

## Tender

# Central Bank awards IT contract to highest bidder

The Central Bank of Kenya (CBK) has picked the highest bidder at Sh904 million for an IT service contract.

XRX Technologies Ltd, based in Westlands, Nairobi, clinched the lucrative deal after rivals Symphony Technologies Ltd and

Trans Business Machines Ltd (TBM) were edged out on technicalities.

On March 28, CBK advertised a tender for the upgrade, installation and implementation of IBM power8 enterprise servers, a storage area network, director-

class switching, disk back-up solution, associated software, accessories and cabling.

Symphony's bid price was Sh816,298,185, while TBM bid at Sh875,039,581 and XRX Technologies Ltd at Sh904,443,957.

On June 12, CBK wrote to Sym-

phony and TBM informing them that they had failed in the first of the four-stage process.

The stages were Mandatory Evaluation, Technical Evaluation, Financial Evaluation and Recommendations.

"To progress through the eval-

uation, each bidder had to have successfully passed the previous stage(s). Your bidder failed at the mandatory stage and was therefore not considered at the financial evaluation stage," read a letter by Miti Tuyia, assistant director of Procurement & Logistics, to

the two firms.

Central Bank advertised the tender after requesting giant IT firm IBM to offer backup servers for its systems. But IBM said it did not offer the services required and recommended the three firms. [Geoffrey Mosokwa]

## In Brief

**Nairobi.** Church urges men to mentor boys

**Migori.** Governor Obado warned not to campaign against party candidate

## ODM MPs confront



didate, having gone the extra mile to withdraw an election petition against Obado.

Party branch secretary Joseph Olala also backed the move, claiming some ODM leaders were not loyal to the party and should be disci-

### Inside Story – Fraud/Kickback/Collusion to award highest bidder supported by UK distributor

**Mastermind – Jeff Mugo, IT Manager** with a close relationship to executive, Dep Governor Ms. Sheila. His scheming and approach to this project was to own it (alone) under direct authority of DG and ensure that all participants in evaluation and award (procurement, junior IT evaluators) are under his control (or on his side). He used his two-face approach to ensure key staff outside IT are 'obedient' while diminishing the role of critical people in IT team who had differing opinion. His rumored to have stated his pay day will be Kes 50m once all is said and done.

**Required Collaborators – Brian Nyakeri** from IBM, Esat Ferra from UK distributor and local reseller XRX.

- 1) **XRX, Lucy Njoroge** – A 'fronting' local reseller who has never done such a project. The size and technicality of this project can only be done by other local partners, but Jeff needed to give a weak partner that would listen to his demands. With No local skills and No local references of this size, XRX was a good target (with little negotiating power) to front on behalf of UK distributor and his demands.
- 2) **UK Distributor** – This external company was chosen as a conduit to make payments outside Kenya. Their consultant, 65yrs++ pensionable ex-IBM employee called **Esat Ferra**, was instrumental in providing references from outside countries and insisting that foreigners (Indians & Nigerians) would be the implementation consultants on the ground (when there are able Kenyans who can deliver the same work) during delivery and commissioning. What ??
- 3) **Brian Nyakeri** – To facilitate the necessary discounted pricing from IBM and portray vendor is neutral yet his also on kickback colluding with Jeff for a payout. Against employee work/conduct regulations, he has been the go to man for Jeff to ensure his fully informed on what is happening at IBM regards pricing, configurations, margins, etc. So that they both better negotiate their kickback from XRX and UK distributor from a position of power(knowing specific details)

## Story-line - Pre-tender, tender evaluation and Award

- a) Jeff calls Brian for planning sessions and they organize multiple meetings formally with Esat. The decision is made to award XRX, who will have highest bid (due to FAT kickback). Discussions are had at various venues in Nairobi over the period of tender release, submission, evaluation and award.
- b) **Size:** The configuration is designed as an over-kill with more capacity than is required to escalate cost.
- c) **Services:** Installation to be done by foreigners and training in UK (raises costs and ensures foreign trips for Jeff & other staff to collect Kickback)
- d) **Evaluation team:** Setup to be controlled by Jeff. None of the existing senior administrators of the current servers + storage at CBK were involved as they could challenge the sizing or specifications created by Jeff and his cohort.
- e) **Tender Requirement above XRX ability who were highest winning bidder:** The expected number of certified skills, number of references and experience was beyond XRX capacity. So Jeff cleverly calls for an addendum, after initial tender release, to allow Joint Ventures so that UK distributor can present his credentials through the fronting local reseller, XRX. The rest was now
- f) **Tender award:** The role of Esat is now official as project manager and his visiting CBK HQ since July like a boss, with an arrogant attitude, calling and ordering all IT staff involved since his the owner of the delivery this project. (of course with Jeffs permission)

## Other Facts (can be verified through right sources):

- 1. XRX owner Lucy Njoroge, Jeff and Brian phone calls and logs – they met consistently during tender evaluation to scheme how to ensure only one bidder, highest bidder, wins.
- 2. Informal meetings were late evenings and weekends in varying venues: public clubs (SOHOs), private golf clubs (Vet), and offices (Crawford Business Park, State hse road – Distributor office) between Brian, Jeff and XRX lady owner. Check Logs of Lucy, Brian and Jeffs cells.
- 3. Registration book at CBK reception (Esat visits) and Crawford offices (after hrs or weekends by Jeff, Lucy and Brian vehicles) on visits by the corrupt team
- 4. Cost of Equipment from vendor is less than KES 380million. **Difference of over KES 500 million for???**
- 5. Training costs in UK are high – approximately KES 50million. **Why??** Other lower cost options like South Africa and Dubai exist
- 6. Other Services costs – **over KES 350million Inflated for kickback.** Using foreigners like Indians, Nigerians, etc to take money out of country. **Why??** Are there locals with such expertise? YES
- 7. Jeff has a 2<sup>nd</sup> sim card used on discretely on his phone – used to make calls to DG (after hours) discussing deals/kickback