

ICL Pathway
Bringing
Technology
to Post Office
**Counters &
Benefit Payments**

**Monthly
Progress
Report**



October 1998



ICL Pathway

Programme Monthly ReportRef: PA/REP/031
Version: 1.0
Date: 20/11/98

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Associated Documents:

	Reference	Vers	Date	Title	Source
[1]	PM/PRO/002	1.0	26/09/96	Pathway Programme - Project Planning, Reporting and Control	

Approval Authorities:

Name	Position	Signature	Date
J. H. Bennett	Managing Director		

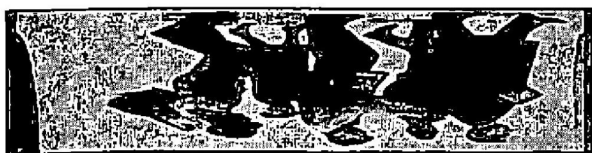
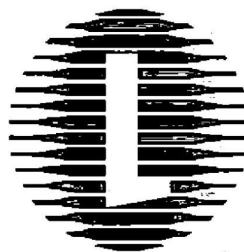


ICL Pathway Monthly Report

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Managing Director's Summary



Managing Director's Summary

PROGRAMME PROGRESS

- A new Programme Plan has been agreed by all parties (BA/POCL/Pathway) as a result of the Treasury Review. This takes account of the work programmes and dependencies of all three parties and gives the following dates:-

Start of Live Trial	April 1999
Start of National Roll-out	July 1999
NR2+ Live	April 2000 (TBC)
End of National Roll-out	November 2000
- Model Office Rehearsal 3 (MOR3) is progressing well and is just one day behind schedule. End to End (E2E) cycle 2 has experienced problems in both the CAPS (BA) and TIP (POCL) interfaces and is seven days behind schedule. The issues are now well understood and we are progressing on a day for day basis but will not catch up days lost so will use seven days contingency.
- Acceptance Test preparation is now progressing well with all twenty three specifications prepared. Of these eight have been signed off by sponsors via CCN and only three have outstanding issues of any note to resolve. Two Acceptance Test runs have been completed via final pass of System Test; these being for APS and OBCS.
- The key issue that may prevent progress being maintained to plan is software quality where the number of software faults (PinICL's) is higher than anticipated at this stage of the Programme. Although few are of significance by themselves the total number is causing concern. Actions are in hand to address the issue and the new Programme Plan includes additional contingency for PinICL clearance and software stabilisation.
- Implementation preparation is progressing apace with 6,300 outlets having received the management briefing which puts them in the process. In addition 3,600 site surveys have taken place and 50 outlets have had their site preparation completed which starts building the stock of outlets ready to be automated when National Roll-out commences.

HM TREASURY REVIEW

- The four week review carried out by the Treasury Independent Advisor completed as planned on the 16 October 1998.
- The terms of reference asked:-
 - a) Whether there is a commercial basis for proceeding with the project which is acceptable to the parties.

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- b) Whether there is in place a satisfactory implementation plan with a detailed timetable for completing the project.
- On the first point no satisfactory agreement was reached, with a major gap between the parties in NPV terms.
 - On the second point good progress was made and the essential components of an implementation programme agreed by BA, POCL and ICL was established.
 - Following the unsatisfactory conclusion of the Independent Advisors review, a series of correspondence took place between Keith Todd and Stephen Byers, Treasury Cabinet Minister, which culminated in an agreement to a further two week exercise between POCL and ICL. This was to explore the basis for a public/private partnership between ICL and POCL to determine a long term business plan for future additional business opportunities in addition to those referred to in the existing contract. This, if successful, would allow for any loss incurred by ICL on the original contract to be off-set by the prospect of being able to recover the position later on. Our proposal, together with a Heads of Agreement for the public/private partnership, had to be with the Minister by close of play on Monday 9 November.
 - An intense period of discussion and negotiation has now taken place with POCL, from which ICL has concluded a number of actions.
 - A proposal was submitted to Stephen Byers on 9 November containing four papers; a non-binding Heads of Agreement for the private/public partnership, ICL Pathway funding paper, Acceptance Proposals and Commercial and Contractual Proposals.
 - The Heads of Agreement has been fully agreed in draft form with POCL and has been signed by the parties. This will provide the essential basis for discussion and negotiation on the remaining three papers. This work has not yet started and will be difficult.
 - We have asked the Minister to nominate who in HM Treasury will now take our proposals forward and have recommended priority work to concentrate on the Commercial and Contractual Proposals and the Heads of Agreement. A reply from HMT is expected within the next few days.
 - In parallel to the work with POCL, SG Hambros, Masons and Grant Thornton have provided professional support to prepare the way to obtain non-recourse funding, and an independent verification of the ICL business model.

Systems Report



Systems Report

MONTHLY SUMMARY

- October has required heavy involvement from Pathway in the Treasury review. Although not complete commercially, there is a joined up programme plan showing the way forward for the delivery of the outstanding functionality specified in the contract. This introduced a short contingency window between the end of the model office rehearsals and the model office test proper.
- The second phase of the Model Office and End to End testing completed during the month and an analysis of the test conditions demonstrated a 74% coverage. The third phase (MOR#3) started on the 19th October 1998 but we encountered several environmental and software difficulties which caused slippage to the schedule. This was disappointing but not entirely surprising because we had introduced significant change to the data centre. However we are confident that this can be contained within the contingency available.
- Final Pass System Test activities have commenced. OBCS and APS have completed and BPS and MIS are ongoing. Business Integration Test cycle 5 and Y2K cycle 2 have also completed.
- The counter migration processes worked well in the model office but further changes are required to handle *local* post office products more efficiently. There is now an agreed plan for the Wigan (1C) to Bootle (NR2) migration exercise but the regression opportunities are still being determined.
- The EPOSS usability study in Pangbourne and Welwyn Garden City is complete and provided valuable feedback. A further study in an ECCO office is planned for November.
- The design team is losing a number of key personnel mainly due to retirement. Several new staff have been recruited but it will be a little while before they are fully productive.
- The number of open software incidents has reduced considerably but there is still a large amount of change that could effect the quality and stability of the latest build. Actions are in place to manage this but it still represents a formidable challenge.
- Progress on the design of the NR2+ functionality remains on schedule and we expect the majority of the development activity to commence in the new year.
- A summary of the position following completion of BT/Energis analysis of ISDN coverage in the UK has resulted in a better position than anticipated.

PROGRESS

- The design team continues to focus on PinCL clearance particularly BPS, TPS and migration.
- The Design Plan for NR2+ has now been issued and baselined. It shows the external systems design (i.e. contractual applications) completing in December 1998 and the internal systems design (i.e. supporting infrastructure) by the end of February 1999.
- A large number of EPOSS fixes were applied to the MOT baseline. We are hopeful that the residue will either be 'fast-tracked' or be accepted onto the Known Problem Register. Release NR2+ development has begun on PAS/CMS.
- Frame relay circuits for testing at Bracknell and Feltham have been installed and are working successfully.
- Several performance runs have been completed and we now know where the potential bottlenecks are, and the hardware upgrades required.
- The testing teams spent most of their time supporting the model office and E2E activities and running the final pass system tests. OBCS and APS are complete and BPS is ongoing. Business Integration Test cycle 5 and Y2K cycle 2 also finished at the end of the month. The test scripts are now being revised to take on late acceptance criteria sponsor review comments.
- Progress with regard to the Secure Builds was slow during October. A number of issues prevented several tests from being run. Resolutions of these is targeted for the MOT build. Third Party testing is also slow with all three managed services failing to meet agreed dates for the production of the high level test plans (HLTP's)

CURRENT CRITICAL PROBLEMS

- The MOT software baseline contains a large number of fixes which must be system tested before commencing the formal test scheduled for 14th December. This is putting added pressure on tests rigs and manpower resources.
- Software problems which cannot be rectified in the time available continue to be submitted to the sponsors for business impact evaluation. If they consider it essential to fix a large proportion of these defects it could impact the current delivery schedule.
- Testing the Audit functionality in the time available is proving to be very difficult. Several options are being considered which will enable the tests to be completed and satisfy the acceptance criteria.
- There several software problems with the Training Mode Facility. We have yet to demonstrate this functionality to the customer in Model Office.

ISSUES

- We must ensure that all the system test 'final pass' stages are complete before model office test commences. This is essential to support the acceptance process but is proving challenging and resource consuming in terms of people and rigs.
- Recent work on the PSTN solution has suggested that the current design is not viable.
- The data transferred to TIP contains transaction details (ITM's) created by the Pathway solution. These are inconsistent with the details passed to TIP by POCL reference data. Discussions with POCL are being held to determine how this problem can be resolved.
- Formal testing of the Automatic Payment (AP) Client backlog has not yet started, this is an important exercise and needs careful management.
- We have still to prove the new message store replication mechanism when PC's are replaced in outlets. The current approach takes too long and is unworkable.
- Some of the Cathode Ray Tube (CRT) monitors are showing signs of deterioration and further investigation has uncovered serious manufacturing defects. Discussions are taking place with the supplier in question, in the meantime we continue to persuade POCL to install flat screens in all locations.
- The disaster recovery strategy for the Data Warehouse is still to be proven. It involves the use of a Sequent SE70 with limited disc capacity to handle the work normally processed by a large Sequent NUMA-Q.

COSTS

- The budgets for the systems directorate continue to be refined and regularly reviewed but are now being used to monitor expenditure on a monthly basis.

Commercial & Financial Report



ICL Pathway Commercial & Finance Monthly ReportRef: PA/REP/031
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Date: 20/11/98**Commercial & Financial Report****COSTS**

- The Controller's report follows.

OCTOBER ACTUALS 1998**KEY NUMBERS (£000'S)**

		Month of October 1998	
		Actual	Variance vs. F'cast
Trading/Project Costs	Revenue	284	190
	Project Costs before Capitalisations	9,533	789
	Declared PBT Losses / (Profit)	(134)	269
Cash/Balance Sheet	Business Operating Cash Flow	(11,433)	2,217
	Project WIP		
	Net Fixed Assets		
	Total Borrowings		

Year to Date / End October 1998		
Actual	Variances vs.	
	Oct F'cast	"Budget"
763	190	356
84,219	789	(14,536)
1,218	269	(418)
(91,151)	2,217	(13,986)
175,756	520	(13,560)
39,084	935	(731)
181,105	2,217	(9,127)

End of October 1998		
Actual	Variances vs.	
	Sept F'cast	"Budget"
190	5	(45)
13	1	(11)
171	-	(62)

Headcount:

Permanent

Non-Permanent (ITs and Temporaries)

(Memo): Freelancers procured through ICL IT Contractor Services

Comments:

A landmark month! ICL Pathway reported a bottom-line profit of £0.1m in the month (apologies for our bracketing convention which currently assumes that an unbracketed number is a loss). This result was achieved through the earlier than forecast invoicing of development work packages to Deutsche Post in Germany; associated costs in this project had already been recognised as period costs in previous months.

Mainstream project expenditure was also lower than forecast by £0.5m, due to lower subcontract expenditure with Oracle Corporation and with ICL Outsourcing, together with savings on freelancers; equipment maintenance and finance costs.

Headcount was close to forecast.

Cash flow benefited from the reduced project expenditure, lower than forecast fixed asset additions and higher than forecast accruals, to give month end borrowings that were £2.2m less than forecast.

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OCTOBER ACTUALS 1998

PROJECT COST ANALYSIS (£000'S)

	Month of October 1998		Year to October 1998		
	Actual	Variance vs. F'cast	Actual	Oct F'cast	"Budget"
Revenue	284	190	763	190	356
Direct Cost of Sales	1,883	(153)	18,042	(153)	(2,800)
Gross Margin (Deficit)	(1,619)	37	(15,279)	37	(2,444)
Opex:-					
Labour - Own Staff	812	30	6,888	30	(1,294)
Travel & Subsistence	64	1	463	1	55
Freelancers	1,775	104	15,247	104	(3,672)
ICL Subcontracts	1,540	166	12,992	166	(2,326)
Other Subcontracts	521	264	7,494	264	(854)
Depreciation	1,219	9	10,931	9	(2,834)
Marketing	27	22	470	22	814
Professional	508	(1)	1,772	(1)	(947)
Other opex	278	104	3,407	104	(548)
Gross Project Opex	6,744	699	59,664	699	(11,806)
Interest costs/(income)	1,170	53	9,276	53	(468)
Costs before Capitalisations	9,533	789	84,219	789	(14,536)
Declared PBT Losses / (Profits)	(134)	269	1,218	269	(418)
Capitalised into WIP during year	9,667	520	83,001	520	(14,118)

Comments:

Revenue gains arose from the invoicing of development work for Deutsche Post ahead of forecast. All associated costs - virtually all time and materials - had already been recognised as and when incurred, resulting in a positive declared PBT in the month - a first for ICL Pathway!!

Elsewhere, there were net savings of over £0.5m on mainstream project costs. Several long-standing accruals were reviewed and adjusted in the month, resulting in apparent cost reductions on Oracle development costs of £0.2m. There were further gains from lower than forecast charges from ICL Outsourcing for development and product support activities, but these were offset by a one-time extra cost from Outsourcing relating to revisions to the way in which charges for specialised archiving media are passed to Pathway. Other gains arose on freelancers, interest costs and - within the 'other opex' category - lower exchange losses and reduced accruals for equipment maintenance.

OCTOBER ACTUALS 1998

HEADCOUNT

	End of October 1998			
	Actual	Oct F'cast	"Budget"	
Permanent Headcount				
Systems	35	2	(19)	Permanent headcount grew by 10 in the month, but was still 5 below forecast.
Implementation	44	(1)	(8)	
Customer Service	56	2	(17)	
All other departments	55	2	(1)	
Totals - Permanent Staff	190	5	(45)	Half of the new intake was into Customer Service
Non-Permanent Headcount				
Industrial Trainees and Temporary Staff	13	1	(11)	Freelancer levels have been relatively stable over the past few months, with end-October headcount just 5 ahead of the July levels.
Freelancers sourced through ICL IT Contractor Services				
Systems	129	(4)	(49)	
Implementation	4	-	-	
Customer Service	7	-	1	
All other departments	31	4	(18)	
Totals - Higher Skills Freelancers	171	-	(64)	
Totals - Non-Permanent Staff	184	1	(75)	
Grand Totals	374	6	(120)	

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OCTOBER ACTUALS 1998

CASH FLOW (£000'S)

Inflows/(Outflows)	Month of October 1998		Year to October 1998		
	Actual	Variance vs. F'cast	Actual	Oct F'cast	"Budget"
Net Project Costs - capitalised into WIP	-9,667	520	-83,001	520	-14,118
Project costs taken straight to P & L	134	269	-1,218	269	-418
Depreciation	1,219	-9	10,931	-9	2,834
Movement in other Working Capital Items	-1,751	493	-4,140	493	1,760
Fixed Asset Additions	-1,368	944	-13,723	944	-4,044
Business Operating Cash Outflow	-11,433	2,217	-91,151	2,217	-13,986
Opening Net Borrowings	169,672	0	89,955	0	4,857
Closing Net Borrowings	181,105	2,217	181,105	2,217	-9,128

BALANCE SHEETS (£000'S)

	October 1998 - Pathway Total			
	October, Actual	October Forecast	ICL "Budget"	
Net Fixed Assets	39,084	40,019	38,353	Cash outflow of £11.4m in the month was £2.2m less than forecast.
Project Work in Progress	175,756	176,276	162,196	
Other Working Capital	(15,541)	(15,048)	(9,774)	
Totals	199,299	201,247	190,775	Fixed asset additions were £0.9m lower than forecast, due to lower than expected invoicing for post office site preparation work and end user training.
Share Capital	20,000	20,000	20,000	
Retained Earnings	(1,806)	(2,075)	(1,203)	
Group Pooled Borrowings	7,985	322	82,187	This, along with the lower net cost levels in the month and a further £0.5m favourable variance on working capital (due mainly to a forecast error) gave the lower borrowings requirement
External Loans	173,120	183,000	89,791	
Total Borrowings	181,105	183,322	171,978	
Totals	199,299	201,247	190,775	No new Asset Company funds were drawn down in the month, resulting in a mix variance between pooled borrowings and external loans.

Customer Requirements Report



Customer Requirements Report

MONTHLY SUMMARY

- OBCS and APS have completed Acceptance Trials.
- Eight Acceptance Specifications (ASs) have been contractually approved – it was to have been ten but the customer reneged on two.
- The early signs of a more positive attitude from the DSS have continued and we are now expecting the three big DSS Acceptance Specifications to be approved this week.
- The specifications for Audit, POCL Infrastructure and Help Desks are now clear for approval. Good progress has been made on EPOSS through meetings rather than document reviews.
- The four remaining problem specifications out of the 23 are Reconciliation, Reference Data, Rollout and BES.

DETAILED PLAN ACTIVITIES**NEW RELEASE 2**

- A large number of PinICLs have been dealt with. The KPR stands at about 30. Several PinICLs potentially affecting BES Acceptance remain outstanding, particularly those relating to prompts and the display of title in card verification. A paper about BES behaviour under conditions of LAN failure was completed in response to two outstanding PinICLs although final resolution will take time and will need to be taken outside NR2 and Acceptance.
- There are currently 119 Security PinICLs open, of which around 25 are adjudged Business Impact One through the Security Forum. The clear-up rate in baseline 9FT Inc7 was much below expectation with the ECCO migration particularly affected.
- We are in course of reviewing the PPDs. The BES one, in particular, is important to Acceptance. We need to use the PPD to cover any remaining issues concerning Acceptance particularly in the area of counter interface prompts and messages.
- The DSS Reference Data is under test. DSS has changed the format of the table of Benefit Offices to CAPS Release 4 formats without first raising a CR. What price their configuration management?
- An updated version of the Access Control Policy has been produced accurately reflecting the NR2 level of product.

RELEASE NEW 2+

- We have supported the NR2+ contents reviews.

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- The 11th joint CAPS/PDA/Pathway review was held in a good spirit of co-operation. Useful progress has continued on the casual agent / temporary agent front and consolidation of business rules. Issues now look forward into the Release 2+ and on-line enquiry developments.
- The DIDVR for CAPS Release 3.5 has now been received.

CARS

- There was again no CARs activity.

A2AS

- There was no progress on outstanding A2As. The approval of the CMS Acceptance specification and the definition of the Performance testing programme will clear several.

CCNS / CRS / CPS

- Dave H completed a total re-drafting of the DSS, POCL and Joint solution schedules as the basis for contractual resolution of CCN 117. These texts provide differentiation between payments cards and temporary tokens within the Pathway solution, in the face of the Authorities' continued unwillingness to introduce two separate classes of instrument of payment into the Requirements. In addition various suggested amendments to a small number of Requirements have been identified in conjunction with Finance & Commercial, along with a proposed amendment to the contract clause covering usage of the term "Card". Hopefully, now the Authorities have found a way to absolve themselves from the outward and visible sin of wholesale change to Requirements, there will be a resolution of this long running issue.
- CCNs were drafted for including Frame Relay, and for Help Desk changes needed for Acceptance.
- Among the Change Requests received are two for APS, the new British Gas smart card product and bar-coded BT bills.

ACCEPTANCE

- Eight of the 23 ASs were formally approved via the CCN process.
- Further versions of the BES AS were completed in response to successive waves of Authorities' comments. The issues are the familiar ones of the POCL / DSS BES / PAS boundary, contract documentation versions plus a number relating to system prompts. In addition, POCL refuses to accept the DSS's CAPS DIDVR as the basis for encashment data content sent between BES and PAS. A letter listing the remaining issues and asserting resolutions to them has been sent.

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- Tony H issued further versions of the DSS Interface AS to achieve an agreed final version. In the event, the DSS reneged seeking further changes, since made.
- Tony also dealt with further waves of comments on the CMS and PAS ASs and has again brought DSS back to the point of agreement.
- T&I (Kevin Barrett) has consolidated all the tests used for PAS, CMS, BES and DSS Interface within a single document, with virtually all these tests now within BIT03. The rewritten acceptance specifications refer to this document and reflect the latest status of the test scripts.
- Dave C has brought the very large POCL Infrastructure AS to the point of agreement and has overseen the actual Trials phases for OBCS and APS. Closure reports for these two Trials are in preparation, but both require reruns to clear PinICLs/Acceptance Incidents.
- Peter Burden has similarly reached agreement on the Help Desks AS.
- John P has secured much progress on the EPOSS AS through a series of workshops. Although the specification has been significantly reworked the tests involved are virtually unchanged. We still expect a number of disputed areas.
- The POCL Reference Data Acceptance Test Manager (of PA Consulting) is trying to combine his assurance role with Acceptance and is proving difficult.
- That for TIP is ready for approval but was reneged on, but no further comments yet.
- The Security AS was formally approved – a significant milestone. The principal caveat is the provision of three third party test plans final drafts of which are due this week.
- The Service Levels (Performance) AS formal approval was achieved. However, the Test Plans for performance are about to be recast over a longer period of time which may mean that tests required to support Acceptance will not be available within the Acceptance window.
- Not everything that the TSC Bracknell element of Acceptance Trials requires is available in 9FT Increment 7, the MOT baseline being built at this time and which will allow testing to restart. Around 100 tests may not be executable, particularly MIECCO & RODB, in the required time scale. There are also a number of reruns not yet possible and non-Security Acceptance dependencies on the TSC tests not yet met.
- It is clear that there will be insufficient time to rerun all Bracknell tests in the Final Pass. This is particularly the case for Integrity where the tests have been put into priority order so that the high priority can be done before MOT and the rest to follow.
- The Reconciliation AS is proving to be extremely difficult with comments late back and oppositionist in character, to say the least.

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- The Rollout AS depends on resolving the nature of the completion packs from installation and overcoming the desire by POCL to inspect a 10 per cent sample of outlet installations. Pam Barlow is putting this blank completion pack together.
- There have been three meetings of the three-way Acceptance Management Forum. A significant achievement is finding a way forward whereby the Authorities do not have to witness all the Trials by assuring themselves of the process. Initial audit was positive.
- An updated version of the database was sent to Horizon. A number of updates are now outstanding from the team.

NEW BUSINESS SUPPORT

- The EFTPOS workshops continue. The target is to achieve a Functional Specification by the end of year.
- Dave C has produced an RFI for a PIN-Pad. This will go to various suppliers before the end of the year.

OTHER TEAM ACTIVITIES

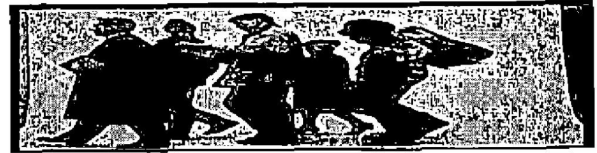
- Dave H reviewed the IWIM proposal to the Post Office (integrated workflow and document management) as a red team member. Contact was also made with Mike Strong of the Post Office at the joint WPMC / Black forest Group meeting (see item below). Following the subsequent ITT arrival, Dave H will contribute, where possible, to any subsequent proposal.
- Dave H chaired the Workflow Management coalition October meeting and was also involved in a presentation to the Black Forest Group (multinational users), which includes the Post Office within its membership. An invitation has been received to contribute to the Black Forest Group on an ongoing basis.
- John C also participated in the A&TC bid qualification for IWIM. This gave a score of 71.5%, at the bottom end of what ICL should achieve in order to go for a bid.
- John D made contributions to the Acceptance Treasury paper.

CURRENT CRITICAL PROBLEMS

- None.

ISSUES

- Technical & Security Testing (Bracknell): The high level of PinICLs not dealt with within the MOT baseline, the lateness of the baseline itself and the redefinition of Performance testing will make the timely completion of Acceptance Trials for Security, Service Levels and POCL Infrastructure difficult.



Customer Service Report

Customer Service Report

MONTHLY SUMMARY

- Service performance in October was again excellent with all key service performance measures being met or exceeded.

RELEASE 1C VITAL STATISTICS

- Installed base : 204 Post Offices, 334 counters
- Number of Cards issued 45,126
- Number of Active Cards in use 35,985
- Total number of BES Counter Transactions 665,913
- BES Counter Transactions in month 81,480
- Total value of Benefit Payments received £21.3m
- Value of Benefit Payments received in month £2.6m
- Total value of Benefit Encashments made £20.1m
- Value of Benefit Encashments in month £2.5m
- Total number of OBCS Transactions 5.7m
- Number of books impounded 16,521
- Potential fraud avoided > £2.1m

PROGRESS**OPERATIONS**

- No major issues this month.
- Steady progress has been made by the Reference Data team and the take-on for MOR3 was completed on time and loaded into the counters.
- We intend to use StaffWare as the workflow control system for Reference Data and discussions with A&TC are in train to provide support for its implementation.
- Operational Readiness Reviews for NR2 have been held and I am pleased with progress. The main area to be improved concerns data centre operation in fail-over situations.
- Discussions are being held with TIP to determine how we can implement effective operation of this interface.

BUSINESS SUPPORT

- The BSU has once again had an outstanding month and they have exceeded all of their SLA performance targets.
- The 'incomplete transactions' fixes were implemented this month and were immediately effective. Transactions without reconciliation incidents were at their highest level at 99.985% and we are on track to achieve our unofficial target of 99.99% by the end of the year. (official SLA target is 99.9%).

BA & POCL SERVICES

- Service suppliers continue to provide good service both for R1c and MO.
- There is much work that DLR-CS have to undertake to bring in their card packing machine and for their forthcoming building move. We will ensure that they produce appropriate plans for these activities and will be monitoring them closely.
- The exercise to swap monitors, check asset information and change to an "unslashed" zero on the counter printer at all outlets is now complete. A consequent reduction in calls is being seen at the Helpdesk.

CUSTOMER SATISFACTION

- Special thanks are due to the ICL System Service engineers who have consistently excelled in delivering an effective and timely service to the R1c post offices and have achieved an outstanding 100% satisfaction rating in our recent survey.
- Excellent progress has been made in conducting Manager Care Visits and the programme is now nearly complete. A report analysing the results of the visits will be published in November.

SYSTEM SUPPORT

- Model Office is providing a very high workload for the SSC and I am concerned that NR2 software quality should show significant improvement for MOT in order that we can achieve Release Authorisation.
- The SSC closed 227 calls in October with a further 145 passed to Development.

INFRASTRUCTURE SERVICES (MIS / PROCESS ENGINEERING / PERFORMANCE / IT)

- The slippage in the programme has undermined our plan to get all NR2 joint process work baselined by the end of the year. DSS and POCL are saying that some parts of the BPS process definition work will have to extend into January/February next year.
- New APS and EPOSS Reconciliation Panels are being set up and good progress has been made on reconciliation process definitions.
- We have received approval from POCL of our APS transaction times and all NR2 standard operation times are now approved. Approval of fallback times is still outstanding.
- Our clustered server system ('P Drive') continues to be monitored on Red alert. Fujitsu have delivered two new servers to replace Cluster1.

CURRENT CRITICAL PROBLEMS

- None

ISSUES

- Continued dissatisfaction with the delivery of service from Outsourcing. Since our meeting earlier in the month with John Scott, we have seen no improvement. Paul Westfield has raised the issue with Group IT.



Quality & Risk Report

Quality & Risk Report

MONTHLY SUMMARY

- FRM progress. The repudiated transaction has been investigated; no liability for Pathway. A potential replacement for 2nd line of address is being considered; nominated Post Office name and 1st line of address. Sign off of CCN243 is still being pursued.
- Risk Management. A high level business analysis has been conducted which has identified schedule, implementation, operational and new business risks. Immediate programme risks which could still scupper the latest plans for NR2 and NRO include EPOSS product quality, TIP end to end, BES fallback reconciliation, CAPS dependency and Audit content and testing.
- System Security. Progress continues to be made in the definition of procedures, particularly for Security Event Management. The definition of technical penetration testing continues; there remains an issue of the availability of rigs and resources.
- Quality. Disaster Recovery Planning; collection of information to support the plans continues. Quality assurance of vendors continues.
- Audit. There are substantial issues remaining with the Audit solution; part of Requirement 816 has been overlooked and no testing of Audit content has yet been conducted; these could result in serious acceptance incidents. A successful acceptance audit of testing processes has been conducted by BA/POCL, with the result that witnessing will be low level. The definition of the Audit Manual and commercial specifications continues.
- Year 2000 Conformance. Good progress - assessment of service providers, 3rd party compliance and internal testing continue - no major issues currently.

PROGRESS**FRAUD RISK MANAGEMENT****RELEASE 1C**

- The repudiated transaction notified in September has been resolved. The 'Customer' involved stated that he was aware who committed the offence but refused to divulge the information. No fraud liability has been apportioned to ICL Pathway.

- The high incidence of manual transaction performed on certain cards was investigated. Cards are being used for multiple manual transactions because customers are failing to collect new cards for a significant period. This matter will be alleviated in NR2 - a message will be displayed if a customer attempts to use a card when another is available. The situation will be monitored.

NEW RELEASE 2

- FCMS system testing. The first pass raised concern as to the status of the FCMS. FRM has agreed with testing to run a stand alone version of FCMS to allow functionality and reports to be checked.
- Four procedures (FRM Contingency Report Dispatch, Incident Categorisation, Fraud Case Management Administration Procedure and the Information Interchange Procedure) have been completed and baselined.

NEW RELEASE 2+

- EVP:
 - The sign off of CCN 243 ('Soft EVP') is still being pursued.
 - Replacement data item for the 2nd line of address. Nominated Post Office Name and 1st Line of address has been identified as being the front runner. Design implications for the supply of the information are being considered - BA data may not be consistent and a new interface may be needed to use POCL data.
- 'Beneficiary Title' is not being shown on the counter screen. Agreement has been reached 'in principle' with Horizon, that this would be added to the KPR with minimal impact. A number of changes to the desktop were identified for NR2+ as a result.

RISK MANAGEMENT

- NRO Risk Register. The November update will not be completed on schedule. POCL have attempted to discontinue the 300 Club meetings; this has diverted attention from risk assessment and they have not provided an update. Some Pathway risk owners are also not providing updates.
- Business Risks. A high level analysis has been produced; key risks are:
 - NR2 dates. Testing issues and poor EPOSS quality may cause delays to start and duration of Live Trial.
 - NR2 Acceptance may be delayed as a result of dependencies on CAPS and BA and POCL

- NR2+ dates may be impacted by for example resource constraints, impact of NR2 hangouts and operational issues, design and development 'surprises', and inadequate adherence to end to end processes.
- Implementation / NRO. Major risks are well understood and include beat rate, state of Post Office estate, effect of interruptions, pace of card roll-out and accuracy of BA personal data.
- Operational risks are largely around uncertainty - system maintenance costs, reconciliation costs, need for technology refresh, adequacy of recovery, failover procedures. Training and turnover training in Post Offices continues to be an issue.
- Business Case risks are mostly associated with uncertainty - level of fraud, rate of customer take up, new business forecasts and development costs.

SYSTEM SECURITY

GENERAL

- Documentation:
 - V4 of The ICL Pathway Security Policy will be baselined in November.
 - V1 of The Security Management Procedures will be baselined in November.
 - Version 0.2 Horizon Security Passes Audit Procedure has been distributed for review.
 - Version 1.1 of RS/PRO/0013 (Horizon Security Passes Procedure) has been.
- There have been 4 virus incidents during October. Requirements and process documents have been prepared for Customer Service to carry out ongoing virus updates on the servers.
- The physical and logical security requirements of the CS move to Bracknell have been defined. PIR and CCTV requirements have been approved by Group Security.
- A CP (CP1602) has been raised for Outsourcing to build and install the FRM, Audit and Security Event workstations in the 'secure room' in A0 which has now been vacated. The CP also requests connectivity to the live network for these workstations. Back up requirements are being considered.

RELEASE 1C

- Post Release 1c physical security reviews have been conducted at Belfast, Lytham St Anne's, Wigan and Bootle with Sponsors. The only significant concern raised by the Sponsors is the risk of 'car borne devices' parked adjacent to the Bootle Data Centre - a very low risk, the mirrored site provides adequate mitigation.

NEW RELEASE 2

- The draft HLTP for technical penetration testing has been received from Admiral Management Services Limited (AMSL) and is under review with Horizon and Secure Test representatives. The issue around T & I rigs & resources necessary for this testing remain. Horizon have indicated their willingness to jointly fund the actual penetration tests.
- Security Event Management:
 - Girobank Network Services have agreed the use of Tivoli, and that ICL Pathway can have access to security-relevant events.
 - The draft requirements specification for R2 Security Event Management system is with ICL Outsourcing for comment.
- Requirements and HLD documents for verifying callers to the Horizon System Helpdesk using One Shot Passwords were issued for review. POCL procedures are being urgently progressed.
- A long-standing PinICL regarding clearance of Pathway and other ICL staff to view NSI data is with the BA Security Group for resolution.

QUALITY

- Actions from WT plc audit progressed, including the audit of security passes, and review of invoice checking / authorisation process.
- Review of draft Horizon Training Workbooks has continued, identifying technical errors and omissions.
- Support to Acceptance Test planning / preparation continues.
- Disaster Recovery Planning. Collection of information continues, including personal contact and next of kin details and specific team information, including supplier, contact and critical record details.
- Vendor assurance. Vendor Assessment Questionnaires have been sent to potential suppliers of lease equipment.

AUDIT

- Continued high level of contribution to the PinICL exercise.
- The Audit Acceptance Test Specification has at last been signed off; it remains now to schedule review activities.

- There remain substantial issues regarding the Audit solution, including:
 - Part of Requirement 816 appears to have been overlooked –this specifies that Cash Account information for longer than 2 periods is required within 24 hours.
 - No testing of the content of Audit input to the server has been conducted and the definition of content still has to be completed.
- The Horizon System Audit Manual (NR2) is being developed as the sole supporting manual for Audit Acceptance. It will be distributed to BA/POCL Auditors early November for review.
- Standards and Procedures. The principle of standard audit products has been agreed and BA will produce first drafts.
- Acceptance Audit. In order to reduce the need for witnessing, BA and POCL have conducted an audit of the Test processes, with positive results.
- Audit Trail Specifications for CCS, CON Admin and SLAM (required for the commercial arm of audit) are nearly complete.

YEAR 2000 CONFORMANCE

- Assessment of Service Providers compliance plans; issues:
 - Girobank:
 - a. Buildings; loss of water supply is an issue
 - b. Help Desk pc's are due to be upgraded in Jan 1999
 - Celistica
 - c. On track to complete IT systems this year.
 - d. No contingency power supply either for manufacturing or office buildings.
- 3rd party compliance issues include:
 - SQL server v6.5 has declared defects – low risk
 - TrueTime (time synchronisation) have completed test programme – may need to upgrade time servers from v4 to v5
- Y2k testing continues well with only a few faults raised.
- Outsourcing have been asked to confirm ownership for ensuring that support chains are Y2k ready.

CURRENT CRITICAL PROBLEMS

- Sign off of CCN243.
- Audit delivery, particularly content, testing and assurance for R2 authorisation.

ISSUES

- The number of PinICLs, rate of clearance and time to regression test fixes.
- The quality, stability and maintainability of EPOSS.
- Security & Fraud groups within Pathway no longer have a focal point in Horizon.

Business Development Report



Business Development Report

MONTHLY SUMMARY**LOGISTICS FEEDER SERVICE:**

- Signed CCN due this month (November). We did specify end of October as cut off so we now need to use this as bargaining power if we are to put LFS into NR2+.

BANKING:

- Very little movement on the POCL front. David Walker has been tied up with other non-banking-related activities. Allocation of resources to the "Vision" work continues to be a concern. Internally, we have put together a team to create an end-to-end design for a banking service. We will also aim to produce a prototype to help with POCL's sales task.

EFTPOS:

- A number of workshops have taken place to clarify the more detailed requirements. We will now take the initiative to document and baseline the requirement otherwise, workshops will continue and nauseam.

MARKETING SUITE:

- Plans are firmly in place for re-occupation in December. This will allow us to have a wider range of demonstrations, covering multi-channel, web enabled, smart card and Mails.

PRESS:

- No significant press activity, except for the 82 year old sub-mistress in Norfolk. This article showed the capacity for the press to pick up on any little story and blow it into something far larger than it deserves. It did however point to flaws in internal processes – the problem should have been sorted earlier. Corrective action is taking place.

CUSTOMER EDUCATION:

- Plans continue in place but are now totally dependent on the programme plan and the confirmed Benefit migration dates. We are ensuring that significant budget is not committed prior to firmly agreed rollout dates. This means leaving media purchase as late as possible, otherwise we take a hit.

MANAGEMENT AWARENESS:

- A programme of work is in place to specify a joined up awareness programme, similar to the Management Awareness events run earlier. This will cover all key target audiences and will be fully funded. I see this as part of the re-launch activity following Treasury review negotiations.

ONE ICL PRESENTATION:

- Considerable effort this month focused on a successfully organised presentation for POCL, which showed how ICL could support its business ambitions. In mounting the event we were able to pull together, in a very short time, a comprehensive presentation on ICL. (Much effort also went into CITU event). This reflected well on the comprehensive "One ICL message" and was reinforced by the John Roberts letter.

PROGRESS

- All external communication and planning are effectively stalled until the outcome of the Treasury Review is communicable.
- Sponsor internal communications: POCL are not adhering to the customer education recommendations. This matter is now in the final stages of escalation and must (if not resolved by late November) be raised with Horizon management. On the positive side we have spent time demonstrating the system to POCL communicators and explaining rollout.
- Anna managed to kill an article in the Financial Times - they were convinced that we had dropped demands for additional payment and that in view of this, and even though the contract was late, that the government would extend the contract. Trade press has a greater incentive to produce copy and they believe now that the contract will continue - if not with the Payment Card; this speculation is fuelled by Nat West's new ATM!
- The Sub Post Office exhibition at Wembley went off very well under Greg Couper's management.
- A2As: Graham White from Horizon has been doing a lot of work on these and has been very helpful in the moving of the database from the multiple Excel spreadsheets to Access. This should enable the whole activity to be better managed and reported. This is particularly important to enable an agreed statement to be presented for the RAB process. Mason's are also examining A2A's in the light of the review.

ISSUES

- Recovering the partnership working is of paramount importance. A critical success factor to this is the achievement of the current programme plan. Slippage loses us credibility and directly affects joint working. We must continue to put pressure on to achieve partnership and my view is the message must come down from John Roberts level as in his letter.
- We tend to hear criticism from POCL about length of time to get product to market. I am about to use LFS as a key example of the length of time it takes (20+ months) to get from first known requirement to signed CCN. ICL Pathway caused none of this delay.
- Internal Communication within POCL as is affects Horizon continues to be a worry. I have now discussed this with Dave Miller and we are putting a plan in place to ensure more joined up activity.

International Sales Report



ICL Pathway International Sales Monthly Report

Ref: PA/REP/031
Version: 1.0
Date: 20/11/98

International Sales Report

MONTHLY SUMMARY

- No submission this month



Organisation & Personnel Report

Organisation & Personnel Report

MONTHLY SUMMARY

- Recruitment activity has continued successfully. Following on from the previous months management briefings all employees were briefed on the introduction of Professional Communities and Performance + to ICL Pathway.

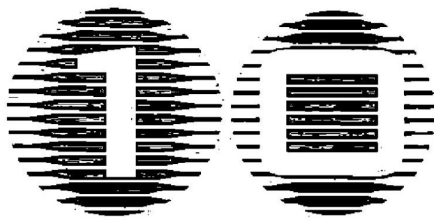
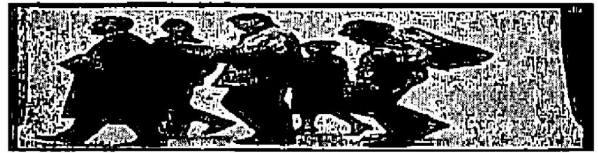
PROGRESS

- There has been good progress in recruiting permanent people, as follows:

Permanent appointments in October	8
Currently under offer	2
Appointments YTD	93
Current requirements	42
- Particularly pleasing is an offer made to Patrick Cattermole for the Fraud Risk Manager, a key role which has been outstanding for some time. He has accepted the offer.
- Arrangements have been made for ICL Pathway to be represented at VISIT recruitment events in London and Reading. These will be followed up by an open evening.
- Employees were briefed on the introduction of Professional Communities and discussions commenced with managers to benchmark all permanent employees within their appropriate community.
- Managers and employees were briefed on Performance+.
- The plan was finalised for the customer service unit would move out from Feltham to BRA01 in November. The first draft of the associated replan for FEL01 was completed.

CURRENT CRITICAL PROBLEMS

- None



Post Office Client Report

The Post Office - Client Director's Report**MONTHLY SUMMARY**

- Work on the IWIM Integrated Workflow and Image Management bid has commenced.

BETTER GOVERNMENT

- CITU are keen to accelerate the acceptability of Smartcards for government electronic service delivery, being of the view that the next step is to "close the sale", for the potential of Citizen Smartcards for government.direct, to ministers and MPs. The aim is to break the deadlock between govt departments being unwilling to commence electronic service developments until a wider citizen smartcard population exists, and card suppliers being unwilling to issue large volumes of digital signature smartcards until there is a govt electronic applications/services market.
- I am directing the building of an ICL " Whitehall Demonstrator" showing a full citizen interaction, from Housing Benefit application via a Local Govt Kiosk, to payment of the Benefit via a Post Office Counter; with identification and authentication via Smartcard. This is intended to be available in time for the CITU conference Nov 2/3rd.

IWIM

- Following a good response to the first OJEC ad we have gone through to the second-round. This consists of a most unusual RFI, demanding an extraordinary amount of free advice, with ten days to respond. A&TC (who own all the skills) have responded well, putting together a hit team to respond to the RFI whilst we focus on the key questions of bid qualification and win strategy.
- The full revenue from this bid could amount to £50m over 5 years.

ONE-STOP-SHOP DESKTOP SUPPLY

- The good news is that Fujitsu have been selected as the second hardware supplier, alongside Compaq. The not so good news is that Systems Service are achieving 30% of warranty calls within the specified timescale, against an SLA of 95%.