

From: Rodric Williams [GRO]
Sent: Tue 05/11/2019 9:51:35 PM (UTC)
To: Ben Foat [GRO]
Cc: Sherrill Taggart [GRO]; Jacqueline Scott [GRO]; Kenneth Garvey [GRO]
Subject: FW: Fujistu decisions thoughts - legally privileged

Ben,

LPP

A couple of other points arising from Al's email:

- I don't think Al's right when he says "no one came forward last time" we tried to procure a new front office system in c.2014. Jacqueline – did you work on that procurement? My recollection is IBM at least bid for the work, with FJ pulling out on the basis that they didn't believe anyone else could meet our published specifications (which ultimately proved correct, thereby emboldening FJ as Al has characterised).
- One thing that has become clear through FJ's support of the GLO is that they are supporting Horizon with a team of long-standing employees, many of whom are nearing (and some have already passed) retirement age, i.e. it is not only Horizon's technology which is ageing. This to me begs the question of what FJ are doing to ensure they have the personnel to support the system even if we were to go forward with it.
- In terms of "knowing how core Horizon really works", I think FJ own (or have at least asserted ownership) over the IP in the system, which may have contributed to the inability to replace FJ back in c.2014, and could complicate any move to a totally new supplier.
Ken - do you have any insight on this?

I hope this is helpful. Please let me know if you require further.
Rod

From: Ben Foat
Sent: 05 November 2019 14:42

To: Kenneth Garvey <[GRO]>; Jacqueline Scott <[GRO]>
Rodric Williams <[GRO]>
Cc: Sherrill Taggart <[GRO]>
Subject: FW: Fujitsu decisions thoughts - legally privileged
Importance: High

Apologies but an urgent request for CEO and CFO.

Ken – any comments on the IT contract point. It would be helpful to re-summarise succinctly the contractual position and any strategic issues you see

Jacqueline – any issues with the procurement approach below

LPP

Apologies but could you each look at this today and come back to me COB today.



Ben Foat

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From: Alisdair Cameron

Sent: 05 November 2019 13:23

To: Ben Foat <[GRO]>
Cc: Nick Read <[GRO]>; Owen Woodley <[GRO]>; Shikha Hornsey <[GRO]>; Meredith Sharples <[GRO]>
Subject: Fujitsu decisions thoughts - legally privileged

Ben,

Welcome your advice on this note, which is intended as a prep note for Nick's meeting on Thursday – as it's only 30 minutes I thought some ground clearing and context might be helpful. However, these are legally complex areas and I appreciate I may not understand them properly.

Thanks Al

Context (debatable)

Fj broadly think we are an opportunity to be monetised aggressively and occasionally patted on the head with slightly lower costs. They believe we have neither the capability nor the will to really exit on either Horizon or Telco – last time they walked away from Horizon, we tried to replace them and failed.

All other things being equal, which they are not, they are not the supplier we would choose now for our front office systems because their new tech and digital skills are lagging.

Our current contract to 2023 guarantees them a level of income although we have some flexibility around what they do for it – provided they agree and price competitively within the PCR rules.

Their performance over the GLO has been truly awful – they told us that they didn't have remote access when they did, they told us they couldn't recover historical KELs when they could and their witness performance was terrible. This could make them less keen to stay engaged (but they are probably quite thick skinned) or create brand issues with retaining them.

Decisions and choices

1. Telco. I don't have any data or influence over the Telco RFP but if we follow the context above they will likely games play around the process in the belief that we will back off. If we don't back off or we decide to sell anyway, then one way or another we do exit them.
2. Playing out the H contract to 2023 seems, on the face of it, a potentially horrendous decision for the reasons below – so are we in fact bluffing?
 - We don't know how core H really works
 - We don't have a plan to get off it
 - We would have to pay double costs to create the new before we can reduce the commitment on the old – which is entirely unaffordable

So is there in fact a set of IT requirements (on the cloud and out of Belfast, joining up the digital and store IT journeys, giving us access to more and better data, having a future for the core H back end etc) that we want to deliver? And are they actually the best people to deliver it? Should we in fact sign a new 10 year agreement with a reducing cost base which delivers these changes and retain them? If we are going to have this conversation with them, surely the sooner the better – the nearer we get to 2023, the more obvious the bluff? (I know procurement is difficult but we could publish the decision and invite challenge – no one came forward last time and if they did we would get more competition on price).

3.

LPP

My sense is that we fail to have honest and open conversations and don't really understand where they are game-playing. We think of them as separate beasts and they have a joined up view of us. We do not understand the conversation and perspectives between UK and Japan.

Questions

Do we (exactly who and when) need to go to Japan and have an open meeting about the future to see if we can break out of the current set of impasses? If it was Nick and in November, would that shake them into a new conversation – are the Japanese actually more interested in strategic relationship vs short term money? Should we wait for clarity on Telco? Or do we at least need to re-start the relationship build even before we know the questions?

How do we get clarity on the future of H?

Thanks Al



Al Cameron
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GRO