

UK Defence Spectrum Management



Logica Response to the Implementation Plan for Reform Consultation Document

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Context of Response

This document is Logica's response to the questions raised in the UK Defence Spectrum Management Implementation Plan for Reform Consultation Document.

Logica is a global solutions company providing systems integration, outsourcing services and management and IT consultancy. The company supports clients across diverse markets including telecoms, financial services, energy and utilities, industry, distribution and transport and the public sector. Logica employs some 39,000 staff, has offices in 36 countries and has nearly 40 years of experience in providing services into the defence market. It is the second largest listed IT services company in Europe by market capitalisation, with annual revenues of £3Bn in 2007.

Logica has prepared this response from the point of view of an existing supplier of spectrum related services to the MoD and a potential competitor for the Third Party services. The responses in this document reflect this point of view and should be read in this context.

Our responses to each of the Questions posed have been written such that they can be published by the MoD and permission is given to distribute this document in its entirety. Each of our responses is set out in the following sections.

We believe this consultation process to be a highly beneficial two-way process and we would be happy to debate any of the points made in this document.

Response to Question 1

“Do you agree that the MoD has identified the options and factors that MoD should consider before deciding whether or not to extend the audit of the spectrum it uses?”

We agree that the MoD has identified a comprehensive list of options and that each should be assessed further to determine whether or not to extend the audit programme. We would advocate further definition of these options prior to making any decision and suggest that this definition should include aspects such as how the options are phased and the audit criteria required as part of each option.

We agree with the factors in the Consultation Document but think that there are several additional factors that should influence any decision. Key among these is the amount of data available currently as a baseline for each of the options and we would recommend a “quick-look” approach to understand the amount of effort required for each option.

In addition, we would strongly recommend that any future audit programme addresses the need to maintain the outputs from previous audits to ensure that they remain current and able to support decision making.

Response to Question 2

“Do you have any views on the priority with which MoD should audit its spectrum use?”

We recommend that the priority of audit options should be decided through a formal (rapid) cost-benefit exercise after further refinement of the options as advocated in our response to Question 1. The lack of information available at this time precludes any pre-empting of what this exercise might conclude.

Response to Question 3

“Do you agree with the phased approach to applying for RSA that the MoD is proposing?”

We do agree with the phased approach but believe there are a number of factors which affect the specific details of the phasing, the most important of which is the market appetite for spectrum. When these factors are taken into account it may be appropriate to re-plan the timing of the application for RSA on a band-by-band basis. In addition it is likely that the MoD activities will help to further refine and develop the RSA application process and hence it is felt that it would be unwise (more risky) to try and apply for excessive numbers of bands in the initial year of operation.

Response to Question 4

“Do you agree with the MoD’s plans for releasing and sharing the spectrum it uses?”

We agree that the MoD should plan to further release and share the spectrum that it uses because of the changes that have been set in motion in the broader UK Spectrum Management domain over a number of years. We also agree with the general approach of applying for RSA on specific bands coupled with individual Investment Appraisals to determine the details of any releasing or sharing required.

However, the details of the plans will only emerge in due course following a further planning process. At this stage it is only possible to say that a number of factors will influence this, not least of which is that the information required for each Investment Appraisal must be available prior to its initiation. In itself this requirement forms a constraint on how the plans can take shape.

It is also a concern that the success of the plans will depend upon the support and enthusiasm of a large number of stakeholders within and outside the MoD. To recognise this we encourage the continuation and expansion of the current awareness campaign which will be required to ensure the rationale and justifications are shared and understood within the wider stakeholder community.

We agree that a “pilot” release of spectrum would be beneficial in order to de-risk the future planning process. However, in our view it is critical that any interim arrangement is, as far as possible, representative of the full Third Party service.

Response to Question 5

“Do you agree with MoD’s priorities for releasing and sharing spectrum?”

We assume that the MoD’s priorities for releasing and sharing spectrum will follow the priorities for applying for RSA as outlined in Table 2 of the Consultation Document, subject to the results of each Investment Appraisal. In this sense we would expect that these priorities would change in line with any changes to the RSA application priorities as discussed in our response to Question 3.

In addition to this expectation, we identify a number of further factors that will influence the priorities for releasing and sharing. Of primary concern here is the current plan of prioritising those bands which potentially have the greatest value (and therefore the greatest negative impact should things go wrong). Through this prioritisation these bands would act as trial runs to test the trading processes and systems, and the risk of this jeopardising the value to be realised from the trade must be balanced against the timing of the benefits which may be obtained.

Response to Question 6

“Do you agree with MoD’s outline timetable for initial spectrum releases?”

As in the previous responses, it is assumed that the proposed timetable for release follows the proposed timetable for application for RSA as outlined in Table 2 of the Consultation Document. As previously discussed we broadly agree with this approach for initial spectrum releases but the specific timings will be affected by any changes in RSA application (please see our response to Question 3). The key driver for the development of the timetable for releases will be the market appetite for that spectrum.

It is understood that the pressures to meet the CSR targets agreed with the Treasury have been a major factor in those proposed plans. Taking these considerations into account we believe that the timetable is reasonable; however the MoD will need to be flexible in reviewing and updating this schedule as more information becomes available.

Response to Question 7

“Do you agree that MoD has correctly and fully identified the factors and options that should be considered before deciding to release and acquire spectrum in the market?”

We agree with the principle of undertaking an Investment Appraisal on each band to determine whether to release or acquire spectrum in the marketplace. We also agree that this Investment Appraisal should consist of a technical assessment and a policy assessment. Each of these must take account of a number of factors (not purely financial) which will combine to determine the degree to which the MoD is taking risk on the trade, and ultimately decide whether it is feasible for the MoD to trade spectrum without degrading its operational capability.

The trading options available to the MoD will include permanent and temporary transfer of rights as well as sharing options. These trading options will need to be assessed in parallel with the feasibility of defining realistic non-trading options as part of the Investment Appraisal process. Non-trading options include interventions across all Defence Lines of Development and will be needed to create the conditions under which spectrum trading can occur without degrading operational capability.

Response to Question 8

“Do you agree that MoD has correctly and fully identified the factors and options that should be considered before deciding the best means with which to interact with the market?”

Fundamentally, the best means with which to interact with the market will be determined by the desired outcome of the trade (as determined by the Investment Appraisal) and the market conditions at the time of the trade. In this sense the best means will only be determined on a case-by-case basis and general conclusions cannot be made in advance.

There are a large number of factors which will influence the decision, some of which will be applicable to any spectrum trading activities and some of which will be appropriate due to the unique nature of the MoD’s business. The options available to the MoD that can be used to interact with the market are well understood from trading in the civil sector, as is the manner in which the interactions can be defined.

Response to Question 9

“Can you identify any different approaches for the MoD to manage the spectrum it uses and engage with the market to deliver better value for money for defence and the taxpayer?”

It has been correctly identified in the Consultation Document that the definition of Spectrum Management processes throughout the MoD and the information systems to support them are critical enablers within the Spectrum Reform Programme. There are a number of aspects of the current Spectrum Management approach that must be further developed to enable the MoD to be effective in implementing this programme.

Spectrum reform within the MoD will be driven through Spectrum Policy. In its essence this will need to define how the requirements of the users will be met while the spectrum market is successfully engaged, both in the short term transition period and in the long term steady state. The policy must drive changes within the MoD’s acquisition community such that spectrum requirements are considered as part of the procurement processes. Market engagement will be enabled by more effective spectrum management processes across Defence and a metrics based approach should be implemented to manage the risks associated with trading. Future Spectrum Management will only be possible with appropriate information systems in place with appropriate information management processes to drive them.

The key to successful market engagement will be the interaction between the external trading teams, including any potential Third Party, and the Defence spectrum managers representing the users. Any changes to the internal organisation within the MoD communities must define this relationship such that the requirements

of Defence users of spectrum are balanced with the needs of the market, both now and in the future.

Response to Question 10

“Which options (from paragraph 6.7) should be considered, or discounted, and if so why; either in respect of options already identified in section 6, or additional options, not identified?”

The options to hand spectrum back to Ofcom and to establish an MoD organisation to manage market engagement should both be discounted for reasons of loss of control of spectrum and excessive risk respectively.

The option to use a Third Party to manage market engagement on MoD’s behalf should be further considered. Analysis of the scope of activities that could be undertaken by such an organisation leads to the definition of a range of further Third Party sub-options.

Response to Question 11

“Which issues relating to section 6 should be considered when evaluating options, and if so why; either in respect of issues already identified in that section, or additional issues, not identified?”

In order to assess the options for the Third Party services it is necessary to consider three key issues. These are the volume of trading to be undertaken by the Third Party, the balance of types of trade undertaken by the Third Party and the resources required to undertake them. The first two issues will drive the third and the feasibility of the Third Party business case will stand or fall on the combination of all three.

Response to Question 12

“Is the scope of decisions required against each of the four questions at paragraph 6.3, as indicated in section 6, sufficient and, if not, how and why it should be extended?”

It is agreed that the four questions are valid and broad enough to cover the decision space. The answer to each must be carefully considered prior to making any decision with regard to a Third Party.



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