

# EURIM Working Party Sub-Group Minutes

**Working Party:** 10 -Fairness in IT Procurement  
Sub-Group on Licence Agreements

**Ref:** 00-SG10-Min04

**Minuter:** Emma Fryer

**Date:** 19/05/00

**Circulation:** All Subgroup contacts (12)

**Tabled Papers:**

- Agenda
- The Open Group – Procurement Experience Online - Presentation by David Rose
- Case Studies x 3
- Letter from NCC legal cttee regarding the Code of Conduct
- Code of Conduct Draft 2, (Michele Rennie)

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## Minutes of the meeting of the EURIM WP for Fair Dealing in software and Service Contracts - Subgroup 3 - Model Contracts 19 May 2000, CGU London Office

### Organisations Represented

Tesco Stores  
NCC  
The Open Group  
EURIM  
Taylor Joynson Garrett  
CGU  
Gsoft

### Apologies

BetaSystems  
CGU  
Woolwich  
Computer Weekly

	Meeting Notes	Action
<b>1</b>	<b>Chairman's Introduction</b>	
1.1	PM reported that Stephen Cannon had relinquished the chairmanship of the group since he was shortly to leave CIPS. All wished to pass their thanks to SC for his chairmanship of the group to date.	
1.2	At the request of the WP, PM kindly agreed to act as interim Chairman pending approval from CGU.	
<b>2</b>	<b>Actions from the minutes of the last meeting</b>	
2.1	Point 2.2 - NCC Legal Cttee. Feedback. JP reported that his Legal Committee had reviewed the Code of Conduct and tabled a letter that he had sent to Philip Virgo summarising their reaction. They felt that the Code had a user bias.	
2.2	EF agreed to circulate this feedback to all sub-group members and to Michele Rennie.	<b>EF</b>
2.3	Point 2.3 – Euro Conference Board. There had been no feedback from the Euro Conference Board. It was agreed to drop this action, which had already been carried forward.	
2.4	Points 3.3 & 4 - Letter to CW500 Club. PM reported that he had drafted the letter and had just received approval from John Riley. They now needed to agree	
2.5	Point 3.4 – “Top stiffs”. EF reported that using the CW website at a starting point, she had tabulated the top stiffs. From the table it had emerged that they could be grouped into two streams:- opportunities for stiffing, and lessons in process management. EF agreed to distribute the table to the group members to see if it could be useful.	<b>EF</b>

- 2.6 Point 7.1 – Feedback from CSSA on Code of Conduct. No response had been received as yet from Tony Lewis. GP agreed to chase him. **GP**
- 2.7 Point 9.1 – Motherhood. DR suggested that “motherhood statement” was a loose term and should be replaced by “policy statement”, “statement of intent” or “statement of principle”.

### **3 Actions Arising**

- 3.1 PG agreed to send out the Tesco model contract as a Word 6 file so that it could be distributed to the group. **PG**
- 3.2 It was agreed that if the sub-group operation could be set up as a part of the EURIM website, this would greatly facilitate communication and access to documents, which could be posted. EF agreed to check feasibility with Val Beech. **EF**

### **4 Update on progress**

- 4.1 GP updated all present on progress and reported on the recent Working Party Chairman’s meeting where he had exchanged notes with the other groups. Although EURIM WP output was usually in the form of briefings, the stiffing working party had actively addressed the issues rather than producing recommendations to Government. If, however, the industry failed to put its own house in order, EURIM would use its parliamentary links to call for legislation.
- 4.2 GP noted that matters had in fact improved slightly. Revenues were down for some of the worst offenders. PG noted that that this was also an indication that companies were getting better educated with regards to avoiding stiffing, and there was much less ambiguity in contracts.
- 4.3 DR noted that in most cases stiffing was a result of weakness in the purchasing process or lack of understanding of it. It could be assisted by better education and competence of users – competent buyers get better prices.
- 4.4 PG noted that one cause of stiffing was the employment arrangements of vendors:- some suppliers change sales teams so frequently that they never have long term objectives, and this combined with low salary and high commission make living by looking at contracts and trying to extract something. Lack of continuity is a contributing factor.
- 4.5 CP noted that UCETA was giving vendors much greater rights in the US. All agreed that this raised worrying issues, even for vendors.

### **5 Code of Conduct**

- 5.1 PM proposed, and all agreed that they would compose three written responses providing feedback to the contracts sub-group. One would consist of the group’s consolidated comments on the Code, the second the formal feedback from the NCC legal committee, and the third would be DL,s prepared response from the vendor’s perspective.
- 5.2 Feedback on the Code  
All agreed that the Code was good from the perspective of the user, but it did not adequately reflect the vendor’s perspective, and must be re-focused.
- 5.3 PC supported the view that conscientious suppliers could help to drive the adoption of the Code since there were tangible benefits for them (e.g. if they could cut down the resource wasted in adversarial contracting).
- 5.4 DR proposed that the introduction could be restructured so that the first page contained both a statement of principle and a summary of the respective commitment of both user and vendor that the Code expected. 100% vendor buy-in would never be achieved, they were aiming for critical mass accreditation.
- 5.5 All agreed that the sub-group would use the next meeting to formulate a considered response to the code of conduct, using the “ordeal by Post-It” method. In the meantime, however, those submissions already prepared by DL and JP would be sent directly to Michele.

### **6 Case Histories**

- 6.1 PM reported that 3 case studies had been completed, two by Alistair Siddons and one by David Sheilds whilst at CGU. He tabled them and asked for feedback on the format and content.

- 6.2 PM recapped the original purpose of preparing the case studies:- to create a library of material to help normal users avoid being stiffed. From these, more generic “dos” and “don’ts” could be extracted and good practice principles derived.
- 6.3 DR noted that the acid test of case studies was their usefulness to other users. He proposed that one case study be sent with the 500 club letter to exemplify both the problem and the aims of the group.
- 6.4 All agreed that Al Siddons had produced well written, consistent case studies. ~If funds were available, he should be asked to produce more for the group.
- 6.5 All agreed that the participation and support of the CW 500 club in the initiative was vital.

## 7 **On-Line Case study library – presentation by David Rose**

- 7.1 DR ran through a series of slides – explaining how The Open Group had created a body of best practice information over the last three years. They now held 42 case studies on procurement improvement – 40 successful and 2 unsuccessful. They had created a benchmarking tool and built up a library of knowledge. The objective was to improve procurement practice in user organisations.
- 7.2 The information in this library now could be exploited to make it useful to a wider audience

## 8 **CW 500 club letter**

- 8.1 PM reported that JR had approved the draft letter, which was now ready to send. They just needed to agree who should sign it off.
- 8.2 The group agreed to send the letter to the CW 500 Club members inviting feedback, and to include one case study to illustrate the issues. It was agreed that at this stage it was not appropriate to attach the template.
- 8.3 The group agreed that the “Merger” case study would be the best one to include since mergers were now a part of business reality and the circumstances might be relevant to many organisations.
- 8.4 JP also kindly agreed to put the letter up on the NCC website and ask for a responses. **JP**
- 8.5 DR noted that the group’s brief had evolved away from looking at model contracts and they were now focusing on a three-level process:- establishing best practice principles, identifying the management processes involved in procurement and providing examples of how these processes are implemented, (successfully and unsuccessfully) in the form of case studies.
- 8.6 All hoped that the lessons learned from this process would guide them to their next step, by indicating whether most contentious issues could be solved by standard clauses and guideline principles or whether government action would be required.

## 9 **Output**

- 9.1 The group agreed that eventually they would aim to have a series of standard documents, each covering one level of the problem, from guiding principles to a set of clauses endorsed by examples.
- 9.2 All agreed that the output must involve more Vendor input:- suppliers should be encouraged to give their perspectives. Views were particularly welcome from small vendors who were vulnerable to “reverse stiffing”.

## 10 **Any Other Business**

- 10.1 There was no other business. PM thanked everyone for attending and closed the meeting.