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THE WORLD'S KNOWLEDGE

Heather Brooke

15 November 2004

Dear Ms Brooke

Further to your letter requesting information on the British Library WiFi project I am able to supply you with the following information:

1 The British Library (BL) has a contractual agreement with Building Zones Ltd (BZ) for provision of a WiFi service to users of the BL. BZ has a separate contract with their main sub-contractor, who is the internet service provider. Both contracts include commercially sensitive information that could compromise the commercial standing of BZ and a third party, BZ's sub-contractor. We have discussed this matter with BZ and we cannot agree to the release of this information.

WiFi in the UK is a highly competitive arena, and the contract agreement with the BL sets out in great detail a truly innovative business model, one that both BZ and their sub-contractor do not wish to release into the market at large. Additionally, BZ has a confidentiality agreement with both the BL and their sub-contractor, written into the contract agreements with each party.

Some background to the project might help illuminate the reasons for not releasing the contract to you:

BZ originally approached the BL with an innovative commercial proposition whereby Building Zones would project manage and deliver a WiFi service for BL users at no cost to the BL, and with minimal BL staff input (both project management and engineering).

Because BZ is not an internet service provider, a key aspect of their proposition was their management of a tender process to select the most competitive internet service provider as their sub-contractor for the BL service.

Because the proposal from BZ rested on BZ and the BL sharing any resulting revenue from the WiFi service, BZ was driven to find the best deal from an ISP on the open market (see point 2 below).

It is important to note that the contract agreement between Building Zones and the BL does not include any payment to Building Zones.

BZ made their proposition at a time when no other private sector organisation was willing or able to do the same. The BL for its part was excited by the prospect of adding a much-wanted service for its users, at no cost to the public purse.

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2. The contract between the British Library and Building Zones is not the result of a procurement process. Where no monies are paid to a supplier a procurement process is not required. Because of the nature of the agreement and the commercial model behind the BL's WiFi service, there was no procurement, and therefore there are no bids to tender we can show you.

The commercial model underlying BZ's proposition was advantageous to the BL and the public purse because (a) it required zero public funds to be spent, and (b) it was in BZ's commercial interest that BZ attracted the most commercially advantageous deal from a sub-contracted service provider, in respect of revenue share and support available for users. BZ secured a sub-contractor who was additionally able to provide WiFi access through a common interface to existing customers of other WiFi services, for example, BT Openzone. This technical openness was a key aspect of the BZ proposal that attracted the BL.

A number of large market players were invited by BZ to offer their best deals in relation to the 'profit share/no cost to the BL' model. BZ selected the supplier who offered the best combination of service and profit share. Any communication relating to BZ's selection of a sub-contractor is outside the BL's purview in terms of your request. However, the BL was closely involved in validating the offers from the potential service providers.

The costs BZ incurred are to be repaid from revenue according to an agreed revenue sharing plan.

3 In line with the contractual expectation that the project to implement WiFi would not have a significant impact on BL staff time, there were a small number of contract-related meetings where actions were agreed verbally. It's worth remembering that while the business model employed by the BL and BZ was highly innovative, implementation of WiFi services is relatively simple (both in IT and engineering terms) and required very little interaction between the BL and BZ. This is one aspect of the project that made it such a success.

In light of our responses to (1), (2), and (3) and due to the sensitivity of the business model, we cannot release the information you have requested because it is held to be commercial-in-confidence.

While I understand that this does not fully answer your questions I hope that this goes someway towards giving you a better understanding of the WiFi project.

Please see attached press release. There is a conference being held here next Monday 22<sup>nd</sup> called Worktech 04 which focuses on new ways of wireless working – telephone 020 8977 8920 for information.

Yours sincerely

A handwritten signature in cursive script, appearing to read "John de Lucy".

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