

ISC/97/13

## ICL Pathway

## Memorandum

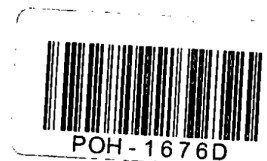
**DATE:** 24th February 1997

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**TO:** Rod Scott

**FROM:** John Bennett

**CC:** Terry Austin, Tony Oppenheim



**SUBJECT:** ICL Pathway - ISC Progress Report

### 1. Programme Replan

This has been the main activity for the last two months, to reassess with the customer the best way of achieving a phased roll out during 1997. This work has now been completed and the programme events will lead to a 200 post office implementation of the first service for live testing starting at the end of April, the second service in June and the third service in September. Although this derisks the programme it has moved the national roll out date back from July to November. The increased start up costs and delays to the revenue stream have required commercial renegotiations with the customer which have also just been concluded. Broadly speaking, the contract will be extended at the completion date to take into account the late start. In the case of Post Office Counters, the contract end date has moved forward some 7 months, which also allows issues surrounding the increased training requirements to be covered. The fine details of the programme plan are now being worked out with the customer and in addition we are looking to see if we can roll out up to 2,000 Post Offices in 1997 before the full acceptance of the system has been achieved. The net effect is, nevertheless, that we are likely to complete 1997 with just over 2000 Post Offices live as opposed to the original plan of approximately 5,000.

The new arrangements have high visibility politically and the plan as described above, has been discussed with the Secretary of State Peter Lilley and is likely to be signed off by him within the next week.

### 2. Progress Summary

The Initial Go Live system which went operational in the Stroud area of the UK last September continues to run well and now has its maximum number of 1400 claimants regularly using the payment card.

System testing activities are well advanced now for all three services to be implemented and the two data centres in Wigan and Bootle are now largely complete and ready for service.

In total there will be five difference payment cards covering 20 million beneficiaries and final designs on three of them are complete and the two minor ones are now being worked on.

### **3. Risk Management**

A total review of the programme risks has now been conducted, working on the new replan timetable. This shows, as expected, a reduction in risk due to the phased implementation plan. This risk report is now published together with the updating schedule for 1997 and dates of the management risk reviews which will keep this process under active management.

### **4. Major Issues**

As well as the replan activities and risk management referred to above, the key areas to manage during 1997 is the delivery from the customer of his dependencies into our plans. These interfaces have proved complex and unstable and we are using change control to impose better disciplines here.

### **5. Supplier Management**

We have completed a further round of negotiations with our key suppliers to improve the supply margins through the supply chain. In most cases, we have gained extra percentage points. We have regular communications with our key suppliers through our Suppliers forum and kept them up to speed on the replan activities and their needs to mitigate their costs against the new plan.

### **6. Partnership Plans with Post Office Counters Ltd**

We have had two successful Board to Board events over the last few months with POCL and have drafted a strategic partnership agreement which we shall use to address new business activities and the responsibilities of both partners to make this happen. In process terms, we have agreed a new business process which allows us to assess the business case of new opportunities and to schedule them into our future release strategy for new services on the infrastructure.

Our Release 2 products scheduled for Q1 1998 will be the first opportunity to build in new business revenue streams.

We have shared with POCL the need to be complimentary in the way in which we conduct ministerial lobbying, particularly over the election period and the potential new labour administration. Also we have exchanged views as to how we could collectively address the opportunities coming from the UK government green paper 'Government.direct' which looks at new ways of delivering government services to the citizen.

John Bennett