more, outside of any involvement by Atos. Here for example, the sharing of resources could help SCPs realise some economies of scale, as well as sharing particular expertise.

(2a.3)

2. Whilst very effective relationships exist between Atos and the SCPs, a small number of those partners interviewed commented that they felt more could be done to communicate Atos' strategies and the changes planned in order to help them understand how they might be affected. In particular the issues of assessment throughput and the planned establishment of additional Atos assessment centres as part of its estate expansion in relation to the PIP contract. This is not to say that the SCPs have not been informed in this respect, but rather that SCPs do not understand what has been communicated to them, as they may not be in terms that they can relate to. It is therefore recommended that Atos consider business leader to business leader communications in order to fully discuss strategic issues and support the development of the SCPs' own strategies.

In some cases, SCPs commented that they had found the provision of information regarding the Merlin Advisory Board (MAB) to be both interesting and potentially useful, and it is recommended that SCPs are made aware of MAB from the very outset.

(2a.5, 2b.1 & 3c.)

3. With the Harbour providing commercial opportunities for SMEs in the IT support market, there may be advantages from keeping a watching brief on other funding opportunities that may be attractive to DWP contract specific SCPs, as this would help to add value to the relationship with Atos.

(2b.2)

4. In discussing the commitment of Atos to its SCPs, it became clear that SCPs are not always aware that there is no overt or discrete Management Fee in place – despite the fact that there is no management fee identified that SCPs are aware of. Helping SCPs to more fully understand this will help them to further understand the value for money that their contract offers.

(2c.8)

## Conduct

1. In reviewing evidence of quality assurance, it would appear that much store has been placed in the last 12 months on securing high quality assessment reporting practices, as this affects pricing and funding across the PIP supply chain. The quality assurance of claimant assessment services, including the provision of information, advice and guidance, safeguarding and health and safety, at the point of delivery by SCPs could however be made more robust, ensuring that quality is maintained regardless of the delivery point. It may prove beneficial for all concerned to review the claimant feedback channels in order to make this aspect more robust and comprehensive, as a single approach, i.e. surveys can often provide a biased view, as discussed at the feedback session. Various national standards could also help to inform and shape aspects such as managing personal interactions within the functional assessment process and may be worth further consideration.

Environmental Sustainability is a fundamental principle within Atos' Corporate Social Responsibility strategy. Recognising that the due diligence testing done at the procurement stage is robust, there appears to be less focus on this as an ongoing indicator of performance. In essence then, it is recommended that Atos look to define and communicate some clear targets for its supply chains to achieve, with specific objectives being agreed with each individual SCP. This will enable SCPs to be able to define their own contributions, as well as understanding just what is required of them in this regard.

(3b.1, 3b.3, 3b.5, 3b.6 & 3b.7)

2. A similar picture as described above equally exists for Diversity and Equality, with policies and practices being checked at the point of procurement and data being provided through the Quality, Cost, Delivery, Innovation, Management and Sustainability (QCDIMS) system. What is less clear is how Diversity and Equality data is being collated and analysed by Atos, or how any outcomes are being shared with the supply chains. This then is an area where development could help support supply chain understanding and identify how services are meeting local demographics.

(3e.2 & 3e.3)

## Review

1. With improved relationships across the PIP supply chain and performance now meeting expectations, it is recommended that Atos look to gain feedback from SCPs through some form of structured annualised self-assessment approach. This would enable SCPs to review and develop their understanding of their own performance against their strategic objectives and help them to better understand how they are contributing to the objectives of Atos and the commissioner.
2. Corporate Social Responsibility (CSR) is clearly part of Atos' operating philosophy and factors across all contracts. With supply chains having been designed and developed to meet the needs of the various commissioners, it is recommended however, that

Atos look to establish more *measurable* data on the impact activities are having on wider social objectives, in particular Environmental Sustainability (as described earlier). Impact could also be clearer around impact on health and well-being, poverty, criminality and homelessness, for example. This will help all members of the various supply chains identify their own contributions, as well as allowing Atos to create a corporate view of how its CSR strategy is making a difference.

(4a.2, 4a.4 & 4a.6)

## Areas Requiring Further Development

As Atos have met the Standard, as described in the Section 'Assessment Outcome', there have been no areas for development identified as requiring immediate action in order to gain accreditation. However Atos should consider the above Section 'Areas for Improvement', in order to continue to seek excellence in all their supply chain management activities.

## Assessment Findings

### 1 Supply Chain Design

#### 1a) Supply chain design

The scope and variety of the supply chain was found to be of a very high standard with a good representation of public and private sector organisations forming the network used to deliver services across the wide range of contracts. This use of a diverse range of delivery partners enables the various procurers' and commissioners' objectives to be addressed effectively.

The organisations within the supply chain are able to deliver services to a wide range of customer groups with varying needs. Supply Chain Partners (SCPs) were initially, and continue to be, selected based on a highly developed model for procurement. This includes thorough research by the bid teams, discussions with a wide range of stakeholders (that includes potential SCPs) and communications with legacy providers. A Disabilities Representatives Group was also established at an early stage in the PIP contract and this enables 25 plus organisations to have an input into Atos supply chain design and process re-engineering. This Group includes both national and local organisations, e.g MENCAP and Parkinsons UK, etc.

**"We've developed our commercial models together and it gives us confidence to agree long term contracts" (Staff)**

Over the course of the contract thus far, there is evidence of evolving supply chains and in relation to the PIP contract, there was an example provided of a new SCP being brought in to the supply chains to reinforce and enrich the range of provision on offer. The challenge here for Atos has been the very nature of the types of SCPs coming forward, as many health professionals are geared toward remedy and treatment, whereas the PIP contract calls for assessment alone – an approach that some SCPs have struggled with. A further challenge has



been in the initial poor performance against the PIP contract, leading to major reorganisation and resource investments being made. This addressing of potential contract shortfall is typical of Atos' wider approach to managing supply chains generally.

**"By having a broader mix of NHS and private organisations this gives better supply chain design." (Staff)**

Atos has also started a programme of estate expansion by opening additional sites of its own in order to support the infrastructure and overcome the backlog. This will also help to support the supply chain in preparation for the re-assessments coming into scope in October 2015.

## **2 Commitment**

### **2a) Collaboration, cooperation and communication**

As identified above, the procurement processes for SCPs within Atos were found to be highly effective. SCPs commented that they found the communications throughout the procurement process to be of high order and that there are good links to established good practice. These communication processes included a number of presentations for all interested parties, together with emails, face-to-face discussions with existing networks and individual organisations. The use of a well developed and comprehensive procurement process (Rainbow) and an 'e-sourcing' platform known as Ariba. These two processes work well together to keep potential and new SCPs up to date throughout the procurement processes.

Opportunities for engagement with Atos are equally well provided, particularly for suppliers of goods and associated services, for example across the breadth of IT Services.

**"Communications are regular and consistent" (SCP)**

**"ATOS take the time to listen" (SCP)**

**"We had discussions at least weekly and in some cases daily. They were very keen to address any concerns or questions we had and came back to us in good time with a response". (SCP)**

Following procurement, communications continue to be good, with SCPs citing monthly performance discussions with their Regional Service Development Manager (RSDM) and Clinical Bulletins, PIP Updates, ongoing emails and networking events as effective at all levels. SCP 'Good Practice' meetings in particular received very positive comments, with SCPs commenting that they found them to be open, honest and effective at challenging processes and identifying good practice currently in effect.

The six-stage Rainbow procurement process has 'consultation' as its very start point and there are many examples of commercial contracts commencing with a consultative phase that includes the supply chain itself.

A unique feature of the approach to bid development and supply chain design, is how Atos actually go out to potential SCPs to determine their views on how the bid should be constructed in advance of the bid submission. Successful bids then come back out to interested parties, including those who contributed to the bid submission and this keeps the process very transparent.

**“It was a bit chaotic to start with, but I think procurement is now much improved”. (SCP)**

**“Atos does take things on board”. (SCP)**

Atos and clients (for example the BBC and the Welsh Government) work collaboratively to ensure that services are appropriate and that procurement processes are jointly developed and approaches agreed and suppliers such as Phoenix, Kelway and Selection Services work collaboratively to put together appropriate bids to provide end to end services that drive better value for its customers. The Ariba system for e-sourcing equally supports collaboration and provides clear audit trails for the procurement of products and services. Needless to say that Atos operate in a highly commercial and competitive marketplace and there is understandably some reluctance amongst wider partners to truly collaborate due to commercial concerns.

**“This is a true partnership approach, they ask us things like ‘how is this working for you and how is this working financially for your organisation’. (SCP)**

The Atos business model is based on partnerships that have been developed to provide a free thinking environment for design and delivery. For example, in the DWP PIP contract, Atos uses ‘Clinical Forums’ to seek and share ideas within the health assessment arena. They also have established an “SME Harbour” for IT niche technologists, within which the Small and Medium Enterprises (SMEs) with whom Atos contracts can come together to work on joint delivery projects and gain critical mass on some contracts that normally would be beyond their scope.

**“We use clinical forums to share and seek areas for collaboration and they work really well.” (SCP)**

The introduction of the new RDSM role (of which there are four) in the PIP contract has had a significant impact on communications and relationships. Consequently all SCPs are clear about the business relationships, though a small number indicated less clarity when it came to discussing the estate expansion by Atos mentioned previously in this report. These SCPs commented that they are unsure as to Atos’ strategy and the implications for their own business.

The use of Service Level Agreements (SLAs) and Non-Disclosure Agreements (NDAs) to define the relationships and boundaries between the various parties is to be commended. Only in a couple of cases did SCPs state that they are sometimes unsure as to who to contact with certain queries. This then is an area for consideration that may add benefit.

With very effective working relationships in place at both senior and operational levels, the cascade of information was cited by many to be very good, it being both open and transparent and without unreasonable constraint. In addition to face-to-face discussions, for example at the RSDM's monthly reviews (who received critical acclaim from all SCPs), Atos has introduced a number of effective processes including QCDIMS, to help keep SCPs up to date with a wide range of developments and emerging issues. Alongside this run the daily and weekly email and phone contacts and it is clear that SCPs see communications being built on a 'no surprise' culture.

**"This is the most grown up approach I've ever experienced to Supply Chain Management" (SCP)**

**"There is a no blame culture" (SCP)**

**"My RSDM is very helpful and offers me a single point of contact" (SCP)**

**"We keep meetings open just incase we need them, but we don't use them if we don't need to" (Staff)**

## **2b) Developing supply chain partners**

In looking to establish the PIP supply chain, in some respects Atos was starting from scratch, as many of the SCPs were new to contract based functional assessments. This required significant input and indeed investment on the part of Atos and the results are clear to see. There are many examples of intensive training and strategic development being provided and even loans to enhance businesses, all geared towards encouraging strategic growth. With Business processes and principles enhanced, people within the SCPs are now better able to manage their business performance. Nor is the development of partners restricted to traditional approaches; Atos have adopted several more innovative approaches, including the use of actors who have been used in a dynamic fashion to demonstrate processes. The establishment of an SME Harbour programme has also contributed significantly to the strategic development of wider supply chain partners, as part of Atos' commitment to developing SMEs. In some cases this strategy has been so successful, that some SME SCPs have had to withdraw from the Harbour as they have grown beyond the SME definition (250 people).

**"We couldn't have grown (or delivered the capacity) at the speed we did without the support of Atos. The business loan allowed us to open sites in different cities and this footprint has opened even more doors for us". (SCP)**

The Harbour is also clear evidence of how Atos make wider opportunities available to SCPs (in a commercial sense). Funding in kind, for example through the provision of recruitment services (offered at the Atos preferred terms) is another route for financial support. There is some evidence to suggest that not all SCPs are learning of any additional funds available and additionally, that local funding may be on offer, though the availability of such funding is not widely known. This then is an area worthy of further exploration by Atos.

In regards to developing the staff within the SCPs, there are many examples of training being offered, ranging from in-depth induction programmes, to Train the Trainer sessions and systems and processes. A key focus of training provided to SCPs within the PIP contract has focused on Report Writing, as effective reports are critical to the assessment process and effective report writing can have a significant impact on SCP's revenues. The training offered thus far has been without cost to the SCPs and has been delivered through a wide range of media, including e-learning and videos. In one case, training was provided for suppliers using the Ariba system for the e-auction site in order to test the capacity of the bandwidth and usage to ensure that suppliers are able to participate. Part one of the initial training of new SCPs is provided through a 30 hour (minimum) e-learning package, thus demonstrating this Prime's commitment to innovation to meet partner needs.

**"The audit training has made SCPs more self-sufficient and we've seen a significant reduction in the number of targets audits". (Staff)**

**"The admin customer experience training was really helpful." (SCP)**

**"The train the Trainer is excellent and enables us to roll out the training effectively to our own people." (SCP)**

## **2c) Contracting and funding**

From a thorough review of the processes and discussions with SCPs, the contracting processes were found to be highly effective, fair and equitable by all those interviewed and, as identified above, communications are good throughout the process.

As identified above, Atos operates a six stage approach to bid management, referred to within the Company as Rainbow. This process commences with preparation for procurement and includes the research and consultation phases mentioned earlier; moves on to bidding and winning the bids and concludes with contracting and transition into delivery.

All procurement processes are in keeping with the Chartered Institute of Procurement and Supply guidelines. A dedicated Procurement Team consider each application and these are scored against pre-determined and communicated criteria (including a weighting system) as agreed with potential supply chain members. For those selected to become part of the supply chain, applicants were put through a standard due-diligence process that included financial stability, Health and Safety and other policy and resource checks.

SCPs commented favourably on the fact that the selection criteria were clear from the start including the payment structures. Since contract commencement, Atos have made changes to the funding model on two occasions in direct response to the comments made by SCPs over the course of the first year. In one case, a Price Per Minute structure was introduced to help encourage SCPs to reduce the time taken for each assessment, thereby providing for more revenue to be realised on a daily basis. These changes were introduced in an effort to reduce financial risks for SCPs and there are many examples of Atos supporting SCPs financially, e.g. the provision of business loans and the reimbursement of travel costs for SCPs attending meetings.

**“It was clear ATOS had taken a decision to reduce the financial risk of SCPs” (SCP)**

It would appear that the only less than positive comments beyond the design of the contract are related to the development of new Atos sites. Discussions with SCPs would suggest that several of them feel that some of these new sites may be operating in direct competition to their own business and are uneasy about this situation. Whilst Atos were able to justify this to the assessment team, there may be benefits to be had from working more closely with such SCPs in order to help them understand the rationale behind the strategy and the impact it should have. This would also have the added benefit of supporting their strategic development.

SCPs confirmed that Atos has devised and distributed effective and robust contract and guidance documents that clearly define the obligations of both Atos and its SCPs. Whilst some SCPs commented that some of the contracts are “a little long winded”, they all accepted that this in the main was due on the PIP and MWA contract to the nature of the requirements of the European Social Fund (ESF) contract. SCPs commented on the value of ‘Performance Surgeries’ and their approach to helping SCPs keep constant focus.

**“We have an SLA in place and that sets out very clearly just what the obligations of all parties are and this follows on from the earlier discussions”. (SCP)**

Market share has been defined and agreed based on geographic areas, with a degree of flexibility when it comes to boundaries. The capability of the applying SCPs was also factored in to the procurement process, with 70% of the marks being allocated to this category. As a result of the presentations and up front discussions in advance of contracts being issued, in which the delivery model was outlined, SCPs are generally aware of how market share was allocated, though there has been one or two cases where SCPs experienced some concern around “assessment bookings drying up”.

**“We have been assured that the original forecast will be honoured however”. (SCP)**

As identified above, there is clearly sufficient evidence to show that effective proactive negotiation took place regarding volumes and expectations, although this could be explored further to good effect, especially in relation to the estate expansion on the PIP contract.

None of the SCPs initially had any specific financial requirements as they all knew the Payment By Results model and were aware of the risks before taking on the contract. Some talked about requirements to profile 'realistically' to allow for the inevitable peak and troughs in delivery and that in the main these were accommodated - where there were any issues it was accepted that these were down to commissioners not understanding the delivery model and its challenges. Since the start of the contract there have however, been several variations to contract regarding funding arrangements, as a result of SCPs' individual performance and requests from across the supply chain in the light of operational experiences.

The transfer of funds throughout the supply chain is working effectively with only a couple of examples identified within this assessment of inaccurate, or late payments being made. In the cases identified this was due to inaccurate, or invalidated claims being made in the first instance. SCPs commented in generally favourable terms in discussing the Atos MI system and

found it to effectively support the claims process. Self-billing will be introduced later this year through the Ariba system and several SCPs are currently taking part in a pilot.

**“We had a payment delayed once, I contacted finance, they were genuinely concerned and ensured payment was made within half an hour”. (SCP)**

**“Payments are accurate and correlate with the management information system”. (SCP)**

**“ATOS were embarrassed when non-payment occurred – it was a systems issue”. (SCP)**

The Rainbow process allows for SCPs to define their own financial requirements, on a 'price build-up' basis. The initial presentations and discussions around procurement have done an effective job in raising the levels of understanding regarding Service Credits and understand that this is a 'flow-down' arrangement from DWP. Whilst not all SCPs are aware of any fees being levied by Atos, this was not seen as an issue as the SCPs had proposed their own funding model. All were certain that Atos do take a percentage of funds as a fee and were happy to describe the purpose in quite specific terms, citing admin and infrastructure charges, events, IT and systems support, communications, quality assurance and Atos support generally, including the services of the RSDMs.

**“They could be getting 3 x what they pay us to deliver this contract – I’m not interested really, we’ve given them the price we need paying for the job and that’s it”. (SCP)**

**“The RSDM has our backs and that’s worth a lot to us”. (SCP)**

**“There is good transparency about service credits.” (SCP)**

## **3 Conduct**

### **3a) Demonstrating commercial and business integrity**

The working relationships between Atos and its SCPs across the range of supply chains within IT Services are clearly at a high level. There are particularly good relationships with the RSDMs within the PIP contract and feedback from SCPs suggests that these relationships are fundamental to the effective working of the supply chain. The core principles and operating philosophy of Atos are captured in the Company’s mantra “Client at the Heart”. Whilst this has always been the case for Atos staff, the Company has recently developed this philosophy for its supply chain and has produced a number of documents that explore this principle and what it means. These documents include a range of statements that set out the basic principles that will drive positive behaviours and strong relationships. Despite it being early days for this initiative, all SCPs are clear that the client/claimant is at the centre of each consideration, citing clear openness and trust, transparency, with relationships being described as mutually beneficial. The willingness of Atos to be flexible and to be influenced by SCP comments, demonstrates to the SCPs that the principles of Client at the Heart are being carried in to day-to-day practices and behaviours.

**“Matching values has resulted in a true partnership”. (SCP)**

**“There was a marked effort by ATOS to adapt to the NHS”. (SCP)**

**“Whilst we haven’t agreed core principles, its clear we are on the same page”. (SCP)**

With significant experience under their belt and the support of internal HR Business Partners, Atos has demonstrated an excellent understanding of the TUPE processes and requirements and the transfer of staff between organisations were effectively managed. Atos representatives have also provided a high degree of support to other ‘importing’ organisations in order to address any experience or resource shortfall. Workshops, regular meetings and discussions, frequent emails, together with a nominated person within Atos that act as the focal point for enquiries, all helped TUPE’d staff to make the transition and allay any concerns they might otherwise have had.

As identified earlier in this report, the relationships and interactions between Atos and its SCPs are wholly positive and, in particular, SCPs are responding well to the efforts of the four RSDMs. Clinical Leads also meet on a six-weekly basis and there are Operational Forms held at frequent intervals. Alliance Partners (commercial contracts) equally commented on the highly positive and effective relationships they hold from senior management levels within Atos to operational staff

**“I’ve always found the senior people in Atos to be open to ideas and responsive to our needs. Operational staff are clearly focused on operational issues and meeting targets, though that’s only to be expected”. (SCP)**

**“Positive interactions give us a shared understanding of good and poor performance”. (SCP)**

**“The RSDM role has made a significant and dramatic change”. (SCP)**

**“Relationships are positive and symbiotic”. (SCP)**

**“The RSDM’s role is pivotal”. (SCP)**

Changes in legislation and statutory requirements are notified effectively through discussions and emails and these are reinforced within the monthly performance reviews and discussions with the RSDMs and during QA and audit activities. In some cases, e.g. Information Governance changes, SCPs have received presentations and personal coaching in order to aid their understanding. Clinical Bulletins are issued on a monthly basis, though operations have yet to develop a similar mechanism. The effective relationships and open dialogue provide for a high degree of understanding amongst SCPs regarding interpretation and implications of funding, process and legislative changes.

**“With, for example, the bribery and corruption act, we have to ensure that any meetings are documented, they have clear policies around gifts etc”. (SCP)**

### 3b) Quality Assurance and Compliance

Quality Assurance (QA) processes and practices overall are good with provision being driven by the QCDIMS and performance management processes. In the main, the approach to QA has been very much a desk-top exercise, focused principally on the quality of reporting by the health professionals (within functional assessment provision). These reports are critical to the accuracy of the judgment by DWP as to benefit entitlement for the claimants and equally have an effect on the revenues of the SCPs. QA generally is based on the principle of 'get it right first time' and building good quality in, leading to a rather front-loaded approach. Systems, processes and resources are tested as part of on-boarding and this applies to both DWP and commercially contracted projects.

Any shortfalls in performance and quality are picked up by the RSDMs and an action plan is agreed with the SCP that will address the issues

**"A lot of the quality measures revolve around the KPI's which are assessed on a desk-top basis, if you score a C grade on your reports they come out and put in support". (SCP)**

Plans are in place to introduce Health Professional peer reviews to provide an opportunity for direct observation of services at the point of delivery, though this has yet to be launched across the functional assessment supply chain. Atos have however, recently introduced a paper-based process with which to gauge claimant satisfaction with the assessment process, though it is recommended that management consider making the process less about 'how satisfied' claimants are and more about the process of assessment.

All results of QA activities and feedback are channeled through Atos' senior management in the first instance and then ultimately to the QA central function, in order to identify trends and areas for development. SCPs commented that they find the quality approaches to be well managed, effectively conducted and valuable in identifying areas for development.

**"QCDIMS has been a game changer and helps us report accurately to our own Trust board" (SCP)**

It is clear that there are effective processes in place to utilise the findings of the QA processes to inform and improve service delivery. Examples include the significant improvements in the quality of assessment reports and the expansion of SCP premises in order to deal with capacity issues. Other examples exist of additional support being provided as a result of QA activities, such as the improvements in the use of the Atos MI system, the strategic developments identified earlier and staff training needs generally.

It is noted that these arrangements are proving to be effective for the DWP contract specific supply chains, however the process of quality assuring the delivery of commercial services is less robust and is a feature of the recommendations in the earlier section of this report

With well established supply chain partners, Atos is able to demonstrate that access to good quality information, support and advice is made available and promoted to customers at the point of delivery across all supply chains. This report carries several references to the fact that Atos keeps its supply chains up to date with the latest information and that it supports the



SCPs in a wide variety of ways. An excellent example is in the case of a large public corporation that was able to reduce print costs by £2M as a result of the advice and guidance offered by Atos. PIP contract specific SCPs also commented very favourably on the guidance afforded them by the Clinical Leads and again cited the RSDMs as good sources of information, advice and guidance.

**“Atos provided audit training for our clinical leads resulting in a reduction of C grades by 30% over a 9 month period and average assessment duration reducing from 180 mins to 80 mins, and outstanding reports reducing from 9 days to 0.82 days”.** (SCP)

It is recognised however that for the PIP contract, SCPs are not permitted to provide advice and guidance to claimants, this being a pure functional assessment service. Any concerns raised as a result of the functional assessments are channeled either back to the claimant’s own GP, or to DWP for non-health related issues.

As part of procuring new SCPs, Atos provides detailed information on the various system requirements and this includes the provision for data security. Data Security within Atos is in line with ISO 27001 requirements and it is closely monitored and implemented during the Due Dilligence process at the outset. The Data Security team within Atos have a responsibility for ensuring that all parties are compliant and the general feeling amongst SCPs is that **“they are very strict on this”**. At an early stage it was recognised that some of the smaller SCPs may struggle equipping themselves with the appropriate level of resources to meet the exacting standards for data security and Atos have provided all the SCPs with approved equipment and peripherals, all set up and ready to go.

**“Atos is more stringent than the NHS” e.g. Atos pre-employment checks are more robust, including additional references and more identification details. System log on’s have 3 levels of access, leaving Operations Managers unable to access clinical information.”** (SCP)

**“Atos systems used are so secure. We can use no more than 5 NI numbers in any one email but I don’t think its been tested or checked by Atos”.** (SCP)

**“If we send more than 5 NINO’s then they get in touch and tell us we shouldn’t be sending that many”.** (SCP)

Health and Safety (H&S) policies are also initially assessed as part of the procurement process and reviewed as part of the monthly performance discussions between the SCPs and their RSDMs. In the event of any shortfall, or corrective action being required, an action plan is drawn up by the SCP and agreed with their RSDM, supported by Atos’ specialist H&S advisors.

Any H&S incidents are reported to Atos through their defined reporting structure and are immediately followed up by the RSDMs, drawing on specialist internal resources where required. The only area of issue for some SCPs lies in the provision of security staff for claimants who are flagged as having a record of unacceptable claimant behaviour (a UCB flag). Whilst SCPs were asked to make an allowance for this in their original Price Break Downs at the bid stage, many opted to keep their costs down and lower their price to Atos.

With UCB flags not always being shown on a claimant's record, some SCPs are now experiencing problems in this regard and this may be worthy of a review by the RSDMs.

A similar situation exists for safeguarding, with initial checks on policies in place through the procurement processes and ongoing reporting of any incidents. As previously, the RSDMs provide the first contact point for SCPs and their staff and customers who feel concerned. With safeguarding having a high profile, many SCPs have developed their own approach and policies and some have undergone specific training related to practitioner safety, though whilst materials have been made available to them from Atos, this is not something that has been widely adopted by SCPs, beyond the piece that features within the induction programme.

Monthly management information returns capture related data, although there have been no reported, or identified incidents since contract start. As with H&S, there remains a need to continue the work to build this into a more robust QA process.

There are policies in place throughout the supply chain related to Environmental Sustainability (ES) and this forms part of the selection criteria for all supply chain applicants. Atos itself is subject to ESF and DWP audits on a regular basis and these factor in their approach to environmental sustainability. EcoVadis captures data relating to environmental sustainability and Atos have developed a Sustainability Charter with which to govern its own and partner organisations. Whilst these approaches are in place, there are currently no targets set by Atos for SCPs specifically related to ES issues, beyond those that the SCP organisations may have in place of their own volition. The collation and analysis of this data is also in its infancy at this time, although this forms part of the plans for Atos moving forward over the next few months.

There are many examples of 'excellent practice' being demonstrated and shared, e.g. one SCP sharing their business case with another SCP in order that they could recruit higher level Health Professionals. The Clinical Bulletins also serve the sharing of good practice well and the Partner Forums and monthly review meetings with the RSDMs all contribute effectively here, as does the SME Harbour for non-government contracts. That said, Atos at this time has not set out to define what the term "Good/Excellent Practice" actually means and consequently has not communicated with the supply chain in this respect. This potentially leaves supply chain partners identifying what they believe to be good practice and sharing the same through the various formal and informal networking opportunities, as identified above. This then may be an area for further consideration when it comes to continuous improvement.

**"The Clinical Bulletins are really good for helping you to see how others have responded to the same issues that you might be having". (SCP)**

**"We seem to be sharing good practice all the time really and all the advice and support we've had from Atos is obviously based on the good practice they have seen in other businesses". (SCP)**

### 3c) Honouring Commitments

Atos has managed SCP expectations well with effective communication throughout the procurement phase and during live running. Expectations have been clearly defined from the outset and communicated in both written format through the SLAs, Contract Change Notices

(CCNs) and bulletins and verbally through discussions. Within this assessment, SCPs confirmed their understanding of these expectations and that post-contract arrangements reflect pre-contract agreements. Due to the performance challenges facing several of the PIP SCPs, the pricing structure was renegotiated in 2014 and this was covered by an appropriate CCN. In one case an NHS Trust requested that their contract start be deferred until the commencement of the Trust operational year and this was agreed by Atos.

In discussing the complaints procedure within the Atos supply chain, SCPs were generally aware of the dispute resolution processes and how to access through their RSDM should the need arise. Again, all the SCPs interviewed indicated a good level of satisfaction with regards to concerns being quickly addressed and in a positive manner. There were a very small number of SCPs who had taken an issue to the Independent Case Examiner where they had not been happy with a decision made by Atos, though in all cases, the original Atos decision was upheld, as all due process had been adhered to. The low volumes of complaints is due largely to the positive relationships existing between Atos and its supply chain partners, with any concerns being addressed as they occur by the RSDMs, drawing in senior Atos staff as appropriate, where the issue determined that it be escalated to a more senior level.

Atos senior staff also indicated that the Company would abide by any decision made by the Merlin Mediation Service (MMS), though this service was relatively unknown to the specialists, due in the main to the fact that it has not been required to this point in time by any SCP. Whilst no such body exists for commercial SCPs, all those interviewed in this regard commented that they felt Atos would abide by any findings of an external adjudicator, but that in their experience, they felt Atos would work to resolve any issues before this became necessary.

As identified earlier in this report, expectations regarding processes, practices, expectations and standards formed part of the pre-contract presentations to potential SCPs and these have been built into the SLAs, contracts, Non-Disclosure Agreements (NDAs) and service guidelines. These expectations continue to drive the performance and quality reviews and are a key feature of the monthly RSDM meetings and quarterly SCP meetings. For a small number of PIP SCPs, there was a feeling that Atos could do more to manage expectations around expansion plans as described previously.

**“Negotiations and communications are clear and expectations are clear all round”. (SCP)**

### **3d) Performance**

As identified earlier in this report, collaboration is strong across the full range of supply chains, particularly for those SCPs within the Safe Harbour. Within PIP, the performance dashboard in the QCDIMS pack gives each SCP a Red, Amber, or Green (RAG) rating and provides for a picture of the overall performance of the network. The client at the heart philosophy also helps SCPs to see how they can work together and there was one good example of where the approach has helped one SCP with reducing assessment duration, with additional support being offered for that SCPs new Health Professional starters. Working groups have also come together from within the supply chain to develop management information systems, booking policy, clinical strategy and for reviewing the training offered to SCPs.

In the main, such collaboration operates at a local level, rather than at a national or regional level, though this is not seen as an issue for those SCPs interviewed.

As demonstrated by the significant improvement in performance across the PIP supply chain, Atos has demonstrated highly effective performance management processes and practices, primarily through the use of QCDIMS and monthly performance reviews with Atos' RSDMs and senior staff. Opportunities exist for SCPs to raise issues and discuss concerns at these meetings and these are shared across the operational teams within Atos in order to resolve them effectively. Lessons learned are also noted and shared across the network through regular emails, Clinical Bulletins and ongoing discussions.

Any under-performance identified within an SCP results in an improvement plan being drawn up and agreed between the SCP and their RSDM and this drives any subsequent reviews, audits and inspections until such time as the shortfall is addressed. Several examples were provided of SCP failing to deliver targets in their first year and then working alongside their RSDM to identify the causes of the poor performance and introducing measures to remedy. The result was to see the SCPs significantly improve their performance, usually in terms of improving their assessment reporting. All SCPs within the PIP contract were clear that the target is to achieve no more than 3% of C grades for their reports over a three month rolling period and that consistently straight 'A's represents excellent practice.

The Atos MI system is a sophisticated piece of technology that has developed over time and now has the capability to store, analyse and recover information in a comprehensive manner. However there were some concerns expressed by SCPs that it was not all that robust and "fell-over" from time to time, leading to some SCPs developing their own dual system. Reports produced by the MI system have been developed in partnership with the SCPs and SCPs commented that they allowed partners to see how they are performing against their particular SLA.

**"The MI group identified what was no longer required and so what we've got now is fit for purpose". (SCP)**

Atos has built the concept of Value For Money (VFM) into all aspects of their contracting process and the general feeling amongst SCPs across the range of contracts is that VFM is discussed here more than with any other contractor they have experienced. The "Should Cost" model allows for a very clear understanding of how prices are broken down to represent VFM, though this is stronger for non-government contract partners than it is for PIP SCPs. Those SCPs questioned indicated that VFM is very much dependent on volumes coming through as projected, though their perception is that this has improved over the course of 2014.

Atos also describes the value for money experienced by the commercial customers, citing economies of scale, global reach and good connections, all being brought to bear to the benefit of the commercial SCPs, for example through the Safe Harbour. Overall then both Atos and their SCPs are able to describe the features of value for money outside of any statement, or definition being provided.

In reviewing the approaches taken by Atos to measure and encourage demonstrable improvements in SCP performance, it is clear that the vast majority of PIP SCPs have improved, in some cases quite significantly, as a result of the partnership approach and expert guidance by Atos. For example, the total sum of A & B grades for all types of audit has risen by 22% from August last year to February 2015.

**“We have found it essential to place a lot of emphasis on accurate and timely report writing, as this affects both partners (SCPs) and the claimants. This work has paid off and we can now see a fully functioning supply chain on PIP”. (Staff)**

**“We’ve also brought our expertise to bear for our commercial contracts and you can see how much some of them have improved in terms of their business capabilities. The SMEs within the Harbour are a great example of this”. (Staff)**

**“The Harbour, I’ve got to say, has been fantastic for us. We just keep growing as a company, thanks to the business opportunities that have been presented to us by Atos”. (SCP)**

### **3e) Promoting Equality and Diversity**

In designing the supply chain, Atos were able to contract with SCPs that share its own beliefs and values, including those related to diversity and equality. The Alliance Partners and other large stakeholders and customers of Atos have very clear guidelines and requirements in this respect leading to a high degree of visibility for this issue and all SCPs are clear as to expectations.

The EcoVadis system is designed to capture diversity and equality data though this tends to be for non-PIP SCPs at this time and is more biased towards an ethical approach to trade, rather than the analysis of take up of services in comparison to any demographic data. The onboarding processes described earlier also include a check on the policies and practices that SCPs have in place related to Diversity and Equality (D&E), though there appears to be no ongoing monitoring processes in place at this current time.

This then is an area where Atos could look to make significant improvements. By not only capturing data, but also analysing the data and sharing the results with SCPs, it would help all concerned to inform future service delivery and how it links to the wider policy and objectives of the commissioner. Equally, training could be offered to PIP SCPs’ staff around cultural awareness in order to help them to understand differences beyond those centred on disability and this may be also worthy of further investigation.

## **4 Review**

### **4a) Supply chain review**

Feedback has been collected from a wide range of stakeholders over the duration of the contract, either through formal processes such as performance review meetings, regional and local networking or through informal situations. Innovative approaches have also been developed that include a “Rant and Rave” App for smart phones and tablets.

Stakeholder feedback is also sought through Quarterly Engagement meetings with representatives from major disability groups and organisations. These groups include for example, condition specific organisations such as Parkinson's, Royal National Institute for the Blind and Mencap, as well as non condition specific such as the Citizens' Advice Bureau. Whilst this is not seen as part of the governance requirements, nonetheless Atos feels that hearing the voice of the customer is reputationally important and is led by a member of the Executive Leadership team. An example of the effectiveness of these arrangements can be seen in the newly introduced pilot of providing taxis on account (previously this was reimbursed to claimants but this could lead to cash flow problems for these people). A further example is the trialling of video technology for certain eligible cases to undertake PIP assessments within an assessment centre via video link, this being based on an innovative idea from an SCP. Whilst the feedback mechanisms are of a high standard, there may be benefits to be had from reviewing the processes for sharing the results of approaches such as the partnership surveys, as several SCPs commented that they are not aware of any outcomes from such activities and they would find it beneficial to know more.

These feedback loops, together with the discussions held with SCPs during the monthly performance reviews all go to give a clear picture of where continuous improvements can be made. Key Account Teams and Functions within Atos IT Services are required to produce an annual Service Improvement Plan and each Alliance Partner has a quarterly plan agreed with them. The reports and plans are not currently shared across the supply chain network however, although highlights are shared through the various communication routes, e.g. the Bulletins and the RSDM meetings as appropriate. There could be advantages to be gained in requesting that each SCP produces their own Self-Assessment Report (SAR), against a pre-agreed set of subject headings. Not only would this help Atos to see where SCPs position themselves, it would also help to support a strategic review within each SCP, something that typically SMEs are weak at.

Discussions with SCPs at all levels have shown the communication channels identified earlier within this report to be equally effective at providing the supply chain with up to date information on wider policy and strategy, through the described communication vehicles and face-to-face dialogue.

Not only is there a clear line of communications, there is equally a clear commitment within Atos to the wider policy and objectives of the various commissioners. This is typically captured in the partner organisations' Corporate Social Responsibility (CSR) strategies and is evident in the design of the supply chain and the use of specialist providers and in the various new initiatives being explored and delivered. Many of those PIP SCPs interviewed were broadly aware of the commissioner's wider objectives, as well as the part they will be playing in contributing towards them in a demonstrable fashion, although this is inconsistent and tended to relate to their own area of expertise and interest, rather than across the contract. That said, there are clear KPIs that drive towards these wider social objectives within Atos and SCPs commented that they found the supply chain forum events useful for meeting the commissioner.

**"I think we're very much aware of the wider social objectives on an individual level. For example, we work with people with disabilities and we obviously have an impact on their lives". (SCP)**

**“We get regular updates and good news stories and that’s helpful to understand what other people are doing and achieving”. (SCP)**

**“We share Atos’ commitment to supporting those less fortunate than us and we contribute significantly to a number of local and national charities, from helping the homeless, to supporting food banks”. (SCP)**

The introduction of a new SCP into the PIP supply chain over the previous year or so, demonstrates that Atos is keen to continue to support the evolution of the supply chain. The same can be said for the use of the Safe Harbour and the Lighthouse Team is continuously introducing SMEs to the Harbour. The development of Atos’ own direct delivery service is also an indication of the evolution of the supply chain design, as is the introduction and refinements to the systems and processes that all work to support the efforts of the rest of the supply chain and better meet the needs of the customers and other stakeholders.

The design and activities of the supply chain have without doubt evolved over the last 12 months, with examples of positive, impact on such aspects as employee health and wellbeing being captured and reported, though other positive outcomes tend towards the anecdotal and opportunities now exist to extend the range of data collection to other stakeholders, e.g. the NHS, the National Housing Federation, environmental groups and the justice system, in order to better understand the wider impact of the supply chain in this regard.