

To: ci: PS/Ian McCartney
Mr Sibbick CGBPS
MR MCINTYRE Ms Hathaway CII
CII

From:

CHRISTOPHER WOOLARD
PS/Secretary of State
Room **GRO**
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15 September 1998

MEETING WITH KEITH TODD, ICL: 11 SEPTEMBER 1998

You were present along with Katherine Hathaway when Keith Todd and George Hall of ICL called to see the Secretary of State. Mr McCartney was also present. Keith Todd began the meeting by spelling out what he wished to talk about - namely his intentions for ICL, ICL's involvement in the Information Society Initiative, and he also wish to touch on project Horizon, although he understood the Secretary of State would not be able to comment on the latter.

2. Mr Todd described the basic set up of ICL. They had moved to software services where Mr Todd believed the money. They were involved in retail, travel, and finance software systems. In strictest confidence Mr Todd said Nortel would step aside as a shareholder later this month, allowing ICL to restructure with parts of Fijitsu float next year. Mr Todd then went on to say that he appreciated the support that DTI and the Government more widely had given regarding Fijitsu's decision on Newton Acliff. He realised that this had been a decision that had hurt HMG.

3. Mr Todd then spoke about ICL's plans for the future. He hoped that network technology would have the "martini affect" of allowing people to work anytime, any place, anywhere. You interjected that whilst the technology was there, there was a question of society actually adapting to the new technology available. Mr Todd said that ICL's strategy was to have citizen centered technology. They had to consider customer focus in all matters.

4. The discussion then moved to focus on the skill shortage in the IT. Mr Hall noted that the Irish had had a considerable payback from their investment in the education system. The Secretary of State noted that a knowledge base economy was at the heart of the Competitiveness White Paper. The Secretary of State noted that increasingly every company had a foot in the new and the old technologies.

5. On Horizon, the Secretary of State said that he could not go into detail, but there had been some very serious discussions over the past few weeks. The bad news of course was that this project had run into some substantial problems. The good news was that it was possible to sensible about the way forward. However that said, ICL would have to be very serious in their approach. A meeting between Mr Mandelson, Mr Darling and Mr McCartney might be more appropriate in a couple of weeks time. Mr Todd said he appreciated the time and understanding DTI had taken on this issue. Horizon was incredibly important for ICL, and the implications of its loss would be "bewildering". Mr Todd said he was a strong advocate of the SMART card and asked whether the Post Office might consider taking ownership from DSS.

CHRISTOPHER WOOLARD