

G-Cloud sales continue to grow as cloud adoption increases across the UK public sector, but what does G-Cloud really mean to UK public sector organisations wishing to buy ICT services?

The government's Cloud First policy requires public sector organisations buying new or existing ICT services to consider and fully evaluate potential cloud solutions first, ahead of other options. The Digital Marketplace and the G-Cloud Framework Agreement offer buyers a quick and simple way of supporting the Cloud First policy.

The G-Cloud Framework Agreement allows public sector organisations to buy cloud services through a framework that complies with the Official Journal of the European Union (OJEU), and is regularly refreshed to ensure the best that the market has to offer is available

The G-Cloud Digital Marketplace is an online catalogue of the services available for purchase. The services are showcased in the Digital Marketplace with their features and pricing, as well as supplier terms and conditions. So buyers can easily compare and benchmark the various options available.

Fundamentally the G-Cloud Framework and Digital Marketplace make it easier for buying organisations to assess the wide range of services available from an extensive list of suppliers. They also provide a quick, compliant and transparent means of awarding a contract and placing an order.

Cloud services offer a flexible approach to ICT that can ultimately reduce costs for UK taxpayers and enable better value public services. G-Cloud and Digital Marketplace facilitate the buying process for cloud services and give buying organisations the opportunity to deliver real value.

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Why Cloud and why G-Cloud?

Government Transformation Strategy and Cloud

First In February 2017, the Government Digital Service (GDS) published the Government Transformation Strategy, which defines its vision for the relationship between the citizen and the state by 2020.

The strategy sets out five objectives:

- Continue to deliver world-class digital services and transform the way government operates, from frontend to back-office, in a modern and efficient way
- Develop the right skills and culture among our people and leaders, and bring together policy and delivery to enable services to be delivered in a learning and iterative environment, focused on outcomes for citizens
 - Build better workplace tools and processes to make it easier for public servants to work effectively, including sourcing, governance, workplace IT, businesses cases, human resource processes, common technology across the public sector, and better digital tools for civil servants
- Make better use of data — not just for transparency, but to enable transformation across government and the private sector
 - Create, operate, iterate and embed good use of shared platforms and reusable business capabilities to speed up transformation — including shared patterns, components and establishment of open standards

The government's Cloud First policy, formally restated by the GDS in February 2017, is a key enabler of the transformation strategy.

In practice, Cloud First means that when public sector organisations buy new or existing services, they should consider and evaluate potential cloud solutions before they consider any other option. Organisations are free to choose an alternative to the cloud if they can demonstrate that it offers better value for money

Why cloud?

By using accredited and secure cloud environments and services, government organisations can be more dynamic, responsive and flexible in terms of service demand and resource availability. They will realise additional business benefits, including increased data security and improved availability, and make significant cost savings — for example, by no longer procuring expensive hardware which rarely operates at full capacity.

As public sector organisations move away from traditional device-centric operating models and towards service-centric cloud options, they start to realise the benefits of scalability and the ability to use resources on a subscription or utility basis, paying only for what they consume. This approach delivers substantial long-term cost savings.

"Cloud hosting enabled us to avoid the costs and delays associated with procurement, and leave behind the inflexibility of traditional IT infrastructure. There's no need to pre-provision capacity to meet peak usage levels. Instead, we can scale up and down in line with requirements, never paying for more than we need."

**Matt Lewis, Senior Architect,
DVLA**

What are G-Cloud and the Digital Marketplace?

The G-Cloud Framework Agreement allows public sector organisations to purchase cloud services from a wide range of suppliers, over 90% of whom are small and medium-sized enterprises (SMEs). The Framework Agreement complies with the OJEU and is regularly refreshed to ensure that the best that the market has to offer is available to government.

The Digital Marketplace is an online catalogue of the services available for purchase by government organisations under the G-Cloud Framework.

You can access the Digital Marketplace at <https://www.gov.uk/digital-marketplace>

It showcases the services and their essential characteristics and prices, as well as supplier terms and conditions. All the information in the Digital Marketplace is transparent and publicly available. This approach drives competition and value, and allows buyers to easily compare and benchmark service characteristics and prices.

The advantages of buying through the Digital Marketplace are many: the process is OJEU compliant, quick and transparent; and the buyer has access to a wide range of innovative services, many of which can be deployed in hours. The Digital Marketplace's transparent and open approach to pricing means that services can be purchased at considerably less cost than through more conventional purchasing routes.

The G-Cloud Framework and Digital Marketplace services are divided into three Lots: cloud hosting, cloud software, and cloud support.

Lot 1 Cloud hosting

Cloud hosting suppliers provide cloud platform or infrastructure services that can help buyers:

- Deploy, manage and run software on the cloud
- Provision
- Use Processing, storage or network resources

The customer doesn't manage or control the underlying cloud infrastructure (including network, servers, operating systems, storage), but has control over the deployed applications, and possibly over configuration settings for the application hosting environment. Buyers pay only for what they use.

Lot 2 Cloud software

The capability provided to the customer is to use the provider's applications running on a cloud infrastructure. The applications are accessible from various client devices through a thin-client interface, such as a web browser (for example, web-based email), or a program interface.

The customer doesn't manage or control the underlying cloud infrastructure (including network, servers, operating systems, storage), or even individual application capabilities — with the possible exception of limited user-specific application configuration settings

Lot 3 Cloud support

Cloud support provides services to help buyers set up and maintain their cloud services:

- Planning
- Setup and migration
- Testing
- Training
- Security Services
- Quality Assurance & Performance Testing
- Ongoing support

The following services are excluded from G-Cloud:

- Colocation services — see Crown Hosting Services RM1069
- Non-cloud-related services / consultancy
- Bespoke design and development
- Hardware

Using G-Cloud and the Digital Marketplace

When to use G-Cloud and the Digital Marketplace

G-Cloud services are particularly suitable for projects that:

- Need a solution quickly (even services that have stringent security protocols can be deployed very rapidly by some G-Cloud suppliers)
- Are required for an indeterminate time period
- Require a proof of concept
- Have requirements that can be satisfied by commodity solutions

Approvals, business case and requirements definition

In common with any other procurement, there must be valid business reasons for procuring a service at all. G-Cloud does not change this, so the appropriate internal approvals must be obtained. Because procurement and service costs will be significantly lower, the investment cases a buyer considers may be very different from those they are used to. Cloud computing essentially delivers ICT services as a commodity. Cloud computing suppliers can deliver their services at exceptionally low cost because their services are standardised. Under procurement regulations, G-Cloud suppliers cannot modify their Digital Marketplace services to meet specific requirements, or the needs of individual buyers (although they are often configurable).

The onus is therefore on Digital Marketplace buyers to make sure there is a clear understanding of the user requirement, in terms of:

- What the solution has to do (the functional requirements)
- Any constraints upon what the user would deem to be acceptable (the non-functional requirements)
- The security classification of the data that the solution will be process and/or store

If the buyer intends to apply Most Economically Advantageous Tender (MEAT) criteria to the evaluation process, it is recommended that these criteria be included in the requirements from the outset. The Crown Commercial Service (CCS) also recommends that buyers draw up a comprehensive list of search criteria as part of the initial preparation.

One of the advantages of cloud computing is that the buyer pays only for what is used, only when it is needed. This minimises the cost of setting up a trial should a buyer need to test the requirements against a commoditised solution. Many G-Cloud suppliers offer free trials for limited time periods.

After gaining the appropriate approvals, defining requirements, and specifying data confidentiality levels and evaluation criteria, the next step is to identify any technical constraints arising from legacy systems or services. A buyer's Technical Design Authority will normally assist in identifying any constraints and mitigating any technical risk.

Searching and longlisting on the Digital Marketplace

Thousands of services are available on the Digital Marketplace across the Lots. To get meaningful results from searches made on the Digital Marketplace, a buyer needs to be clear about their requirements and the key components of the search:

- Establish the type of service required — cloud hosting, cloud software, or cloud support
- List keywords to describe the required service — for example, compute, storage, secure hosting, UK hosting, PSN, N3/HSCN, proof of concept

Buyers can:

- Use double quotes (“”) to search for an entire phrase rather than individual words in the Digital Marketplace search box, for example, “service management”
- Incorporate an asterisk (*) as a wildcard to define partial search terms
- Use the plus symbol (+) to join words

A well-defined requirement and a comprehensive set of search criteria are key to searching

successfully on the Digital Marketplace.

- Use the minus (-) function to eliminate inappropriate words or phrases

G-Cloud suppliers aren't restricted in their descriptions of their service offerings. It is therefore recommended that you run multiple searches to formulate your longlist, to avoid excluding any potential suppliers.

The initial search will produce the buyer's longlist which meets the essential functional and non-functional requirements.

As with all procurements, the longlisting process should be fair and transparent, and supported by a demonstrable audit trail. The CCS provides a range of templates, including audit templates, which can be used as examples.

Shortlisting

Buyers should then reduce the longlist to a manageable shortlist by assessing each service offering against their mandatory requirements. This comparison can be done online within the Digital Marketplace, using a list of filters to refine the search. Multiple filters will reduce the list to fewer services, which can then be evaluated individually

Evaluating shortlisted suppliers

Shortlisted suppliers will need to be evaluated. The engagement process will vary according to the nature and complexity of the requirements. In some simple cases, shortlisted suppliers and services can be evaluated via the Digital Marketplace against key functions, and by comparing the service descriptions. The buyer must take a number of rules into account to ensure the procurement is compliant:

- Services are fixed at the point of tender and cannot be materially changed or re-negotiated
- Buyers cannot negotiate or accept individual price discounts — any price reduction must be made available to all and reflected in the supplier's pricing document

The following points should also be considered when engaging and evaluating shortlisted suppliers.

Does the solution meet requirements?

The technical team should use the period of engagement with shortlisted suppliers to confirm that their interpretation of the documentation provided by the supplier is correct, and that there are no obvious limitations posed by either the solution or legacy IT. In many cases, G-Cloud suppliers offer time-limited free trials, sometimes against basic functionality, which can provide an immediate answer regarding the usability of the proposed solution

Identify all costs

In addition to the unit cost shown in the Digital Marketplace, buyers should test for additional costs by checking all published pricing information in the Digital Marketplace. Additional costs may include on-boarding, exit and connectivity costs, as well as others. Buyers should also check whether any discounts apply.

Understand supplier T&Cs

The supplier terms and conditions will form part of the G-Cloud call-off contract. They cannot be altered at the point of call-off. The buyer will therefore need to be satisfied that the supplier terms and conditions are either acceptable in full or, where partially acceptable, that the undesirable clauses are effectively overridden by existing clauses in the G-Cloud call-off contract terms and conditions, which take precedence.

Supplier Selection

If the solution needed has simple requirements that are identical to the service specification, the buyer can select a supplier from the shortlist based on lowest price (a 'direct award').

If the buyer cannot identify which service best fulfils the requirements based simply on price, they should apply the MEAT evaluation model.

The MEAT model must use the following evaluation criteria; buyers may apply their own weighting to each criterion

Number	Direct award criteria
1	Whole-life cost: cost-effectiveness; price and running costs
2	Technical merit and functional fit: coverage, network capacity and performance as specified in relevant service levels
3	After-sales service management: help desk, account management function and assurance of supply of a range of services
4	Non-functional characteristics

Assess the information risk

Under the Government Security Classification Policy, which went live in April 2014, G-Cloud suppliers must self-assert the security credentials of their services against the government's 14 key security principles for cloud computing.

Buyers should look for assurance from suppliers that their processes and technologies can securely manage, store and process their data.

In particular, buyers need to understand where their data will be processed and stored. If it's likely to be processed or stored offshore, buyers will need to understand the associated jurisdictional and legal implications and risks.

Some cloud providers can provide third-party validation of their service's security credentials. Buying organisations will need to be confident that the validation body is a trusted source.

Buyers can conduct tests and demonstrations, or set service definitions or standards as needed, to help establish which of the shortlisted offerings provides the most economically advantageous solution to meet their requirements. All shortlisted offerings must be evaluated against the same model: the process must be fair and transparent, and a demonstrable audit trail must be maintained.

If, following the application of MEAT, more than one service is acceptable, the service that offers the best value for money must be selected by procurement law. The value-for-money statement should take into account factors such as applying risk mitigations and whole-life costs (including migration and training costs), as well as the catalogue cost of the service.

Once the service and supplier have been selected, all shortlisted suppliers should be told the outcome of the procurement. As with any procurement, it is important to offer unsuccessful suppliers feedback. Apart from following best practice, this enables unsuccessful suppliers to review and improve their Digital Marketplace services, and also helps the G-Cloud market to develop and mature.

Awarding the contract

A standstill period has already been applied at the G-Cloud Framework award stage. There is therefore no obligation to apply a standstill period to any call-off contracts awarded under the Framework. However, CCS recommends entering into a ten-day standstill period as a matter of best practice, once successful and unsuccessful suppliers have been notified of the outcome of the procurement.

The G-Cloud call-off contract must then be completed and signed by both parties to formalise the engagement. The contract is made up of the following documents, in a hierarchy:

- G-Cloud Framework Agreement
- G-Cloud call-off overarching terms and conditions
- Order form
- Supplier terms and conditions (not negotiable)
- Any relevant supporting documents

Buyers may make specific amendments and refinements to the call-off terms and conditions, provided these are in scope of the call-off contract.

The order form sets out the services that are being bought and can comprise the template order form in the G-Cloud contract, the supplier's order form, or the supplier's online ordering system. The timeframe for service provision will be specified in the order form.

The initial call-off term of up to 24 months can be extended by 2 x 12-month periods, giving a maximum term of 48 months. Buyers must have a robust exit plan prior to placing an order, to prevent supplier lock-in.

Under the spend controls process, central government departments must obtain GDS approval before extending a call-off contract beyond 24 months.

Because the terms and conditions are pre-agreed, the contracting process is very quick. As with any procurement, a demonstrable audit trail must be maintained.

Raising a purchase order

Most government purchasing organisations will not accept invoices unless a valid purchase order is in place. It is important to ensure that purchase orders are raised promptly to enable suppliers to invoice for the services buyers are consuming.

Benefits

The CCS expects G-Cloud buyers to record and report the benefits of the G-Cloud transaction, in order that the savings delivered by G-Cloud are captured. The Benefits Record Template can be obtained from the CCS.

Continuing or terminating G-Cloud services

It is good practice for buyers and project teams to review the current arrangement at least three months before the end of the agreement, to determine whether to renew or terminate the service.

If the buyer wishes to continue using the G-Cloud service, they must perform a re-evaluation to determine whether the scope and requirement of the service has or hasn't changed, and whether the current service continues to offer the best value.

A new order form and call-off agreement will be needed if the current framework is newer than the one under which the original agreement was let, to ensure the most current terms and conditions are in play. Should the buyer decide to stop using the G-Cloud service before the contract end date, they will need to make a formal written communication to the supplier



About UKCloud

UKCloud provides a true public cloud for the exclusive use of UK Public Sector organisations. We are dedicated to helping our customers gain value from the agility and cost savings of using a sovereign, assured cloud platform. Focusing solely on Public Sector customers, we are able to provide a leading cloud proposition that delivers outstanding value and capability. This ultimately benefits the UK taxpayer, citizens and businesses by enabling Public Sector organisations to deliver better services through technology.

Here's how:

- **We're focused on cloud.** Delivering a true cloud platform that is massively scalable, flexible, assured and cost-effective – and customers only pay for what they use.
- **We're open. You are never locked in.** Using industry standards and open source software our platform gives customers the flexibility and choice to transition and transform their applications and deploy across multiple cloud solutions.
- **Dedicated to the UK Public Sector.** Our business is designed specifically to serve and understand the needs of public sector organisations, and is UK sovereign, with UK cleared staff and we pay UK taxes.
- **We develop communities.** We bring together communities of users that are able to share datasets, reuse code, test ideas and solve problems that enhance services and benefit the UK citizen.
- **Customer engagement.** We will only be successful if our customers are successful. We embody this in the promise: Easy to adopt. Easy to use. Easy to leave.

Supporting both cloud native and enterprise applications — based on VMware, OpenStack and Oracle stacks — the platform is used extensively to host both citizen web applications, and internal facing applications only available through secure government networks. Our industry-leading platform is built on the unique and cutting-edge technologies of the UKCloud Cloud Alliance — QinetiQ, VMware, Cisco, EMC and Ark Data Centres — which continually drives innovation and product development, at the lowest price to meet the needs of the UK Public Sector. Additional information about UKCloud can be found at ukcloud.com or by following us on Twitter at [@ukcloudltd](https://twitter.com/ukcloudltd)

UKCloud. The power behind public sector technology.

Contact us for a cloud costing

If you have a specific ICT requirement that you would like us to cost for you now to enable you to compare cloud to alternative solutions available to you, get in touch:

- email details to sking@ukcloud.com
- call **01252 303300**

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