Item 2 of Paul Rich's letter "IT Concurrence Meeting" dated 9 February
"Flash Report - Urgent!! - Supplier Requirements" - 10/01/1996 (CardLink)

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Though the meeting was with CardLink, and thus the comments were aimed specifically at the one supplier, the issues are, for the most case, more general and less a feature of Cardlink's solution than a reflection of the status of the requirements at the time of Basil writing this memo.

Reconciliation / Role of TIP

Implication 1   "POCL will have to rely on the BA or the service provider for accurate information for settlement"

Response: The reconciliation requirement (approved by Tim Brown) covers part of this. In general POCL does rely on the Service Provider for accurate settlement data since all data, of which BPS is one part, comes from PFI services, the only alternative being BA (who are fed by PFI services).

POCL's long-stop control over this is by the continuing independent data stream from offices provided by the cash account.

Implication 2:   "There is no generic reconciliation capability provided by the supplier. Each new on-line product will require a 'bespoke' reconciliation process which will cost us an appropriate sum of money"

Response: Of the three suppliers, CardLink has one of the most generic approaches to reconciliation, using packages from the ACI Base24 Electronic Funds Transfer software set.

As there have been no definitive requirements specified for future on-line products there is a limit to what suppliers can design for "future-proofing" when in a situation where they are trying to win a contract with a competitive bid.

As with all suppliers, there will need to be some bespoke work, to develop interfaces to third parties, and screens at the counter. The *level* of bespoke work is the real issue.

Given the ACI package in use by CardLink, "standard" products may be part of the existing portfolio and thus require a small amount of bespoke work.

Implication 3:   "The benefit of continuing with the current TIP1 project becomes questionable, as a major element of their scope is now taken by the service provider"

Response: It is unclear on the precise nature of the issue here, as the scope of work the service provider is undertaking in this area does not appear to have significantly changed.

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The understanding is that TIP is being fed "authorisation data" from PAS so it can repeat the service providers checks against the EPOSS log version of transaction data.

Given the likely risk transfer, it is unlikely the service provider would not be performing reconciliation even if it were not a requirement.

The question of whether TIP1 is required to fulfil this function is a sponsor cost case issue.

This is not a programme issue.

Implication 4:   "Service provider could cut POCL out of transaction process, e.g. by offering it through petrol stations"

Response:

The appropriate protection against the service provider using outlets other than POCL business is contractual, both between the service provider and POCL and POCL and its client base.

It is unlikely that reconciliation would be the prime concern if a service provider wished to cut out POCL.

Office balance / Cash Accounting Process

Implication 4:   "Dave Smith is currently reviewing the way in which we account for Outlets. The result is this work is **urgently needed prior to the ITT** going out. Otherwise we may be trapped into continuing with the existing cash account process, and losing the benefits of a more flexible approach."

Response: The strategic direction is not a programme issue. It should however be noted that the cash account mechanism acts as a check on the accuracy of the service providers data for reconciliation.

Current requirements require that the service provider supplies a system that will support POCLs current office procedures. CardLink are implementing this as an extension of their StoreView package, which can be de-coupled at a later date. This approach ensures we retain financial control and accountability until an alternative is developed, and accommodates migration to the 'new accounting and distribution systems' in so far as they have been defined to the programme.

Implication 5:   "The new Accounting and Distribution Systems require a different set of information and different controls to those imposed by the cash account. These may not be supported"

Response: The programme is constrained in defining requirements due to the lack of information on the interfaces to be supported.