

ACCESS NEW SERVICE REQUEST – EIGHT STAGE GATEWAY APPROACH

Gateway approach – Process, information, engagement and timelines

Process

We use an eight stage gateway approach to manage new service requests.

1.1. We follow an **eight-stage gateway approach** to manage new service requests in access. Each gateway is designed to conclude with an agreement between the customer and Royal Mail on whether to pass through to the next stage in the process. Adopting a gateway approach allows for requests to be developed in a collaborative, structured and dynamic manner. The customer and Royal Mail will agree timescales for responding to the application on a case-by-case basis at the start of each request. The timescales may vary depending on the level of complexity of the new service request. Allowing sufficient time for engagement, discussion, review and feedback during each stage should reduce the risk of significant modifications being required that may lead to unnecessary delays. The service will be designed to better meet customer needs more quickly. Customers are able to exit the process at any stage.

1.2. **Customers and Royal Mail will agree a milestone plan early in the process.** This will set out key deliverables, engagement points, owners and timelines across all stages up until rollout. Progress will be managed against this plan. The table below outlines the key aspects and deliverables of the proposed gateway approach. Each stage is discussed in more detail below. *Indicative timelines¹*

Stage 1		Initiation of request	
Deliverables	<ul style="list-style-type: none"> Completed application form. Customer confirms whether individual or joint request. Mobilise pop-up advisory and technical groups (if necessary). Governance structure including key stakeholders (project leads, advisory group, technical experts). 		1 to 2 weeks
Gateway 1	Agree application form. Customer confirms whether to proceed to next stage.		
Stage 2		Concept design	
Deliverables	<ul style="list-style-type: none"> Service specification options – Operational handling and system requirements. Milestone plan to rollout – Key decision points for customer and Royal Mail, deliverables, engagement points etc. This will be updated throughout. Indicative range for development cost and timeline. Risks and issues log. This will be updated throughout. 		1 to 2 weeks
Gateway 2	Royal Mail shares deliverables with customer. Customer confirms preference for service specification and whether to proceed to next stage.		
Stage 3		Initial scoping	
Deliverables	<ul style="list-style-type: none"> Outline Service Specification covering operational and systems requirements to deliver the customer’s preferred approach. Proposed method of cost recovery for product development cost. 		1 to 2 weeks
Gateway 3	Royal Mail shares deliverables with customer. Customer confirms whether to proceed to next stage. Possible customer financial go/no go decision point: If the £500k annual scoping fund has already been exceeded, Royal Mail may require customer		

¹ We have included indicative timelines for stages 1 to 4. It is not possible to provide meaningful indicative timescales for stages 5 onwards, as they would vary depending on the complexity of the request.

	agreement on funding any additional external scoping costs during stage 4 (Detailed scoping) before moving on.
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Stage 4 Detailed scoping	
Deliverables	<ul style="list-style-type: none"> Detailed service specification covering operational and systems requirements. Heads of Terms including product development costs, indicative prices and timeline.
Gateway 4	Royal Mail provides customer heads of terms for review. No action from the customer needed to move onto the next stage.

10 to 12 weeks

Stage 5 Review Heads of Terms and prices	
Deliverables	<ul style="list-style-type: none"> Discussion between customer and Royal Mail on commercial, operational and systems aspects of the proposal.
Gateway 5	Customer financial go/no go decision point: Before moving onto stage 6, customer agreement to contract is needed. If necessary, this would include any proposed funding arrangements for product development cost in stage 6 onwards (Product Development).

Stage 6 Product development	
Deliverables	<ul style="list-style-type: none"> Set-up for product development phase, including updated milestone plan, deliverables, engagement points, governance structure and risk and issues log. Royal Mail commences product development.
Gateway 6	Confirmation of system design and build.

Stage 7 Product testing	
Deliverables	<ul style="list-style-type: none"> User acceptance testing.
Gateway 7	Confirmation the product has been developed in line with customer expectations.

Stage 8 Product announced	
Deliverables	<ul style="list-style-type: none"> 190 day notification period.

- 1.3. **Stage 1 - Initiation of request** – The primary objective of this stage is for the customer and Royal Mail to build a **mutual understanding of the key aspects of the new service the customer is requesting**. This includes identifying the needs of the end posting customer and the commercial aims of the service. We also need a clear understanding of operational requirements such as sortation levels, machine reading capabilities and handling requirements. We also need to understand system requirements such as IT integration, data transfers and billing arrangements.
- 1.4. The key deliverable during this stage is the **completed application form** – see Annex B. The application form has been designed to capture a range of vital information. Customers and Royal Mail will engage regularly during this stage to discuss the request to ensure the requirements from the service are understood and accurately captured in the form. We recognise that there may be circumstances where relevant information supporting a potential new service may not neatly fit into the existing application form. In such circumstances, the application form can be tailored to the specifics of each request. Customers can include additional sections within the form or provide supplementary information alongside the application. As such, the form can be tailored to the specifics of each request. The application form also includes **a section for customers to make information requests**, in line with USPA 4.3. Customers can submit information requests at any point during the process.
- 1.5. During this stage, customers and Royal Mail will **agree ways of working** through the product scoping and development process. This includes:

- The customer deciding whether they would like the request to be **individual or joint** with other interested parties. This is a decision for the customer alone. Royal Mail will not share requests – individual or joint – with other access customers unless asked.
 - The customer and Royal Mail will also need to agree whether to **mobilise pop-up groups** – an Advisory Group or Technical Group – to assist with the request.
 - Customers and Royal Mail will agree **governance structures** at the outset. This includes identifying individual workstreams, project leads and engagement.
- 1.6. Customers and Royal Mail will pass through gateway 1 into stage 2 once they have an agreed application form and completed the other deliverables.

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- 1.7. **Stage 2 - Concept design** – The aim of this stage is to develop a **Service Specification Option** that meets the customer’s needs. Royal Mail will assess – at a high level – the options for operational handling and systems configuration. It is important that the customer gets an early sense of the level of complexity associated with developing each option. We will therefore provide an **initial indication of the development costs and timeline** for stage 6 onwards that the customer is likely to face to develop each option.²
- 1.8. During this stage, the customer and Royal Mail will also agree **project planning** aspects of the new service request. This includes the expected time to complete each stage through to rollout,³ alongside documenting any risks and issues. These documents will be maintained throughout the product scoping and development period.
- 1.9. Customers and Royal Mail will agree to pass through gateway 2 into stage 3 once the deliverables have been shared with the customer and the customer has selected its preferred service specification option.

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- 1.10. **Stage 3 - Initial scoping** – The aim of this stage is for **Royal Mail to develop the customer’s preferred Service Specification Option into an Outline Service Specification**. This will include further detail on the customer’s preferred service specification. It will also set out more detail on: the service description; documentation and billing; handover; revenue protection and Downstream Access Control Centre (DSACC) process; operations; and customer reporting. We will also refine our initial indication of development cost and timeline.
- 1.11. In some cases, requests may need expertise from external suppliers in stage 4 and 5 to help scope the service. For example, this could include activity with external providers, such as external IT consultants. Royal Mail has established a £500k annual scoping fund. This will cover the first £500k of external scoping cost incurred up until the end of stage 5 each financial year. The annual scoping fund can be used across multiple requests. If the £500k annual scoping fund is exceeded, Royal Mail

² The range of developments costs for example could be: £0-1m; £1-5m; £5-10m; >£10m. The range of development timelines could be: 0-6 months; 6 months- 1 year; 1-2 years; >2 years.

³ The customer and Royal Mail will agree a full milestone plan once the customer has identified their preferred service specification option.

may pass through to the customer additional external scoping cost. Should an individual request span multiple financial years, Royal Mail would fund the first £500k of the request.⁴

- 1.12. In many cases, there will be no need for expertise from external suppliers. No external scoping cost would therefore be incurred and the customer would not be expected to bear any cost in stage 4. Equally, if the external scoping cost does not exceed the £500k annual scoping fund, the customer would not pay.
 - 1.13. However, if the external scoping cost exceeds the £500k annual scoping fund threshold, Royal Mail may need to agree funding arrangements for the additional cost. In these circumstances, **gateway 3 would be a financial go/no go decision point for the customer**. To move to stage 4, the customer would need to agree to fund any additional external scoping cost. The customer will be able to scrutinise the cost.⁵ The additional external scoping cost will act as a ceiling. If costs are lower, the customer would only be charged for the reasonable external costs incurred. We will absorb any additional costs above and beyond the ceiling we set out. The customer can decide not to proceed at this stage and avoid any cost.
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- 1.14. **Stage 4 - Detailed scoping** – The aim of this stage is for **Royal Mail to provide the customer the Heads of Terms**. This document will set out the commercial, operational and system specification for the product, as well as indicative prices. It will include the cost and timeline to develop and deploy the product and the proposed mechanism for recovery of development cost.
 - 1.15. To achieve this, we will undertake a **more detailed operational and product specification exercise**. This will include assessing detailed aspects of the operational processes to handle the product. We will also need to consider the setup of data flows and determine billing arrangements. More complex requests may require additional activity to scope and develop the service.
 - 1.16. At the end of the stage, **Royal Mail will provide the customer the Heads of Terms**. There is no action for the customer to pass through the gateway. They will pass automatically into the next stage.
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- 1.17. **Stage 5 - Review Heads of Terms and prices** – The aim of this stage is for the **customer to review commercial, operational and system specifications set out in the Heads of Terms**. The customer can request changes to the Heads of Terms.
- 1.18. To pass through gateway 5, we need customer agreement to the Heads of Terms. This may include any proposed funding arrangements should there be product development cost during stage 6. If a customer contribution is required, **gateway 5 would be a financial go/no go decision point for the customer**. Cost recovery is discussed in more detail from paragraph 4.36 onwards.

⁴ For example, if a customer submits a request in February and £200k external scoping cost is spent before the end of the first financial year, £300k – rather than a full annual scoping fund of £500k – would be available towards scoping the request in the second financial year. Any spending in the second year would be deducted from the second year's £500k annual scoping fund. Therefore, if £100k was spent to scope the request in the second year, £400k would remain in the annual scoping fund to scope other requests.

⁵ We will operate an “open book”, whereby customers can commission an independent third-party auditor to assess the costs if they wish to do so. The third party auditor must agree to sign an appropriate non-disclosure agreement (NDA).

1.19. **Stage 6 - Product development phase** – During this stage, Royal Mail – with input and continued engagement from the customer – will develop the product. Detailed business requirements would be gathered and these will be shared with the customer to ensure that interfaces and expectations are aligned to requirements. Once agreed, the IT systems would be developed. **There would be regular touch points between the customer and Royal Mail.** We would also plan any operational changes, ensuring coordination with other activities and changes. We will prepare customer on-boarding activities – including label design and system interfaces – and prepare all service reporting requirements.

1.20. The customer and Royal Mail will pass through gateway 6 into stage 7 once both parties have confirmed the system design and build. This will include confirming any operational, commercial and system elements are in line with expectations and reflect the Heads of Terms.

1.21. **Stage 7 - Product testing** – The aim of this stage is to test the product before full rollout to customers. A test pack will be provided detailing the customer account details with username, passwords and details to access the customer user acceptance testing environment. This is the opportunity to test the new services prior to going live in production. Additional support will be provided by Network Access IT. The customer will confirm they would like to launch the product to pass through gateway 7.

1.22. **Stage 8 - Product deployed** – The new service including user guide changes, service codes and contract change notices will be published. We will provide the 190 days notice with the prices published at least 70 days in advance of the launch.

Individual or joint request

The requesting customer can decide whether a request is developed individually or jointly with the industry.

1.23. During stage 1, the requesting customer will be able to decide whether the request is developed on an **individual or joint basis**. It is a decision for the customer alone. Royal Mail will not share requests – individual or joint – with other Access customers unless asked. The two streams are described below:

- **Stream 1 – Individual** – The customer retains confidentiality around the application. The request would be developed between the requesting customer and Royal Mail only. Other customers would not be notified of the request during the scoping or development phase. Other customers would only become aware of the request once Royal Mail is required to publicly notify the launch of a new service.
- **Stream 2 – Joint** – The requesting customer would invite other customers to be involved in developing the request. This would allow other customers to input into the product design during the development phase. This would incorporate a wider range of customer views upfront. The requesting customers would be able to keep the request confidential from other customers who are not involved in the request.

Engagement

We will hold frequent engagement throughout the gateways – using regular face-to-face engagement and mobilising pop-up groups as needed – to ensure we are meeting customer expectations in relation to timing and service development progress.

1.24. Regular, effective engagement is a key aspect of the gateway approach. It is important the customer and Royal Mail **agree how to engage effectively through the scoping and product development process**. This will enable scrutiny of the details and provide an opportunity to exchange views to ensure the service meets customers' needs. It will allow the customer and Royal Mail to stay on top of the status of each individual workstrand and overall progress. The level of engagement will vary depending on the complexity and status of the request. It is crucial that the service being developed is what the customer wants in practice.

1.25. We will hold **regular face-to-face engagement** with the customer throughout the process. This will include scheduling regular catch-up meetings to update on overall progress. The **milestone plan** will be used to support these discussions and keep track of progress. In addition, **we will mobilise two types of pop-up group to assist in developing new service requests**, if deemed necessary or requested by the customer:

- An **Advisory Group** will consider the development of the service at a more strategic level. It may, for example, focus on service design and the journey for the posting customer.
- A **Technical Group** would consider more detailed aspects of the request. For example, considering how different companies' IT systems may interface with each other. Multiple technical groups may need to be mobilised in a single request, covering different aspects of the service development.

1.26. It is possible that pop-up groups would be mobilised during both individual and joint requests. Parties involved in the request would be invited to join the groups. For example, representatives from the requesting customer, Royal Mail and – if necessary – third party suppliers supporting the request.

Information

The access application form and guidance is designed to support completion of the request and better service specification

- 1.27. The application form is designed to gather a range of information on the new product's operational specification and other requirements. For example, product description, sortation levels, machine reading, IT and billing requirements. It has been designed to help customers and Royal Mail think about end customers' needs at the outset. It also focuses on the commercial objectives, so we can better input with recommendations for the product and operational specification. This is to help ensure we understand all aspects of the request and help us design the solution accordingly.
- 1.28. We recognise that customers may need information from us while making a request for a new service. **USPA 4.3 requires Royal Mail to respond to reasonable information requests** from customers considering making a new service request and to do so in a reasonable period. The application form includes a section for customers to make information requests. Royal Mail encourage discussions with the customer on information requests alongside other discussions in stage 1. Customers remain able to make requests at any stage during the request process. This is not restricted to the start of the process.

Timelines

The customer and Royal Mail will aim to agree bespoke timelines for responding to each request.

- 1.29. The customer and Royal Mail will aim to agree timelines for responding to new service requests on a case-by-case basis. The timelines for responding would vary depending on the level of complexity of the request. **Customers and Royal Mail will use a milestone plan to agree timelines early in the process.** This will set out key deliverables, engagement points, owners and timelines across all stages up until rollout. Progress will be managed against this plan. It will be a dynamic document, updated regularly to reflect the latest expected timescales.
- 1.30. Details and options may arise which had not been anticipated in the milestone plan timelines. These may take additional time to resolve and could impact or delay other workstrands. Should this happen, the customer and Royal Mail will update the milestone plan to reflect the latest timelines.

We will maintain a backstop 13-week timeline for responding. This will only be used if the customer and Royal Mail cannot reach agreement on a bespoke timeline.

- 1.31. It is our intention that the customer and Royal Mail would agree bespoke timelines for responding to each new service request. However, we recognise that the customer and Royal Mail may not always be able to agree on a bespoke timeline. We therefore propose to maintain a backstop timeline of 13-weeks to use in such circumstances. 13 weeks was the timeline for responding under the previous framework.
- 1.32. The 13-week backstop timeline would **cover the period from the beginning of stage 2 up until Royal Mail providing Heads of Terms at the end of stage 4.** At the beginning of the process, Royal Mail is dependent on the customer setting out its requirements for the service. This period would therefore fall outside the 13-week backstop timeline. The clock would start once the customer and Royal Mail have an agreed application form and pass through gateway 1.

1.33. Royal Mail may need to send the customer information for comment. **We may pause the clock while Royal Mail is awaiting information from customers.** We will provide the customer a given period of time to respond while the clock keeps running on the 13-week backstop timeline. The response time will be a minimum of two days up to a maximum of one week, depending on the volume of detail. Providing the customer some time to respond while the clock keeps running means they have time to consider options without impinging on the overall timeline for developing the service. If the customer cannot respond by the end of the allowed time, the clock would pause until the relevant information is received. Introducing this mechanism allows time for a response and discussions if necessary. It also allows the customer to propose potential alternative solutions without putting the 13-week timeline at risk.