

ICL Pathway

**Programme Monthly Report**

Ref:PA/REP/053  
Version:1.0  
Date:13/09/2000

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**Document Title:** ICL Pathway Monthly Report – August 2000

**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
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## 1 PROGRESS AND ISSUES

Generally good progress is still being made, although CSR+ migration has proved problematic and we have had to manage the fuel crisis. Our systems and processes are holding up well as we continue to increase the number of live Post Offices and we are now entering a cost down phase which is critical to the business plan.

Rollout is on track. We have migrated over 12000 post offices (>60% of the estate) and are still achieving in excess of 300 implementations per week. We are about a week ahead of plan. We have trained in excess of 40000 Post Office staff. This performance is recognised by PO. The fuel crisis posed a significant threat but we managed through this with only a hand full of missed migrations, a magnificent result and one which has further improved our developing relationship with PO.

Weekly service performance is a key issue and we are back on track and are demonstrating consistent performance. There are signs that the PO wish to do a deal on those SLA's that we are missing.

Following the success of the PO User Confidence Trial (UCT), CSR+ Data Centre upgrade has been successfully achieved and is supporting the live estate. There are 230 live CSR+ post offices and the software performance is looking acceptable. We have struggled to demonstrate a migration strategy that will achieve the 600 per night required for the roll out program but have now identified what we believe to be an underlying NT instability. A work around has been successfully tested on a live migration run of 20 post offices and we intend to further trial this on Thursday 21<sup>st</sup> September. If this is successful we will start the formal CSR+ pilot and would intend to migrate a further 600 post offices w/c 2<sup>nd</sup> October. If successful we can then move into full roll out and complete by Christmas. Post Office is being very supportive although their confidence has been dented.

Headcount management remains a big issue and is getting considerable attention. We have now entered a vulnerable phase where we are highly dependent on key skills and motivation but at the same time need to manage the start of a heavy cost down program, particularly amongst freelance staff. We are also in a rapidly developing scenario regarding new business opportunities that will demand a large variable profile of skills and resources.

### 1.1 PIU REPORT

The long awaited PIU report on the future of the Post Office Network is directly critical of PO for not moving quickly enough into new business streams and is supportive of new initiatives such as Banking including the Social Bank and of using the post offices as e-gateways into Government services. The report acknowledges the investment in Horizon as a platform for developing PO business. We worked with PO on their response to the PIU.

### 1.2 NEW BUSINESS

We are still engaged in joint working groups/discussions on Network Banking, EFTPOS and ERA.

Progress on significant e-commerce initiatives proves difficult with lack of momentum in the PO. They have lodged a European Journal enquiry for potential e-commerce suppliers to which we are responding.

### **1.2.1 NETWORK BANKING**

Pathway is the nominated contractor for the Counter and we are evaluating technical options with PONU and PO Network Banking Unit. The £620K feasibility study (Network Banking Proof of Concept) for the production and evaluation of an e-enabled counter banking approach was delivered and demonstrated successfully. The next phases need to be a requirements definition and design which will be chargeable services.

### **1.2.2 RE-ENGINEERING/ERA**

As with Network Banking, joint activities have been proceeding at a pace. Initial scoping suggests a £20M plus opportunity for Pathway in a 2002 timeframe. This would underpin Release 4 in the Business Plan. However, there are some difficult decisions facing PO as they balance cost reduction requirements with the investment needs of ERA. Their June Investment Board has authorised the next phase of this project to March 2001. We are now delivering the £400K consultancy contract that places us at the heart of this initiative, together with Sema and Deloitte Touche and are discussing significant additional consultancy work for Q3 and Q4. However, indications are that there will be a three month minimum delay to this initiative as Post Office get their own plans aligned and priorities understood.

### **1.3 NATIONAL AUDIT REPORT**

This has now gone quiet and hopefully is assigned to history.

## Development Report

# 1 MONTHLY SUMMARY

- The live pilot regression tests and the targeted volume and performance tests on the APS Host systems ran successfully. Only a small number of additional incidents were raised.
- We successfully resolved all the major problems preventing the migration of the Data Centres to CSR+. The release authority board and the checkpoint review held on the 18<sup>th</sup> and 24<sup>th</sup> August respectively confirmed the Pathway recommendation to proceed.
- The Data Centres were successfully migrated during the bank holiday weekend 26<sup>th</sup> – 28<sup>th</sup> August. We have encountered a number of problems in the overnight batch schedule since and these are being addressed, otherwise the upgraded system is performing reasonably well.
- The migration of the counters for the CSR+ pilot commenced 4<sup>th</sup> September. However, a known intermittent fault in the 'teamcrypto' software is occurring at a much higher frequency than anticipated. This is having a serious impact on the counter migration schedule. On a more positive note, the CSR+ software appears to be functioning well in the handful of newly rolled-out outlets and those which have been successfully migrated.
- We are experiencing difficulties with the casing for the mobile unit in terms of weight and delivery timescales. These will adversely impact the plans for completing the 'roll-out tail' if they cannot be resolved quickly. The satellite option is functioning well in the internal testing phase but we have run into a build problem. The first satellite installation is due to take place 1<sup>st</sup> November 2000.
- The 'Maintenance Release (M1)' has entered the build phase and the first of the five test cycles is planned to start 18<sup>th</sup> September. Distribution to the live estate is planned to occur in late January.
- The development department is actively involved in the preliminary analysis stage for Network Banking and EFTPoS and in addition continues to support the early work on the ERA Project.
- The Development Directorate is now entering a large planned downsizing phase from approximately 290 to 170 personnel. This is being implemented against a background of speculative development opportunities, which presents a significant management challenge.
- Work on preparing for the ISO 9001 certification continues at a pace in all the development departments. There are still a few issues outstanding but much of the work has been completed.

## 2 PROGRESS

- We were left with a number major incidents that had to be cleared before we could enter the live pilot with a high degree of confidence. These were successfully resolved and the Data Centre migration was achieved during the bank holiday weekend 26<sup>th</sup>- 28<sup>th</sup> August. A number of incidents have occurred during the overnight batch schedule which are effecting the operability of the system. These are being investigated as a matter of urgency.
- The pilot outlets were scheduled to begin operating the CSR+ software from 4<sup>th</sup> September and the migration of the existing estate to commence 25<sup>th</sup> September. Unfortunately, a known intermittent fault in the 'teamcrypto' security software is occurring at a much higher frequency than expected. This is seriously impacting the rate in which the counters can be migrated.
- Development of the Maintenance Release (M1) is progressing according to plan. The first release has entered the build phase and the first of 5 test cycles due to start 18<sup>th</sup> September. Several deliveries are scheduled throughout September/October and testing is planned to complete 13<sup>th</sup> January. The release will be committed to the live estate 28<sup>th</sup> January 2001.
- The interim solution for the OCMS system is currently undergoing B&TC testing and no major issues have been identified to date. Development of the full solution is progressing according to plan.
- The Data Warehouse change for the new invoice has been successfully system tested and the Warehouse is now undergoing general regression testing. Development has commenced on the use of 'business objects' to report against service levels in the future and replace the current SLAM processing suite.
- The proof of concept project for network banking is complete. The final report has been distributed and a presentation of the findings given to senior managers within the Post Office. The initial reaction has been very positive and we have now begun work on the preliminary analysis stage to clarify the requirements and resolve some of the issues raised in the report.
- Work continues on the set of management and corrective action plans in preparation for the ISO9001 accreditation.

## 3 COST DOWN

- Several changes designed to reduce the maintenance and support costs and reduce the traffic in the network have recently been approved. These include the removal of inter-campus ATM and EMC link and the calling line identification protocol (CLIP).

## 4 CURRENT CRITICAL PROBLEMS

- We must resolve the operational problems being experienced in the overnight batch schedule in CSR+.
- We must find a way to migrate at least 300 outlets onto CSR+ within the next few days. This will enable the new software to be properly exercised in the live environment. In parallel we need to overcome the teamcrypto problem so that we can migrate the remaining estate in a few weeks time.

## 5 ISSUES

- The Operational Change Management System (OCMS) supports Customer Services in responding to changes in the Post Office Network (e.g. temporary closures, permanent closures & new outlets). An interim solution will be delivered late November 2000 and this will substantially reduce the manual effort involved in handling these changes and consequently reduce the risk of human error. The final solution will be available towards the end of February 2001 and will totally automate the process.
- The new enhanced invoice functionality in the MIS programme suite was to be included in the Maintenance Release planned for January 2001. Unfortunately, this is part way through a financial quarter (defined as Dec – Feb in the contract) and therefore unsuitable. Plans are now in place which will enable the functionality to be exercised from the beginning of the final quarter i.e. December.
- We believe that our supplier (Celestica) is encountering difficulties with their sub-contractor regarding delivery of the casings for the mobile units. This could adversely impact the 8<sup>th</sup> January 2001 roll-out date if it is not addressed urgently.

The automatic build process for the satellite configuration cannot be implemented. This means that each of the 500 units must be built manually before being shipped for installation at the outlets. This may have cost and/or timescale implications.

## 6 COSTS

The development activities continue to progress in accordance with the forecasts and remain under tight control and subject to regular financial reviews.

## Commercial &amp; Financial Report

## 1 MONTHLY SUMMARY

- The fuel crisis dominates current thinking. The most direct impact is on roll out. The forecast to be submitted tomorrow will show a significant shortfall in revenue (around £6.7m) and profit (£0.7m) this month (and half year end). The current assumption is that recovery will be possible by year end, albeit at a cost. That may be optimistic.
- The fuel crisis will also impact the migration related work and work generally. We have registered 'force majeure' with POCL and they with us. That means we should have relief on SLA remedies where we can show fuel dependency.
- The other major hot spot is CSR+ counter migration and HAPS reporting. The resolution of both is key to entering and exiting from CSR+ pilot. As time goes by, the risk of migration slipping into next year grows, with knock on implications for the M1 release and therefore resourcing and costs. The good news is that once migrated, CSR+ appears to work well.
- Costs have continued to run at below Budget rates. The underspend to date will be used to fund extended CSR+ and M1 work between next month and year end. The forecast is that we will get back to Budget spend rates by year end and stay within cost Budget for the year as a whole (taking into account the risks and issues identified below).
- Total revenue is £2m above Budget to date. This is thanks to roll out being ahead of plan and infrastructure invoicing also ahead. New Business revenue is on Budget to date but the forecast for rest of year now looks soft based on latest POCL input. Basically, they are running slow and are unlikely to commit all the work we had anticipated for Q3. Of the £3m full year Budget, over half remains 'book and ship'. We will need to continue to balance the speculative retention of key staff against this emerging requirement very carefully. We will also propose a 'committed funnel' approach, offering assistance (unpaid) with getting business requirements signed off in return for amounts of guaranteed work and timing flexibility for delivery.
- Cash performance continues to better Budget by a significant margin (revenue up, costs down, creditors up). However, this will unwind to a large extent as the year goes on and revenue and costs go the other way. We have negotiated forward the third milestone payment to 30 September from 1 December in return for interest on the advance. The chances of pulling forward the final milestone payment into this year are, however, slim.
- We are about to go breach of contract on SLA performance. Three successive quarters of SLA shortfalls are about to be declared at the Service Review Forum next week. We should expect a formal 'breach letter' and pressure to apply additional effort to do better. The scope ranges from help desk to time to fix and file transfer. This was always expected, but the extent of the work and cost impacts remains to be sized. The mindset should be akin to Acceptance.
- Training remains an issue, specifically the lower than planned course occupancy rates and the attribution of responsibility for that shortfall. The consequence is a

£1m plus hit in terms of the cost of additional courses required to train all the counter staff. Allocation of responsibility is multivarious. POCL are required to get their people to the courses (arguably they fell short of this obligation), we and KPL are required to send out invites in good time (KPL failed to do that for a number of months, but the Pathway RODB on which they depend was also deficient for a while), rescheduling of roll out wastes course places (probably more down to Pathway than POCL). We will run out of paid for courses in November, so need to reach agreement on an equitable sharing of the over-run with POCL and KPL by mid-October.

- Issues remain on a number of contractual matters. Each will require negotiation with POCL. These include:
  - the need for more training courses (as above),
  - definition of which software related incidents are subject to time to fix remedies (significant cost implications),
  - Help Desk SLAs – with and without IVR, and moving to single point of contact (NBSC)
  - transaction time SLAs – ball is in POCL's court to propose changes to the way we do this,
  - TIP reporting (file management and Stock reporting detail),
  - Resetting the Part A roll out target to take account of reducing outlet quantities - mechanism agreed in principle but still subject to CCN,
  - Terms and conditions for new business work packages – e.g. the extent to which we are prepared to give warranties – need to be agreed for new work,
  - Operational Business Change pricing – close to resolution
  - Consumables – POCL want to use generic consumables which may damage the counter printers – we have withheld approval
  - Resolution of AI 199 and associated A2A (formally about internal service measures and now about the wider application of the generic acknowledgement utility).
- There are some supplier issues also:
  - Flat screen quality – Optoma have produced a firmware mod but site visits are required – there is bound to be a fight over costs (estimated at circa £1m)
  - Ntl final payment - £800k claim of which we judge perhaps 25% to be fair
  - KPL – our claim in respect of wasted course places (as above – their share could amount to £400k)
  - Celestica - mobiles cost - £130k disputed cost hike
- Departmental Budgets for 2001/02 are in process. The objective is to have these agreed in outline before submission to Group in November. They will include organisational/ resource based cost down actions and other identified cost down tasks. Most difficult to assess is the new business component, the latest assessment of which is a lower number than the £12m revenue scoped a month or so ago. If confirmed, that will require a pairing back of costs and crystallise margin contingency already built into the Business Plan.
- Finance shared services as a centralised function is dead, but the Propel systems which we need for time recording and invoicing are going ahead as planned and should now be easier to fit to our business needs. The target



remains unchanged: to implement the new Oracle ledger environment and Project Accounting this calendar year, with time recording to a consistent WBS structure (AMS/RTR) being rolled out in parallel under Programme Office control.

- DTI have now formally requested an audit of the £8m interim government funding of April/May last year.

## 2 PROGRESS

- Continuing excellent progress on roll out – up to the point where the fuel crisis hit.
- CSR+ product quality appears from early life experience to be good (exception the HAPS file delivery)
- Customer attitude – generally more supportive despite the problems.

## 3 RISKS

- Fuel crisis – impact on roll out in particular
- CSR+ migration issues – cost and customer confidence – possible knock on to new business
- New business funnel – PIU and Market Facing Unit dependencies cause delay in POCL decision making and commitment
- Breach over failure to meet SLAs.

## 4 ISSUES

- As risks above.

## 5 FINANCIAL PERFORMANCE

£m	Actual						Forecast		
	Current Month			YTD 1st Half Year			Current Half Year		
	Actual	Budget	B/(W) Budget	Actual	Budget	B/(W) Budget	Forecast	Budget	B/(W)
Total Orders	0.0	0.2	(0.1)	0.7	0.4	0.3)			
Total Revenue	20.8	20.6	0.3)	119.3	117.4	1.9	134.3	132.2	2.1
Revenue Growth	4071.1%	4020.2%		7429.8%	7309.2%		88.2%	85.3%	
Total Gross Margin	2.2	2.2	0.0	12.6	12.5	0.2	14.3	14.0	0.2
Gross Margin %	10.7%	10.7%		10.6%	10.6%		10.6%	10.6%	
Net Marketing Opex	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net Marketing Opex %	(0.0)%	-		(0.0)%	(0.0)%		(0.0)%	(0.0)%	
Development Opex	-	-	-	-	-	-	-	-	-
Other (Costs)/Income	-	-	-	-	-	-	-	-	-
Operating Profit on Associates (Contingency)/Task	-	-	-	-	-	-	-	-	-
	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Ongoing Operating Profit	2.2	2.2	0.0	12.6	12.4	0.2	14.2	14.0	0.2
Ongoing Operating Profit %	10.7%	10.7%		10.6%	10.6%		10.6%	10.6%	
Rationalisation	-	-	-	-	-	-	-	-	-
Operating Profit	2.2	2.2	0.0	12.6	12.4	0.2	14.2	14.0	0.2
P.O.D.D.O.	-	-	-	-	-	-	-	-	-
Total Interest	-	-	-	-	-	-	-	-	-
Investment Income/(Expense)	-	-	-	-	-	-	-	-	-
PBT	2.2	2.2	0.0	12.6	12.4	0.2	14.2	14.0	0.2

Net Borrowings/(Cash)	95.1	107.7	12.5	95.1	107.7	12.5	115.4	123.6	8.2
Net Inventories	2.9	12.1	9.2	2.9	12.1	9.2	5.9	13.4	7.5
Net Receivables	0.2	0.5	0.3	0.2	0.5	0.3	0.6	0.6	0.0
Total Trade Creditors	10.3	2.1	(8.2)	10.3	2.1	(8.2)	10.4	2.1	(8.3)

Employees	198	218	20	198	218	20	198	219	21
Non-Permanent Staff	12	10	(2)	12	10	(2)	11	10	(1)
Total Headcount	210	228	18	210	228	18	209	229	20

### Comments on Current Month Actual

**Total Orders:** There were no significant new orders in the month, although the Post Office committed to further paid-for initial design work for process re-engineering. This should result in a further small order in September towards the new business targets.

**Revenue:** Revenue was marginally ahead of both budget and forecast in August. This was due mainly to earlier than forecast invoicing for implementation related activities. The main rollout continued in line with forecast during the month.

**Gross Margin:** Profit recognition on the project was accrued at the forecast level of 10.75% of revenue. This percentage will increase each quarter, in order to yield an overall 11% profit on revenue for the year as a whole - subject to the overall project lifetime profitability projections.

**Operating Expenses:** Staff costs were lower than budget and marginally lower than forecast, but the higher use of freelance resources saw their costs record an adverse variance of £0.2m in the month. This was more than offset by favourable variances on communications costs, legal expenses, and maintenance. There were also exchange gains of £0.2m in the month.

**PBT:** Marginally ahead of budget and forecast, with profit recognition tied into revenue performance.

**Borrowings:** Month end net borrowings were slightly better than forecast and £12.5m better than budget. Project cost savings of £5.7m and lower working capital levels are the cause of the majority of the budget variance.

### Comments on Forecast

**Revenue:** The August forecast revenue again is unchanged from both budget and previous forecast for the year as a whole. The rollout of counters to post offices is forecast to continue smoothly in the short term, leading to a favourable revenue position at the end of the 1st half year, £2.1m ahead of Budget.

**Gross Margin:** There is no change to the % level of profit recognition, leading to an unchanged PBT forecast.

**Operating Expenses:** No significant changes. Weighted risk costs have been included totalling £3.7m, covering the potential of expenditure necessary to support the timely and proficient release of new software, upon which the longer-term post office counter applications will be based.

**PBT:** No change - see above

**Increase / Decrease in Employees:** Employee numbers are still forecast to fall, in line with the run-down of implementation related activities and the completed of core system software released. The August Forecast sees March 2001 permanent heads of 183, which is 11 lower than budget and a half year favourable variance against budget of 21 heads. However, this masks the higher than budget total resources used on the project when ICL eApplications contract staff and Freelancers are taken into account. Total resource numbers of all categories of staff are forecast at 582 for the end of the half year – and we are below that already in total – falling further to 425 at the year end. This compares with budgeted levels of 549 and 408 respectively for those two dates.

## Customer Requirements Report

## 1. SUMMARY

Very positive progress has occurred this month on all principal new business streams.

Within Network Banking we have moved into the next phase of work, which is to identify and resolve major issues in the end-to-end design.

The work on ERA progressed well. A report covering the implications on Horizon will serve as the foundation of the next stage of ERA work.

The Pathway analysis of the PIU Report was followed up with proposals for specific work packages and partnering. As a result we have been invited to enter into a formal partnership selection process, as one of three contenders, for a POCL e-Government services partner / supplier.

### 1.1 DETAILED PLAN ACTIVITIES

#### 1.1.1 NEW BUSINESS REQUIREMENTS

##### *Network Banking*

CCN669 was submitted as a draft. This authorises Pathway to supply about 60 man-days of consultancy in the Preliminary Analysis Phase of the Network Banking project. The CCN provides a link to a future CCN for further supply should the 60 man-days be insufficient.

Comments have been received on the CCN's terms and conditions but not yet on the work objectives. Work is continuing under a side letter agreement and an RTR time recording code has been assigned to this stage of the project. However, there remains an element of risk within this arrangement until the CCN is formally approved.

The purpose of the Preliminary Analysis Phase is to define business requirements, investigating those points within the end-to-end design at which options exist, with a view to deciding which options the project should follow. This approach is intended to prepare the project for the next phase, the Detailed Analysis Phase, by eliminating options at as early a stage as possible.

Pathway will review technical options where these are relevant, but will exclude any further discussions on the old Option 2 / Option 3 issue, for which Pathway has delivered the final study report.

The current stage of work is under POCL program management (Mike Woolley, with Bob Booth deputising during his current absence) and is in the form of a series of joint POCL / Pathway workshops, each reviewing the major

options and issues in a particular area of the overall end-to-end design. These will output recommended solutions where options or choices exist. Where such resolution is not possible within the Preliminary Analysis Phase the issue will be flagged for urgent follow-up as a priority activity in the following Detailed Requirements Analysis Phase.

A draft document identifying a set of Product Descriptions using Prince 2 methodology was produced as the initial deliverable. This defines workshops and documented conclusions for:

- Service Definition
- Reconciliation
- End-to-end design options, Interfaces and SLAs
- Reference Data (workshop held 8/9/00)
- Horizon Infrastructure extensions
- Security

Further deliverables cover documentation on future options, where further work is required, and on deliverables to be produced in the next stage.

This work is not affected by the various delays in the Banking Engine procurement.

## **ERA**

Alan Paterson and Mike Chawner are fully engaged in the ERA activity. Following a number of workshops with user-type representation during July, the ERA team has documented over 400 requirements, ranging from the trivial to the significant. These are documented under four classifications (Accounting, Sales, Stock and MIS). The ICL team is being asked to look at each requirement, rate its impact on Horizon (H, M, L) and assess the cost of moving to the next stage. However, the business rationale and contribution of each to the main business drivers for the Post Office has not yet been made.

Mike and Alan have produced a report covering the impact of Project ERA on Horizon that will assist in setting the strategy for the ERA project's next stage – the Migration Strategy. The document highlights the key proposals for Project ERA in both technical and business requirement areas with a focus on the impact on the current (CSR+) version. The document's main audience will be members of ICL Pathway who will have a full view basis on which to take forward the migration and implementation of the Project ERA proposals.

The overall project's objective is to produce a Business Blueprint by the start of September, and this will cover both business and overall technical perspectives, although with insufficient emphasis on the former, particularly in relation to the part played by Clients themselves

In fact it is currently the SEMA members of the ERA project that are influencing the technical strategy and in effect seeking to confine Pathway to the counter area.

#### ***PIU/GGP***

Dave H worked on this in conjunction with John Bell and Mike Jenkins. The response to POCL covering suggested work bundles was completed, along with a formal Pathway report covering our analysis and comment on the Performance & Innovation Unit (PIU) report. These formed the principal input to POCL's Government Strategy unit via Catherine McCrohan.

Subsequently we received a request from Dave Waltho, Post Office Government Strategy Director, for initial input to a partnering selection process for Government General Practitioner (GGP) and responded at short notice with a document drawing on ICL's strengths in Horizon, the Government marketplace and electronic business skills.

We have just been advised that POCL will now enter into a formal partnership selection process for an e-Government services partner/supplier, the contenders being ICL, IBM and Andersen Consulting

A management summary document of our PIU analysis and comment was also produced for the Pathway management team.

#### ***Service Development Plan***

Two areas are under broad discussion, but neither has reached the point of CCN for enhancement work:

Dave Cooke is assisting Liam to explore how to enhance OBCS to prevent books stolen in transit from being encashed, and/or adding information to the barcode to prevent a cover from being re-used with counterfeit foils. Dave C has produced a note principally describing a scheme to check that encashments come from duly issued books.

We are considering how the flexibility of APS could be applied to unrelated business areas, e.g. recording parcel receipt and issue to support a Home Shopping scheme.

#### ***EFTPOS***

EFTPOS discussions have started again. John Coakes and Dave Cooke met POCL (Andy Radka) and re-stated the approach and issues that must be addressed to get the enhancement programme started. Indications are that this information is being only slowly circulated for further comment around

various parts of POCL and hence there is the risk of missing deadlines for development to commence. TDA are getting geared up for this project.

### 1.1.2 ACCEPTANCE LOOSE ENDS

#### *Acceptance Incidents (AIs)*

We continue to whittle down the few remaining "Low" priority AIs. Ten in the POCL Infrastructure area were dealt with during the month. Six are recommended for closure, two are scheduled for M1, one is expected to be ready for the M1 release, and one might require a site visit to OSD Belfast.

### 1.1.3 CSR / CSR+

#### *AP Client Migration*

Production of Client Specifications has slowed, partly because a new pattern of Application Interface Specification, based on legacy magnetic tape file formats, was required for SWALEC and Northern Ireland Electricity. This is now available and these two specifications will be prepared for review.

We are awaiting formal POCL approval of the Welsh Water specification.

CCNs for the interim and final solutions for flexible days-per-week File Delivery are with POCL for approval. A commercial-type rejection on the final solution CCN has been received.

POCL expects to be able to advise the results of the POCL HAPS sizing study in the next week or so. This is now looking more positive, and might well mean we can move some of the Client migration dates to after the M1 Release, and therefore not use the interim file delivery solution at all.

The CCN to start work on the Application and Technical Interface specifications for British Telecom is with POCL. POCL is very concerned about the final cost of this and is looking at other ways of linking into the BT site. This might involve retaining their legacy interface based on their Document Processing Centre system, and possibly using this for other Clients in the future.

#### *Other APS*

POCL has put on hold our proposal for supporting Girobank if it moves to a Disaster Recovery site. POCL is looking at a much simpler facility with Pathway producing transaction files on exchangeable media, probably CD.

This could also be used for many of the smaller Clients who could not afford a second site interface.

Quantum - This is currently disabled in initial CSR+ and planned to be introduced in November / December, because of a delay in the availability Siemens back-end systems. However, recent information suggests that Siemens may not be able to make even this date. POCL is to advise on the situation this week.

Installation of live equipment on site at British Gas for SPM smart card operation has been delayed. This is due to British Gas Trading and POCL not being aware that the original kit we installed was for development testing only and had to be replaced.

The CCN for the HAPS Data Cleansing Service definition was approved and Dave Cooke has prepared the outline Service Scope document. An internal review to define how we do this service is planned for the week of 11/9.

### **OBCS**

POCL has now advised that their delayed introduction of support for the IR order books is to go ahead. This is being managed by CS and will take place on 18/9.

### **TIP Interface**

John Pope continues to monitor operation of the TIP Interface. A significant problem was resolved last week, in conjunction with CS, following a failure to harvest transaction details properly for some 300 outlets. Several hundred thousand records were recovered and transmitted in time to meet our SLA "Day D" deadline.

Legalistic exchanges continue with POCL Commercial about the fact that we do not accept any obligation to send Non-value Stock declaration data to TIP.

### **SADD**

What could well be the version of the SADD that forms the CSR+ deliverable was output.



#### 1.1.4 PROPEL ACTIVITIES

Training on Macroscopic has continued with John Pope, Alan Paterson and Joan Tan now having completed the current programme. This gives us coverage on ERA and partial coverage on Network Banking. A decision will need to be taken on whether GGP should be considered as a Macroscopic Pathfinder project, possibly as an alternative to Network Banking.

We are responding to a request for advice on DOORS usage as other projects consider its deployment elsewhere in ICL.

#### 1.1.5 OTHER ACTIVITIES

##### **PINICLs**

This month has seen substantial levels of effort given over to PinICL resolution, with priority being given to those which could result in Desktop instability or SLA failures if unresolved. There are no significant PinICLs for Requirements team resolution.

##### ***Outlet Monitoring***

The team continues to provide support to the CS initiatives on this, covering monitoring of ISDN and node operation within the outlet, a procedure for collecting transactions marooned at an outlet and updating an outlet's Reference Data and OBCS stop lists. Contributions to CPs were generated.

##### ***Workflow Standards***

Dave H chaired the recent Workflow Management Standardisation meeting in Boston and co-presented a tutorial at the XML World conference on XML-based Standards for B2B Process Integration.

##### ***Presentation to POCL IS/IT Procurement Director***

Dave H contributed to this event providing a presentation on current Horizon capabilities and options for exploitation in GGP / ILAP and e-Commerce areas.

##### ***POCL SPICE project***

Dave H (with John Bell) had some exploratory informal discussions with the POCL SPICE project over options for capturing customer contact data within Horizon and feeding it to the intended SPICE back-end environment. The implementation contract was awarded to Deloitte and is expected to use Siebel.

## **2 CURRENT CRITICAL PROBLEMS**

None.

## **3 ISSUES**

We have to gain some greater influence over the technical direction of ERA. We should also maintain a contingency view that when the ERA Client and other re-engineering costs are assessed in Q1 2001 there will be a pragmatic retrenchment that could be made to work in our favour.

Dave Hollingsworth and John Dicks 11/9

## Customer Service Report

## 1 SUMMARY

- The stability of the Correspondence Servers continues to cause concern and in the week preceding the CI\_4 upgrade they suffered major problems. The overall effect was a large percentage of failures of transactions on DAY B for 2 consecutive days resulting in penalties of approximately £15,000.
- A manual process failed on Monday 4<sup>th</sup> September and the harvesting of the APS transactions did not take place. The transactions were re-harvested and the files re-created but missed the SLA for transmission to APS.
- There has been limited progress on AP Client Migration and there is concern that the Girobank host changes will not be ready in time for M1 testing. POCL have indicated that the capacity of HAPS may be insufficient to handle the increasing data volume if Girobank were not migrated until Q1 2001. POCL have confirmed that DVLA has been taken on as a new client with a direct interface from HAPS and a CR is needed to add DVLA to the end of the current AP Client Migration programme. The AP Client Migration Programme needs to be replanned and it is now almost certain that not all activities will be completed by the end of March 2001.
- Although there are a few issues that still need to be resolved, the Data Centre is considered to have been successfully migrated to CI\_4 over the Bank Holiday weekend. A full systems and operations audit of the datacentres has been commissioned and will report by the end of September.
- CI\_4 Counter migration commenced on Sunday 3<sup>rd</sup> September but failed. A revised Tivoli package was tried on Monday 4<sup>th</sup> September at 5 Outlets. Only 1 out of the 5 successfully migrated. A number of migration issues highlighted by the 4 failures are being addressed.
- Rollout of new CI\_4 Outlets started on Monday 4<sup>th</sup> September and apart from a few teething problems seems to be progressing well.
- Settlement has now been agreed for April, May and June 2000 BIMS reports between Pathway and PON with an invoice adjustment being requested from Pathway finance. The value is £45,900.
- Revised System service remedies calculations were submitted to PON on 25<sup>th</sup> August for their approval and subsequent agreement. They equate to £227,709 of which £189,720 is recoverable from OSD.
- The issue of joint Manager Care visits needs to be escalated within PON, as it is clear that we have two different agendas for doing these.

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## 1.1 VITAL STATISTICS

Live Base as at 31<sup>st</sup> August 2000: 11,181 Post Offices, 24,674 Counters

Cumulative Data is from 1<sup>st</sup> December 1999 to 26<sup>th</sup> August 2000 inclusive

Monthly Data is from 30<sup>th</sup> July to 26<sup>th</sup> August inclusive

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### OBCS

Total number of transactions to date	131,534,342
Total number of transactions in August	31,010,315
Total value of payments to date	£10,079,420,482
Total value of payments in August	£2,425,469,687

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### EPOSS

Total number of receipts to date	201,136,161
Total number of payments to date	59,775,027
Total number of zero value transactions to date	15,523,329
Total number of receipts in August	38,362,366
Total number of in payments August	7,465,089
Total number of zero value transactions in August	3,154,291
Total value of receipts to date	£11,252,204,884
Total value of payments to date	£5,442,705,444
Total value of receipts in August	£2,268,103,317
Total value of payments in August	£703,379,281

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### APS

Total number of transactions to date	62,893,177
Total number of transactions in August	12,469,209
Total value of receipts to date	£1,736,982,015
Total value of receipts in August	£327,515,075

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#### NOTES:

- OBCS transactions include non-monetary transactions - issue of books, change of address etc.
- Cumulative Data from May 1999 will be published once analysis of archived Data Warehouse data is complete.
- Weekly data is now available on the Customer Service web site.

## 2 PROGRESS

### 2.1 OPERATIONS

#### 2.1.1 AVAILABILITY MANAGEMENT

- The stability of the Correspondence Servers continues to cause concern and in the week preceding the CI\_4 upgrade they suffered major problems. The overall effect was a large percentage of failures of transactions on DAY B for 2 consecutive days resulting in penalties of approximately £15,000.
- Due to CI\_4 issues with the APS Harvester, OSD are currently operating several manual workarounds to ensure that the harvesting is kept on schedule. There appears to have been errors with the workarounds and therefore the harvesting of the APS transactions did not take place. 4th Line Support units are attempting to resolve the problems.
- There were no major network incidents during August.

#### 2.1.2 REFERENCE DATA

- There is concern over the performance of the Data Centre with large volumes of non-core Reference Data remains, even with 64 Agents at CI\_4. Changes may need to be made to the processing mechanisms. This is being monitored.
- PON have been requested to provide a statement of their requirements for AP Smart Cards.
- PON data quality is still a cause of concern. PON have appointed David Anders as interim problem manager.

#### 2.1.3 POCL INTERFACES

- The number of daily APS files is regularly approaching 19, and the POCL HAPS limit is 22. POCL are investigating what action they can take at HAPS.

#### 2.1.4 AP CLIENT MIGRATION

- Since the last report, the focus has been on CI\_4 with limited progress on AP Client Migration. Furthermore, there is concern that the Girobank host changes will not be ready in time for M1 testing.
- Girobank is causing further concerns to the APCM programme. The required functionality to deliver files 5 days per week instead of daily will not be available before Q1 2001. Furthermore, POCL has indicated that the capacity of HAPS may be insufficient to handle the increasing data volume if Girobank were not migrated until Q1 2001.

- Development has commenced on Mid Kent Water, Hampshire County Council, Southampton City Council, Knowsley, and Yorkshire Electricity and is progressing according to plan.
- POCL have confirmed that DVLA has been taken on as a new client with a direct interface from HAPS and a CR is needed to add DVLA to the current AP Client Migration programme.
- The AP Client Migration Programme needs to be replanned to incorporate these changes and it is almost certain that not all activities will be completed by the end of March 2001.

### **2.1.5 PERFORMANCE MANAGEMENT**

- Work has been proceeding on the confirmation of the short-term and the long-term designs. The design document for Phase 1 has been issued for comment in advance of the CP and the Phase 2 document is in preparation.
- A meeting to map the various parts of the PMS to specific releases e.g. CI\_4RA has been scheduled for Monday 4<sup>th</sup> September. The target is to get Phase 1 into the Data Centre by the end of September.

## **2.2 SUPPORT SERVICES**

### **2.2.1 GENERAL**

- The SSC have been heavily involved in dealing with Correspondence Server - related issues, the stability of which has been causing concern. The Wigan Bootserver is now more stable; following a significant reduction by Energis of incorrectly routed "rogue" calls from live Outlets.
- A proposal for the support of TeamWARE Crypto has been provided by OSD. Support will be handled along similar lines to that for OBCS and OAS - i.e. supported by e-Applications staff.

### **2.2.2 MAJOR RELEASE IMPLEMENTATION**

- Although there are a few issues that still need to be resolved, the Data Centre is considered to have been successfully migrated to CI\_4 over the Bank Holiday weekend. This was achieved through very high levels of effort, and with considerable expertise, by some very dedicated people from CS and across Pathway.

- Counter migration commenced on Sunday 3<sup>rd</sup> September but failed. A revised Tivoli package was tried on Monday 4<sup>th</sup> September at 5 Outlets. Only 1 out of the 5 was successfully migrated. A number of migration issues were highlighted by the 4 failures. 1 will be circumvented by additional pre-migration checks at every Outlet, 1 will be resolved by a change to the migration script and the final one is considered to be an extremely rare event and will not be addressed in the short term.
- Rollout of new CI\_4 Outlets started on Monday 4<sup>th</sup> September and apart from a few teething problems seems to be progressing well.

### 2.2.3 RELEASE MANAGEMENT

- 7 Release Notes for CI\_3R have been raised over the reporting period and 4 have been authorised for live.
- 92 Release Notes for CI\_4 at the Data Centres have been raised from the latest system baseline document. 34 of these went live over the weekend of 26<sup>th</sup>/27<sup>th</sup> August.
- 10 Counter Release Notes to deliver the CI\_4 Counter upgrade to CI\_3R Counters were distributed to 25 Live Pilot Counters on 29<sup>th</sup>/30<sup>th</sup> August.

### 2.2.4 METRICS

For the month of August 2000.

Release Notes cleared by OTT	29
Total Calls raised through SSC	721
Total Calls closed through SSC *	853

- \* Of the total calls closed, 413 were in categories (e.g. Advice and Guidance, Published Known Error) which should have been closed by SMC.

## 2.3 INFRASTRUCTURE SERVICES

### 2.3.1 MANAGEMENT SUPPORT UNIT

#### 2.3.1.1 BUSINESS INCIDENT MANAGEMENT

- Settlement has now been agreed for April, May and June 2000 BIMS reports between Pathway and PON with an invoice adjustment being requested from Pathway finance. The value is £45,900.

## 2.3.1.2 MIS

- Service Review for August completed successfully with PON on 23<sup>rd</sup> August. No issues were raised with any sections within the Service Review Book and all calculations were deemed acceptable for service level conformance.
- Revised System service remedies calculations were submitted to PON on 25<sup>th</sup> August for their approval and subsequent agreement. They equate to £227,709 of which £189,720 is recoverable from OSD. A value for those software calls that had hardware fixes has been passed to Tony Oppenheim. It equates to an additional £118,000.

## 2.3.1.3 IT SUPPORT (FELTHAM)

- Liaison with OSD re Guardian Recovery at Theale is progressing. The final kit and telecom links were installed during the reporting period allowing testing to commence.

## 2.3.2 BUSINESS EFFECTIVENESS

- Preparations for the BSI audit are ongoing. Issues relating to “process standards and modelling” have been resolved.
- Also underway is a process project to define the process thread that starts with the RMF and finishes when a software-change is distributed to the live environment. Joint work with Development highlighted that the interactions between CS, Development and OSD needed clarification and validation.

## 2.3.3 STRATEGIC SERVICES UNIT

## 2.3.3.1 OCMS

- The first release of OCMS will now be delivered at the end of November and the final release, which introduces the capability to update Tivoli configuration changes automatically, will be delivered at the end of March 2001. Before this the Tivoli configuration will have to be completed in a semi-automated manner but this is not critical to the success of the change business.

## 2.3.3.2 OPERATIONAL BUSINESS CHANGE

- The following tables show actual deliveries for August and firm orders for changes up to the end of November.

**Opening/Relocation/Refurbishment (Outlets)**

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
August	39	14.05	22.95



Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
September	48	15.64	32.36
October	33	17.48	15.52
November	8	19.31	Not yet exceeded contract

**Closures (Outlets)**

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
August	9	8.78	0.22

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
September	2	9.78	Not yet exceeded contract
October	1	10.92	Not yet exceeded contract
November	0	12.07	Not yet exceeded contract

**2.3.4 FIELD SERVICE MANAGEMENT****2.3.4.1 PROBLEM MANAGEMENT**

- The team is working with the customer, the MSU, SS and BET to ensure all the relevant processes and procedures are in place for their element of problem management at an Outlet. This is not a huge task as much of it exists within the current problem management documentation.
- PON BSM is working with us to ensure the Territories buy-in to this process. They believe their processes will be in place by 18<sup>th</sup> September. In the meantime PW has gained agreement from BSM to move speedily with any urgent requests for site visits we have now. To this end we have supplied BSM with a number of sites that require more in-depth attention due to the high number of hardware and/or software faults.

#### 2.3.4.2 MANAGER CARE

- PON BSM is insisting that the programme be executed with joint visits. PW expressed disappointment at the lack of visits coming through and suggested that ICL Pathway put together its own visit schedule - this was declined. BSM responded that they would put more energy into the programme but it was clear that the number of visits they wish to do is nowhere near the number we envisage. The issue of joint visits needs to be escalated within PON as clearly we have two different agendas for doing these.

## 1. MONTHLY SUMMARY

- Security. Virtually all effort is still focused on implementation of KMS. Issues are being addressed daily to maintain progress, and KMS is now processing keys for Live Pilot.
- Risk Management. Overall Business Case risk exposure has changed little; additional risk associated with SLA remedial actions and flat screen issues is offset by reducing risk associated with CSR+ migration and training occupancy (now in the budget). Business Continuity plans continue to make good progress.
- Quality. ISO9001. There has been some slippage in the process update plans. The establishment of the BMS site continues – target for version 1 is end September, although it will not be complete.
- Audit. The audit programme continues to plan. Significant ISO9001 non-conformances have emerged and there is an increasing backlog of corrective actions. These issues are being addressed at ISO Board and Process Review Forums.

## 2 PROGRESS

### 2.1 RISK MANAGEMENT

- The Business Case Risk Register. The weighted total now stands at £23mn, little change from July. The main changes are associated with:
    - The training occupancy risk has occurred - £1.3mn is now in the Implementation budget.
    - Migration to CSR+ risk reduces as the plan is implemented and achieved.
    - A firmware upgrade required for the flat screens which will involve site visits.
    - Potential additional costs to alleviate SLA's to meet an Acceptance Incident and requirement.
  - A risk analysis workshop involving the main Implementation team was held to surface and analyse the variance in terms of cost and schedule risks to the "tail" pre- and post-March 2001. The major risks identified included availability of outlets due to the infrastructure programme, PON release of outlets, suspends and readiness of mobile outlets. The main mitigations are renegotiation of total number of outlets and contingency. A number of lower risks were also identified. These will be analysed for total impact and reviewed in September.
  - Consolidated risk register. Reviews have been held with the TDA, Configuration Management and 4 of the Delivery Unit Managers.
- 
- Business Continuity plans. Considerable progress has been made to rework plans and Business Recovery team structures. Implementation of the plans will begin when the DR site moves to Theale. An awareness

programme has been started and plans are being drawn up for staff briefings.

## 2.2 SYSTEM SECURITY

### 2.2.1 GENERAL

- CP2292 et al (Anti-Virus software on the Live-Estate). A strategy paper is nearly complete, which will give recommendations for the delivery of anti-virus software to all platforms or indicate where technical resolution is required.
- DPA. Responsibilities under the DPA for ownership of data have been agreed and Pathway's DPA registration is being amended accordingly. A draft contract and Subject Access Request form has been prepared.
- Security documentation continues to be reviewed as part of the ISO 9001 plan.
- Work is underway to obtain ListX status for Pathway.

### 2.2.2 CSR+

- The KMS User Guide and associated key process documentation have been baselined. Event handling procedures have been finalised with SMC and will be baselined following any outputs/issues during Live Pilot. Work continues on a small number of hangouts from the Plan including event handling and the preparation of KELs.
- A great deal of effort this month has been focussed on getting KMS operational. The KMS and Certification Authority workstations have been configured and the KMS Confidence Test was successful. KMS is now processing keys for Live Pilot.
- Frank Fallon joined QRM to undertake the Key Manager role for KMS.
- A secure test was undertaken on the live Siemens Metering code. This proved that APS will produce transactions when using the live keys.
- Network Security tools. A number of network vulnerability tools are being evaluated following approval of the associated CP. Work is underway to undertake a similar exercise in respect of policy compliance software.

## 2.3 QUALITY

- ISO9001 Programme.
  - Process Development update:
  - Some slippage in process development plans has occurred, mainly due to CSR+ priorities.
  - Completion of C&F processes is still proving difficult.
- Development. The maintenance process DE/PRO/003 has slipped by 2 weeks. Interfaces, primarily to CS are being discussed. The interface with CR still needs to be defined.
- Customer Services; target end September.

- Programme Office; Document Management Process update is under review, due early September.
- Business Development and Customer Requirements will use the CSLC processes as relevant for new business. There are potential issues regarding maintenance and change management which are being addressed.
- Implementation processes are in final stages of review, due early September.
  
- Business Management System (BMS). The target is to issue version 1 of the site by the end of September. A considerable amount of information is still needed from Directorates, including document listings, introductory paragraphs, process usage. The site will only reflect what has been made available, but will encourage awareness.
  
- Propel implementation.
  - Stages 2 – 6 outputs are being reviewed in order to formalise a Pathway relevant version of CSLC.
  - Other Propel programmes are being reviewed, discussed to understand the relevance to Pathway and timing of rollout.

## 2.4 AUDIT

- Internal audits:
  - Commercial/Financial Audit has been partially completed and preliminary findings reviewed with Tony Oppenheim & Graham Wingrove. The report will be completed in September.
  - Supplier Management – Training Audit has been completed, the report approved and actions agreed.
  - Data Centres Audit is being followed up to ensure that OSD / Group Audit are dealing with the recommendations from the audit report.
  
- Internal Audit Committee. The inaugural meeting is 28<sup>th</sup> September. It will cover a summary of audits conducted year to date, key findings and emerging trends, and recommendations for coverage by the next section of the audit programme.

### 3. ISSUES

- Issues concerning the performance of CAWs under volume conditions are being addressed by KMS Development.
- A number of residual build issues remain on the KMS workstations. These are being resolved during Live Pilot.
- There are increasing demands by PON demands for message store information to support investigations. The situation is being monitored.
- Significant ISO9001 non-conformances are emerging. There is difficulty with determining compliance (or otherwise) in areas where there is little documentation.
- Greater co-ordination is needed between Quality / process and Internal Audit.
- Increasing backlog of corrective actions. This is not being helped by the delay to the BSi visit. The sooner a date is agreed and communicated, the better.
- There needs to be end-to-end Configuration Management rather than a fragmented process that separates Document Management from Software Configuration Management (SCM). Tracing original requirements to released code is rendered problematic by the current approach and leads to considerable risk.

## Business Development Report

## 1 SUMMARY

- Overall, a slow month with most people on holidays at some stage. However, progress is being made albeit at a snail's pace. This is influenced by external (to Post Office) issues such as the PIU report and their need to urgently respond. Incremental new business revenue to date is £1.3million.

### Network Banking:

- The Proof of Concept exercise completed with the issuing of a comprehensive report to Post Office detailing all activities undertaken and conclusions arising. We had a very successful presentation and demonstration to Post Office staff on 23<sup>rd</sup> Aug. The only downside was the obvious disconnect between the Network Banking staff and the Post Office network staff. One side wants a web approach while the other does not see any benefit to such an approach. Post Office have now called in an external consultant to advise them. My belief is that this issue will be sorted more by the economic and commercial reality in dealing with the banks. No banks have yet signed up to Network Banking.
- The ITTs for the Network Banking engine are being evaluated. ICL's response was not favourably commented on. The decision on the engine supplier has been delayed until end September. This is partially caused by having no bank signed up. However, the other outstanding issue is whether or not they will need a banking engine at all.
- There has been increasing pressure on Post Office to come up with a solution to the Universal Bank. The banks have responded negatively to any suggesting that they fund it. If government do so, there may a claim that it will be anti competition rules within the EU. Post Office have responded to the PIU report giving their picture of the business case which at present does not stand up. Discussions continue.

### ERA:

- The ERA blueprint due for end August has been produced and presented to the stakeholders within Post Office. The team have now been asked to ensure that the blueprint is PIU conformant and also conforms with the Post Office IS/IT strategy. This will certainly spell delay in getting approval to the next piece of consultancy work. We are currently planning a resource uplift on ERA of up to 10 people.
- ERA will now be reviewed on a fortnightly basis through the newly set up ERA project board.

### Government Gateway:

- Responses were submitted to Post Office to help them respond to the PIU report. Several options were proposed and there is still an aim to implement government gateway pilots in Spring next year.

**Marketing Communications:**

- No approval forthcoming from Post Office for positive communications. They are concerned that any positives may be negated by any problems with CSR+. We must continue to press for clearance to be more positive but it runs contrary to their natural way.

**NAO Report:**

- The NAO report has finally seen the light of day. It was published on 18<sup>th</sup> August, received lots of media coverage on the 18<sup>th</sup>, was covered in more detail in Computing and Computer Weekly and has not been heard of since. Hopefully, this status will remain.

## 2 PROGRESS

**Business Development:**

- **EFTPOS:** Andy Radka has now been given responsibility for EFTPOS. He is continuing to look at the business case. This is covering old ground for the umpteenth time, as they know they will have great difficulty in coming up with a positive business case. However customer demand says that they must do it. We have met with Radka and proposed ways forward.
- **Mails:** Escher have demonstrated their Mails product to a set of Post Office staff. This was received well and work continues to evaluate implementation and integration options.
- **Service Improvements:** Post Office have identified a number of potential improvements to the existing system. We have now proposed a workshop to work these through and ensure that we can respond with estimates of necessary work.

**Marketing Communications**

- We are providing systems for the three upcoming party conferences. These will be in 'live' post offices at the conferences.
- We did achieve some level of communication for the 10,000<sup>th</sup> post office.
- Work continues with a number of our subcontractors to build case studies around the Pathway project. Each of these needs approval from the Post Office.
- There was quite a lot of media interest in the NAO report. Positive messages were communicated to all parties with firm updates on the current status of the project.

**International**



- Approval for another tranche of work has been received from Deutsche Post. This will take place between now and Christmas. Low value but could lead to more later.
- Namibia system is now rolled out and working successfully. We are discussing with our colleagues in South Africa the possibility of a marketing deal covering SADC, the Southern Africa Developing Countries. This could be based on the Namibian system.

### **3 ISSUES**

None

## Implementation Report

## 1 MONTHLY SUMMARY

A total of 11,289 Post Office outlets have had the Horizon system installed, as of close of business 1<sup>st</sup> September 2000. This represents 62% of the current agreed number of open outlets. The third contract rollout milestone (10,680 outlets by 1<sup>st</sup> November 2000) was achieved ahead of schedule on 18<sup>th</sup> August 2000. In general, achievements in the installation programme continue to exceed the planned levels of activity on a weekly and cumulative basis although we fell below plan for two weeks in the last period (see section4).

The overall number of open Post Office outlets (installed or to be installed) has increased from 18,147 to 18,164. This is the net result from a combination of the continuing trend of Post Office outlet closures and 40 outlets which have been "returned" to the programme. The numbers of open outlets are expected to reduce by a further 124 following discussions with Post Office and subject to confirmation. The number of outlets yet to enter the programme is now 13, not including mobiles. There are 88 outlets that have been released by PONU but have not been entered into the programme. These are outlets designated for the mobile solution.

## 2 PROGRESS

Activity in the Infrastructure programme continues to make good progress and the programme will be completed during September, with the exception of mobile outlets where preparation activity will continue until the end of the year. Outlets are only being accepted into the Infrastructure programme now if they are fully compliant, can be accommodated within a planned installation unit and are made available prior to 15<sup>th</sup> September.

Outlets that are non-compliant or space-only compliant must be introduced into the programme through Operational Business Change (OBC) and charged accordingly. It is anticipated that the existing infrastructure team will be used to manage the OBC infrastructure activity, on behalf of Pathway Customer Services. An outline proposal for managing OBC infrastructure activity has been discussed with the Post Office and will be reviewed with during October. It is anticipated that the earliest any outlets will be released for OBC infrastructure activity will be mid-October.

Surveys of sites designated for the satellite solution commenced from 24<sup>th</sup> July. The trend of satellite sites surveyed being re-assessed as ISDN solution sites has not continued and the quantities of anticipated satellite solution sites remains in accordance with the previous estimates, circa 500.

Pre-Survey calls for mobile outlets are due to start from week commencing 11<sup>th</sup> September. This call sets the appointment for the outlet survey. Mobile installations are currently scheduled, following surveys and preparations, to begin in late January 2001.

ACTIVITY	CHANGE	CUMULATIVE
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Number of Open Post Office Outlets	+17	18,164
<b>INFRASTRUCTURE PROGRAMME</b>		
Sites Entered Into the Programme	+7	18,057
Sites Remaining to be Surveyed	-266	408
Sites Remaining to be Prepared	-846	645
<b>INSTALLATION PROGRAMME</b>		
Sites Migrated and Live		11,289
Percentage of Open Sites Live		62%
Counters Live		26,887

The re-scheduling of the 20 new installation CSR+ outlets for live pilot will result in a higher than normal number of outlets being planned for installation in the week commencing 4<sup>th</sup> September (336 planned). Live pilot installations have commenced and have so far been successful. These will be completed by 12<sup>th</sup> September. The quantity has been reduced to 19 following the abort of one of the designated sites. No further aborts of live pilot sites are anticipated.

Rollout of the CSR+ release will be intercepted into the main rollout programme to all new outlets from 23<sup>rd</sup> October 2000.

Towards the end of October 2000, the installation programme will begin its second sweep of the RNM clusters, performing installations at sites which were unavailable in the first pass or whose installations were aborted. Detailed planning is also underway for the latter stages of rollout where the volume of outlets is considerably smaller and the weekly profile consequently tails off.

Given that the rollout is due to be 95% complete by mid-March and all but a few Post Office outlets will have been installed by June 2001, planning has started for the closedown of Implementation. This includes the release of staff, managing the closure of sub-contracts, ensuring the correct quantities of equipment are available to support the tail and handing over responsibility for remaining installations to Customer Services. A draft strategy is due for review during early October 2000.

### 3 CURRENT CRITICAL PROBLEMS

As previously reported, there is a serious risk to the programme that course occupancy levels are such that PONU will require to purchase more than the contracted total number of training courses. It is likely that they will claim ICL are responsible for a proportion of this deficit due to failures in scheduling and aborted installations. A number of measures to improve course occupancy have been jointly agreed with PONU and introduced in order to reduce the size of the predicted deficit. These include:

- Increasing the maximum potential course occupancy
- Trading the value of other training courses where there is a forecast surplus for additional training courses of the type required

- Relaxing scheduling constraints to offer increased options to postmasters, thereby improving potential occupancy

Currently, forecasting predictions indicate the total value of additional courses required will be just over £1M, although this is based on simulations of scheduling efficiency and may increase or decrease by a considerable percentage. Improvements in scenario modelling are progressing.

Preparation for the inevitable commercial debate with PONU over responsibility is underway. It is considered that Pathway can contain the appropriate level of responsibility within the current financial forecast.

The deficit is forecast to begin in November 2000 and therefore, until responsibility has been agreed there is a need to ensure courses are delivered beyond the point at which the deficit will commence. Activity is underway to determine a mechanism which will ensure training courses continue to be delivered whilst the commercial debate takes place over responsibility.

The programme for mobile solution outlets is continuing to gather pace and tooled variants of the mobile system are currently in manufacture. Delays in the commencement of the manufacturing programme, caused by delays in approving the solution design, have impacted the commencement of mobile installations. There are also concerns over the unit weight of the mobile casing and one aspect of the mobile system operation. These may create further delays to the commencement of mobile installations. The current planned start date is the end of January 2001 although this is likely to move into February.

## **4 ISSUES**

The installation programme fell below the planned level of 306 installations in two consecutive weeks (302 outlets in week commencing 14<sup>th</sup> August and 301 outlets in week commencing 21<sup>st</sup> August). In the first of these weeks this was as the result of a high level of ISDN failures on installation day. This is unacceptable to Pathway and we are in dialogue with the Energis to ensure this is not repeated. This low level of ISDN performance has not been repeated since, although Pathway has yet to conclude rectification action with the supplier. In the second week, performance below planned levels was expected following the re-planning of the CSR+ live pilot. An additional 5 outlets were lost on the Friday of that week as a result of a data centre server issue. An investigation of the issue is anticipated to be completed shortly. With the exception of the two weeks mentioned above, achievements in the installation programme continue to exceed the planned levels on a weekly and cumulative basis.

Training invitation timeliness continues to be monitored jointly by Pathway and PONU through telephone sampling to ensure the improved level of achievement continues. All mainstream training events are still consistently exceeding the target 94% of invites arriving on time. The less critical UAE and Preview Events still continue to exhibit some low levels of appointment timeliness although it is believed PONU and Pathway both have issues, which are contributing to this. Efforts on both sides are continuing to address and the issues in order to achieve the necessary improvement. Further enhancements of the KPL TPAS system are due to be introduced from 11<sup>th</sup> September and it is expected this will assist in performance

improvements. Timeliness of invitations to UAE and Preview events have been deteriorating in recent weeks and KnowledgePool are being targeted to reverse this trend.

Processes for the survey, preparation and installation of sites designated for satellite installation have been established and the surveys are underway. Surveys conducted to date have identified some areas of work where additional installation costs will be incurred. These include additional preparation activity for the siting of office components of the satellite solution and the costs of an unexpectedly high percentage of sites requiring non-standard dish installations.

## **5 COSTS**

Additional satellite installation costs are being factored into the Implementation forecast to completion with the aim of containing them within the current forecast, although this has yet to be confirmed.

The costs associated with providing the predicted number of training courses beyond the contracted requirement are included within the Implementation forecast. This ensures that the forecast contains the worst case situation until the commercial debate with PONU over responsibility for the cause of extra courses being required has been concluded. It is considered that this will result in a reduction in the forecast

Despite the forecast including costs for all of the predicted courses, the Implementation August forecast remains within budget.

Implementation has a task recovery target of £1.2M and has to date achieved £500K. Including recovery of additional training costs from PONU and KPL and negating a significant claim for weekly shortfall charges from ntl: there is adequate opportunity to achieve the remaining cost down target.

The weighted impact value of Implementation business case risks continues to fall, as expected.

## Organisation &amp; Personnel Report

# 1 MONTHLY SUMMARY

Work progressed on the transition plan for the Pathway Implementation team. There is now an agreed destination for all members of the team when their roles in Pathway are at an end. Recruitment activity to fill outstanding vacancies continued and work was undertaken to help ensure the headcount budget (numbers and mix) is met.

## 2 PROGRESS

- Appointments in August:

External Recruits	0
Transfers In	0
E-Apps	7
LINKwise	0
Freelance	2
Fixed Term Contracts	0
Adecco Temps	1
<b>TOTAL:</b>	<b>10</b>

- Known Joiners

External Recruits	0	
Transfers In	0	
e-Apps		0
LINKwise	0	
Freelance	0	
Fixed Term Contracts	0	
Adecco Temps	0	
<b>TOTAL:</b>	<b>0</b>	

- August Leavers:

Permanent Staff	2	
Freelance	11	
Transfers Out		0
Linkwise assignee	0	
e-Apps		10
Fixed term Contracts	1	
Adecco Temps	4	
<b>TOTAL:</b>	<b>28</b>	

Known Leavers

Permanent Staff	4	
Freelance	2	
Transfers Out		0
Linkwise assignee	0	
e-Apps		1
Fixed term Contracts	2	
Adecco Temps	3	
<b>TOTAL:</b>	<b>12</b>	

- Draft PVP objectives were received for 96% of Pathway employees by the deadline. These were reviewed by the Pathway Managing Director and are now being signed off by managers and employees. The current percentage of signed objectives which have now been received is 59% and those outstanding are being vigorously pursued.
- ICL issued a clarification to the operation of the EIP scheme for this year. This was communicated by letter to all eligible employees in Pathway.
- Work associated with the transition of the Pathway Implementation Team to e-Apps continued. A transition plan and a communications plan were produced and reviewed. It was proposed to transfer the whole of the Pathway team except for administration staff to e-Applications who will then provide people on assignment as required. This is, however, dependent on acceptable financial and operational arrangements being agreed between Pathway, e-Applications and Large Projects. These have to cover not only the arrangements for work associated with the roll-out into the Post Office estate but also the method of dealing with Operational Business Change in the Post Office estate and also the roll-out programmes associated with the PFI's in Large Projects.  
Until such time as these arrangements have been agreed employees who have finished their work on the Pathway Roll-Out will be transferred on an individual basis to e-Applications or other appropriate destinations, depending on their individual circumstances. All employees were reviewed with e-Applications and agreement reached on who possessed the necessary skill sets to be suitable for assignment working.

- 10 appointments were made in August. The number of live vacant requirements has increased from 19 at the end of July to 20 at the end of July. Customer Service require key Technical Support resource to replace employees who have resigned. External recruitment is being undertaken but there is proving to be a shortage of suitable candidates. Therefore the requirement has also been referred to ITCS.
- The deputy to the Implementation Project Director has resigned from the company and replacing him is a priority recruitment task.
- A Health and Safety incident occurred earlier in the Roll-Out programme at the Partrington Post Office. A thorough investigation was carried out at the time and appropriate measures were taken as a result. A solicitor's letter has now been received in respect of a potential claim for damages on behalf of the sub-postmistress. This has been passed to ICL's insurers who will deal with the claim.
- A follow up to the Health and Safety audit of the Pathway laboratories in BRA01 was undertaken. The audit went very well and showed that substantial progress had been made with the rectification programme which has been undertaken as a result of the audit.
- OMR's were undertaken in the month in respect of the Quality and Risk Management Department and also a follow up to check on progress following the recent OMR for the Programme Office. In addition, preliminary discussions took place on the best way to organise the delivery streams within the Development unit. This is to ensure the organisation structure meets the organisations business requirements, taking into account the need to consume work arising from Network Banking and ERA.
- The headcount plan for Development was reviewed. The aim was to understand the risks associated with the plan and to put in place actions to address the risks identified. It was agreed to identify 20 roles currently filled by freelancers who could be replaced by ICL employees and to undertake an aggressive campaign to identify suitable replacements and bring them in to replace the existing contractors.  
It was also agreed to identify the key people required to allow us to consume the new work which is currently in the pipeline or is anticipated. If they are contractors due to be released in the near future a decision will be taken as to whether it is desirable/financially possible to retain them on contract so they are available when they are needed to undertake the new work. The financial costs have to be balanced against the rarity of each individuals skills and hence the difficulty of finding a replacement within the necessary time frame. It was agreed to maintain close communications with Large Projects so that people Pathway is releasing who may be of value are highlighted to Large Projects as becoming available.
- Review meetings took place with e-Applications and with ITCS to deal with various operational issues and to ensure that procedures and relationships were functioning effectively. Both meetings were extremely positive.



## 1 MONTHLY SUMMARY

The OneStopShop contract (MC) is back on track.  
Post Office have issued the long awaited ITT for eBusiness Services.

### **OneStopShop**

Following PO's cancellation in July of new orders owing to ICL MC warehousing/delivery issues, MC have now been restored by PO for receipt of new orders. We still expect PO to start the selection process for a single supplier under OneStopShop soon..

### **SMPP**

The client team has facilitated meetings between OSD and relevant PO managers to encourage the agreement of a trial/interim Peregrine-based asset management service.

### **WDM**

This ParcelForce Worldwide Despatch Manager contract was a spinoff of OneStopShop, which has caused problems in OSD and MC for over 12 months. With MC and OSD failing to meet SLAs the customer is despairing of ICL. New OSD Account Manager Tom Lane has promised to get a grip.

### **EGovernment**

Following our input to PO, in support of their response to the PIU report, PO have now asked IBM, ICL and Andersens Consulting if they wish to partner in some/all of the PO eGovt initiatives. We await to hear the process PO intend to select partner(s). The key (hard) part will be to establish exactly what ICL is expected to do, and to evaluate the associated risk/reward.

### **EBusiness**

The ITT for a "management of change and eServices partner" was issued 7<sup>th</sup> September with a response date of 29<sup>th</sup> September. PO are seeking to select a panel of suppliers covering SI, technologies, software development et al. Work Packages will then be competed amongst the suppliers. We are working with eInnovation to qualify this opportunity.

### **Network Banking**

The ICL response to the ITT, based on Lifestyle, was submitted on time and a host of follow-up questions are being dealt with. Bids were received from IBM, ICL, UNISYS and Brokat-Sanchez. Until PO sign up the banks, it is unlikely this ITT will progress rapidly.