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Post Office Business Review

Business Area: Post Office
Presenter: Gavin Bell
Date: 18 June 2012

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■ Detail Slides

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- Corporate Social Responsibility

Executive Summary

■ Customer activity

- Focus on Towers model and Framework procurements
- Board to board set up for September
- CSIP plan agreed
- Trip to Japan put on hold while Shadow being discussed

■ Q1 Outcome/ Q2 /FY12 outlook??

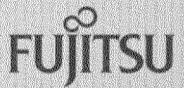
- Q1 – HPBB completes numbers
- Q2 - dependent on two initiatives DVLA and extended hours
- FY12 dependent on either MVNO or Shadow closing

■ Engagement with Service line

- Monthly opportunity reviews scheduled.

■ Market Outlook

- Significant effort being expended on Frameworks which do not deliver income in year unless POL choose to use them.
- Towers model procurement does not deliver order until 2013



30,60, 90 Day Plan – Customer

Activities	completed	30	60	90	Owner
D Group Gavin Bell, Simon Blagden, met Alice Perkins at "Should we and could we re-invent the Post Office" Event					
Duncan Tait, Rod Vawdrey lunch with Alice Perkins (Chair of POL) and Paula Vennells MD POL					
Board to Board to be set up post HPBB signature – Dates being finalised					GB
CSIP action plan to be agreed with customer - Agreed					GB/MA
Lesley Sewell to visit Bracknell for reconciliations team and other support teams on 2 nd August					GB/MA
iPublication This will be sent to Lesley Sewell (Head of IT and Change), Neil Lecky-Thompson (Head of Programmes and Planning) and Dave Hulbert (Senior Service Delivery Manager; IT and Telephony)					TG
Wimbledon and Olympics invites for POL Exec					GB / TG
'Fit to Change' EDE (28th June) Paula Vennells, Chris Day and Lesley Sewell will be invited					GB / TG
Fujitsu Forum in Tokyo (17th & 18th May) Now changed to bespoke tour at the end of July for Martin Moran, Chris Day, Lesley Sewell					GB/ JD
National Federation of Sub Postmasters (21st – 23rd May) Fujitsu will be exhibiting at the conference with a stand, manned by subject matter experts complete					LM / TG
3 Day Event in Solihull for Crown Branch Managers A number of scenarios will be explored that cause branches pain and prevent them from operating as efficiently as they could.					LM / TG
Horizon Service Desk Open Day for Postmasters Explore ways in which customer service can be improved.					LM / TG



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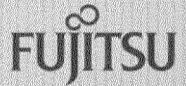
TCV/ Pipeline June Update

Q1 TCV Update/ Closing Actions

£m	Apr	May	June	Total
Target				£53.40m
Forecast Q2RF	£0.06m	£179.00m	£0.79m	£180.39m
Booked	£0.06m	£342.04m		
IAS 11 booked	£0.448m	£0.940		
IAS 11 forecast			£2.48	
Balance to book		£-163.04m		
Total pipeline				£1,139m
of which is BCD	-	-	£0.839m	£0.839m
of which is Commit			£0.300m	£0.300m
Pipeline vs Target				100%
Q1 Deals to close to reach target	Owner	TCV £m	Close Date	
Deal Name				
Salesforce Cloud	Stuart Finnes	£0.339m	15/07/2012	
Branch Managed Switch	Gavin Bell	£0.3m	30/06/2012	
IAS11 BMS and CI	Gavin Bell/Pete Newsome	£3.48	30/06/12	

Q2 TCV Update/ Key Deals

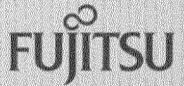
£m	July	Aug	Sept	Total
Target	-	£1.00 m	£ 1.50 m	£2.50m
Forecast Q2RF	£2.0m	£4.0m	£0.40m	£6.40m
Booked	-	-	-	-
Balance to book	-	-	-	-
Total pipeline				£17.050m
of which is BCD	-	-	£15,150m	£15.150m
of which is Commit	-	-	£0.250m	£0.250m
Pipeline vs Target				
Q2 key Deals to close to reach target	Owner	TCV £m	Close Date	
Deal Name				
Mails leading to project Bentley	Pete Newsome	£0.150m		
DWP	Pete Newsome	£0.500m		
Extended Hours short term	Tower Leads	£4 m		
SAP upgrade to ECC6	Stuart Finnes	£1.5m	30/07	
Test Rigs	Pete Thompson	£1.7m	30/09	
DVLA	Stuart Finnes	£15m	30/08	



Q2 Deals – top 20 Pipeline

Sector	Subsector	Account Name	Opportunity Name	Forecast Category	TCV k's (converted)	Contract Signature Date	Opportunity Owner
Private	Post Office	Post Office Ltd	PO - Front Office Services for DVLA	Best Can Do	GBP 15,000	21/09/2012	Stuart Finnes
Private	Post Office	Post Office Ltd	SAP Upgrade to ECC6	Pipeline	GBP 1,500	30/07/2012	Stuart Finnes
Private	Post Office	Post Office Ltd	Churn Q2 2012	Commit	GBP 250	30/09/2012	Pete Newsome
Private	Post Office	Post Office Ltd	Smart Metering Tactical	Pipeline	GBP 150	30/09/2012	Pete Newsome
Private	Post Office	Post Office Ltd	Churn Q2 2012 - BCD	Best Can Do	GBP 150	30/09/2012	Pete Newsome
Private	Post Office	Post Office Ltd	Fraud and Error (HMRC)	Pipeline	GBP 0	30/09/2012	Gavin Bell
Private	Post Office	Post Office Ltd	POL IT Products (Hardware and Software) - Framework	Pipeline	GBP 0	18/07/2012	Allan Ross
Private	Post Office	Post Office Ltd	RMG IT Consulting - Technical Delivery Lot	Pipeline	GBP 0	02/07/2012	Peter Jolley
Private	Post Office	Post Office Ltd	POL IT Solutions - Framework	Pipeline	GBP 0	05/07/2012	Stuart Finnes
Private	Post Office	Post Office Ltd	Local Collect	Pipeline	GBP 0	30/09/2012	Pete Newsome
Private	Post Office	Post Office Ltd	IAS 11 Channel Integration Phase 1	Commit	GBP 0	30/09/2012	Pete Newsome

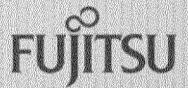
Grand Totals (11 records)



H2 FY12 – Top 20 Pipeline

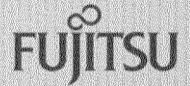
Sector Subsector	Account Name	Opportunity Name	Forecast Category	TCV k's (converted)	Contract Signature Date	Opportunity Owner
Private Post Office	Post Office Ltd	MVNO	Pipeline	GBP 140,000	31/01/2013	Paul Grogan
Private Post Office	Post Office Ltd	Shadow Proposition	Commit	GBP 100,000	31/12/2012	Stephen Long
Private Post Office	Post Office Ltd	RPI uplift on backlog 2 years remaining on contract	Commit	GBP 2,190	30/03/2013	Hazel Taylor
Private Post Office	Post Office Ltd	Assisted Digital Self Service Kiosks for Government	Pipeline	GBP 2,000	31/12/2012	Gavin Bell
Private Post Office	Post Office Ltd	SAP Financial Separation	Pipeline	GBP 1,800	30/10/2012	Stuart Finnes
Private Post Office	Singapore Post	VME Managed Service	Pipeline	GBP 1,700	15/03/2013	Colin Colclough
Private Post Office	Post Office Ltd	SAP HR Migration	Pipeline	GBP 1,500	31/12/2012	Stuart Finnes
Private Post Office	Post Office Ltd	Non IAS 11 Branch Managed Switch 2	Commit	GBP 1,400	31/12/2012	Pete Newsome
Private Post Office	Post Office Ltd	Salesforce Cloud 2	Best Can Do	GBP 500	30/11/2012	Stuart Finnes
Private Post Office	Post Office Ltd	Non IAS 11 Channel Integration Phase 2	Commit	GBP 500	30/12/2012	Pete Newsome
Private Post Office	Post Office Ltd	Churn Q3 2012	Commit	GBP 300	31/12/2012	Pete Newsome
Private Post Office	Post Office Ltd	Branch Changes (OBC for Network Transformation)	Best Can Do	GBP 200	31/10/2012	Pete Newsome
Private Post Office	Post Office Ltd	Churn Q3 2012 - BCD	Best Can Do	GBP 150	31/12/2012	Pete Newsome
Private Post Office	Post Office Ltd	IAS 11 Mails	Commit	GBP 0	31/12/2012	Pete Newsome
Private Post Office	Post Office Ltd	IAS 11 GWS DWP	Commit	GBP 0	31/12/2012	Pete Newsome
Private Post Office	Post Office Ltd	Test Rigs IAS 11	Commit	GBP 0	30/12/2012	Pete Newsome
Grand Totals (16 records)						

Full Year: Pipeline by Forecast Category



Subsector	Forecast Category	Fiscal Period				Grand Total
		2012-Q1	2012-Q2	2012-Q3	2012-Q4	
Post Office	Won	GBP 342,211	GBP 0	GBP 0	GBP 0	GBP 342,211
	Commit	GBP 300	GBP 250	GBP 102,200	GBP 2,415	GBP 105,165
	Best Can Do	GBP 839	GBP 15,150	GBP 850	GBP 150	GBP 16,989
	Pipeline	GBP 0	GBP 1,650	GBP 5,300	GBP 142,700	GBP 149,650
	Subtotal	GBP 343,350	GBP 17,050	GBP 108,350	GBP 145,265	GBP 614,015
	Grand Total	GBP 343,350	GBP 17,050	GBP 108,350	GBP 145,265	GBP 614,015

Full Year: Pipeline – Strategic/Key Accounts



Sum of TCV k's (converted)		Fiscal Period				Grand Total
Account Type	Account Name	2012-Q1	2012-Q2	2012-Q3	2012-Q4	
Strategic	Post Office Ltd	GBP 1,139	GBP 17,050	GBP 108,350	GBP 143,565	GBP 270,104
	Subtotal	GBP 1,139	GBP 17,050	GBP 108,350	GBP 143,565	GBP 270,104
	Grand Total	GBP 1,139	GBP 17,050	GBP 108,350	GBP 143,565	GBP 270,104

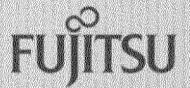


Win report : Q1 to date deals over £0.5m TCV

Opportunity Reference	Subsector	Account Name	Opportunity Name	Opportunity Owner	TCV k's (converted)	Contract Signature Date	Fiscal Period	Opportunity Type
PSD-100299-001297	Post Office	Post Office Ltd	HP&BB	Danny Maclean	GBP 342,000	14/05/2012	2012-Q1	New

Grand Totals (1 record)

Loss report : Q1 to date Deals over £0.5m TCV



Opportunity Reference	Subsector	Account Name	Opportunity Name	Opportunity Owner	TCV k's (converted)	Contract Signature Date	Fiscal Period	Opportunity Type
PSD-100299-008322	Post Office	Post Office Ltd	POL IT Consulting Services - Framework	Peter Jolley	GBP 2,000	10/05/2012	2012-Q1	Framework
PSD-100299-001692	Post Office	Post Office Ltd	Loss Prevention - IntelliQ	Stuart Finnes	GBP 1,500	30/06/2012	2012-Q1	New
Grand Totals (2 records)								



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Strategic Accounts Growth Actions June Update

Strategic Account Growth (including ABP Actions)

Post Office

Task No.	Key Task Description	Metric	Responsible Party	Target Date	June RAG	Progress Comments
5.0	Post Office Growth Plan Strategic Accounts and New Business	TCV £128m	Stephen Long	FY12		
5.1	Post Office	TCV £m	Gavin B.	FY12		
	HPBB -	£342m	Danny M	FY12		
	Shadow	£100m	Gavin B.	FY12		Won up from £179 to £342m
	DVLA	£12m	Stuart Finess	FY12		Customer not sure how to procure and engagement challenged due to trust re above.
	SAP	£5m	Stuart Finess.	FY12		Complete dependency on POL with DVLA and then procuring through us and existing contract challenge vs pushing through framework and competing.
	MVNO	£140m	Paul Grogan	FY12		Engaging with customer and shaping what may be a competitive tender. Customer not firm on SAP vs other products
						Engaging with customer on a coached basis.



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People June Update

People

- Headcount and Recruitment
- Transition to new organisation Issues
- Flight Risk *CMD to Update*
- Learning and Development

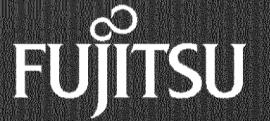
30,60, 90 Day Plan – People

Activities	30	60	90+	Owner
Enhance & Publish POA Account Communication Framework				Bus Management
Create & Publish POA Organisation Charts (Lines of Service)				Bus Management
Complete Appraisal Process (inc. Personal Development Plan)				Functional Leads
Complete & Submit a Succession Plan POA Leadership Team				Functional Leads
Complete & Submit the Opportunity Matrix Review				Functional Leads
Create & Publish Skills Matrix and Identify Resource all 'Gaps'				Bus Management
Create & Publish Training Plan to highlight needs/close 'Gaps'				Bus Management
Implement Plan to close 'Gaps' in terms of skills & Knowledge				Functional Leads
Clarify, Align & Publish Global / Local Roles & Responsibilities				Functional Leads
Utilise all Existing Mechanisms for Recognising & Rewarding				Functional Leads

“Asks” - Support Required



CMD to Update



ERM Risk June Update

Post Office Account Enterprise Risks - May 2012

Cause/ Area of Risk	Description of Risk	Owner of Risk	Containment	Fallback	Prob ability	Impact Code	Max Business Impact	Proximity of Risk	RAG	RAG (Last Period)
Comm/Leg al	HSD Benchmarking HSD Benchmarking Results The potential loss of revenues and Margin as a result of the Gartner benchmark result showing our pricing to be approx £600k pa above market price.	Tim Healey	25.05.12 YS Following update from TH: POL have made an interim agreement to continue the existing service levels which are above the contracted levels for a reduction of charges of c £400k pa and will confirm whether this will be the final arrangement or whether they will request the lower service levels as per the contract by end September. Delivery have already taken action to reduce costs.	TBC	50	High	400	1 - 3 years		
HR/Skills/ TUPE	Key skill-sets. Protection of key skill sets and legacy knowledge. Next Review May 2012.	James Davidson	09.05.12 YS Following update with James Davidson: Graham Welsh, Dave Court and Doug Johnson are working on a plan to restructure AMO and create a plan for key skills retention. End of June for approach and outline plans. 03.01.12 YS Following update with James Davidson: To be addressed as part of skills review with Service Lines in Q1 2012.	TBC	25	High	Unquantifi able	1 - 3 years		
Comm/Leg al	Limitation of hosting New Business hosting out IRE11, IRE19.	Peter Thompson	12.04.12 YS Following update from PT: The intention is to align the leases for IRE11 and 19 – with December 2018 as the end date. 15.03.12 YS Following update from PT: extension to IRE19 imminent. Probability and impact reduced.	Alternative Data Centres will be used resulting in increased hosting costs owing to providing connectivity/real time replication to IRE11&19 for the duration of Horizon Contract.	25	High	TBC	1 - 3 years		

Post Office Account Enterprise Risks – May 2012

Cause/ Area of Risk	Description of Risk	Owner of Risk	Containment	Fallback	Prob ability	Impact Code	Max Business Impact	Proximity of Risk	RAG	RAG (Last Period)
Service	Extended branch opening hours from 27th July. New Risk raised in the ELT on 16.04.12.	Peter Thompson	<p>09.05.12 Following update from PT: Risk 733 covering the HSD requirement for extended hours is in POA Risk Register. The HSD exposure has been contained by sub-contracting the extended hours requirement to another supplier.</p> <p>3 options have been submitted to POL for extended hours. Each option has a set of risk profile. When POL choose an option the relevant profile will be applicable, reviewed updated and managed.</p> <p>Meeting to analyse risk to take place on 01.05.12.</p>		25	High	TBC	0 - 6 months		
Comm/Legal	On-going Benchmarking Ongoing Benchmarking per the contractual obligation to contract end date of 31 March 2015.	Tim Healey	<p>24.05.12 YS Following update from TH: No benchmarking currently in progress and it appears that POL do not have an immediate appetite to initiate the process for another tower yet. To be discussed with POL at the SCR meeting of 31st May.</p>	<p>05.09.11 YS Following review with TH: Competitive tendering process may be adopted if FJ thinks that methodology used is disadvantageous.</p> <p>Absorb the potential price reduction.</p>	40	Moderate	500	0 - 6 months		
Technical	Patching for PCI Platforms. We may fail the PCI audits and also Internet platforms may be vulnerable (e.g. PODG on). New Risk ELT 05.12.11	Amit Apté	<p>23.05.12 YS Following update from PT: The auditor is due to revisit 31/5 for a review of recently applied patches , there is a full deployment plan in place following meetings held with architects/CISO and release management this last week. Probability reduced.</p> <p>12.04.12 YS Following update from PT: The consensus is that the risk can be downgraded to an amber rating given that the auditor found that our patching strategy at the recent PCI audit met the required standard. Once in receipt of the formal report this risk can be downgraded green risk which needs to be reviewed again in Sept 12 , ahead of this financial year's PCI audit.</p> <p>Commercial need to provide a statement if this is a Fujitsu or Post Office liability.</p>	<p>TBC</p>	10	High	TBC	6 - 12 months		

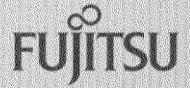
Post Office Account Enterprise Risks May 2012

Cause/ Area of Risk	Description of Risk	Owner of Risk	Containment	Fallback	Prob ability	Impact Code	Max Business Impact	Proximity of Risk	RAG	RAG (Last Period)
Technical	<p>Horizon on-line.</p> <p>Challenges to the integrity of the Horizon on-line.</p>	James Davidson	<p>22.05.12 YS Following update from JD: Following discussion with Post Office, the KPMG integrity study is to be put on hold pending a review of the approach by Post Office. We will be talking with Post Office over the next period to understand their intentions and what support they will need from Fujitsu in the future. Risk to be kept active given that there is a possibility in the future that further challenges may emerge that need to be responded to with regards integrity of the system. The work completed to date has provided a level of assurance that out processes and systems have been thoroughly reviewed (though not independently). Change of ownership to JD.</p> <p>11.04.12 YS Following update from Mike Deaton: Phase 0 ready to discuss draft controls before end of April.</p>	TBC	10	High	TBC	0 - 6 months		
Comm/Leg al	<p>SV&I test system contract.</p> <p>After March 2013 we will not be able to test releases prior to live deployment because the test rigs contract expires on that date.</p>	Peter Thompson	<p>23.05.12 YS Following update from PT: Plan is to build cost model from scratch (to include H/W, OS, S/W, Support Staff) for each of the rigs SV&I, Integration and CIT. This work will be performed by BAS and HNS. Based on initial feedback from Graham Welsh this won't be completed any earlier than July 2012. When the cost model is complete, we should get a figure which we will then present to the customer for renewal.</p> <p>11.04.12 YS Following update from PT: Meeting scheduled on 12.04.12 to determine requirement for the on-going support and maintenance and SV&I. Target date end of May to produce the proposal.</p>	No releases to be made to the live estate after March 2013.	25	Moderate	TBC	0 - 6 months		

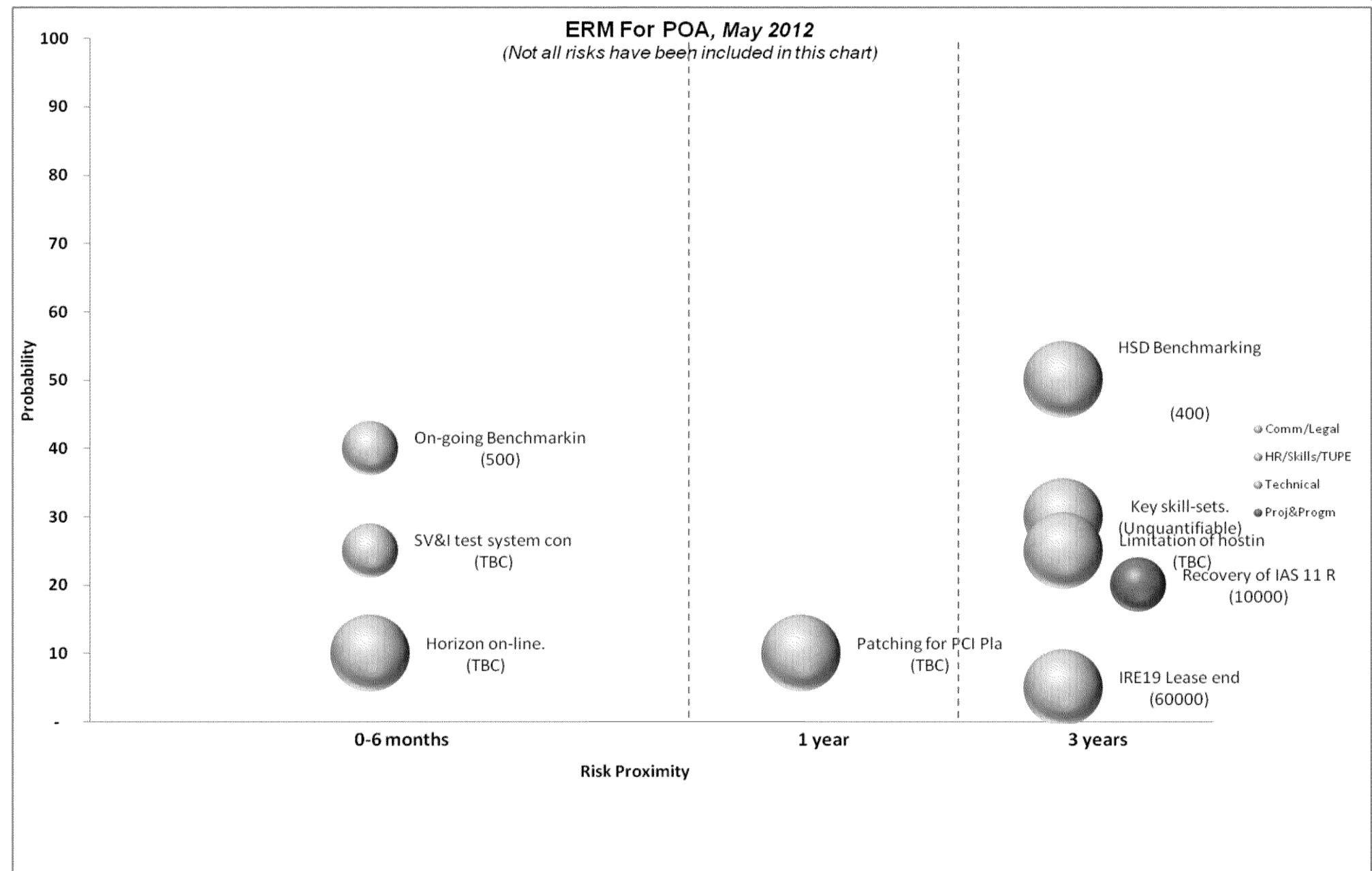
Post Office Account Enterprise Risks May 2012

Cause/ Area of Risk	Description of Risk	Owner of Risk	Containment	Fallback	Prob ability	Impact Code	Max Business Impact	Proximity of Risk	RAG	RAG (Last Period)
Service	Supportability of the Legacy Horizon. New Risk raised in the ELT on 16.04.12.	Peter Thompson	<p>09.05.12 Following update from PT: H&NS have agreed a serviceability plan for the Legacy Horizon. Incremental cost agreed £277K.</p> <p>Residual risk on Foundstone scanners and EMC storage. Discussion with 3rd parties taking place to determine support best support options.</p> <p>Additional discussions are taking place yielding to requirement for potentially more expenditure.</p> <p>End of Service Life review is taking place which part of the 4 point tactical plan. Discussion been held with H&NS with FJ to review options to replace 3rd part products with FJ first approach.</p>		25	Moderate	710K	0 - 6 months		
Comm/Leg al	IRE19 Lease end The IRE19 lease expires in Dec 2013 - exposure on Fujitsu ability to provide DR and test environment.	Alex Kemp	<p>25.05.12 YS AK to confirm meeting outcome.</p> <p>23.05.12 YS Following update from AK: A meeting about IRE19 lease with data centres and group properties is scheduled on on Friday 25th.</p> <p>23.02.12 YS Following update from Daniel Marsden and Alex Kemp: The team working with the Group Properties expect to finalise the lease by end June.</p>	Corporate Red Alert	2	High	60000	1 - 3 years		
Proj&Prog m	Recovery of IAS 11 Revenue. Future business may not be realised. Forecast needs to be debooked . £10M cost, £14M Revenue This risk will be updated in the beginning and end of the financial year.	Steve Doyle	<p>11.04.12 YS Following update from SD & Hazel Taylor: we met our payments. For FY11-12 continue to be on target.</p>	Debook profit element for which there is no forecast work.	10	Moderate	10000	1 - 3 years		

Post Office Account Enterprise Risks - May 2012



ERM For POA, May 2012
(Not all risks have been included in this chart)





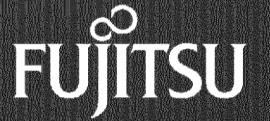
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Dependencies

June Update

Dependencies- Post Offive

Dependency	Dependent Upon	Risk	Financial / Other Impact
MVNO	HNS	Full service dependency Cost of migration to two new data centres needs to be determined – is this a customer charge or absorbed in Fujitsu	£140m TCV
Solution to Datacentre in Ireland	HNS		Impacts costs for shadow and Hosting Tower Impact cost estimated £10m

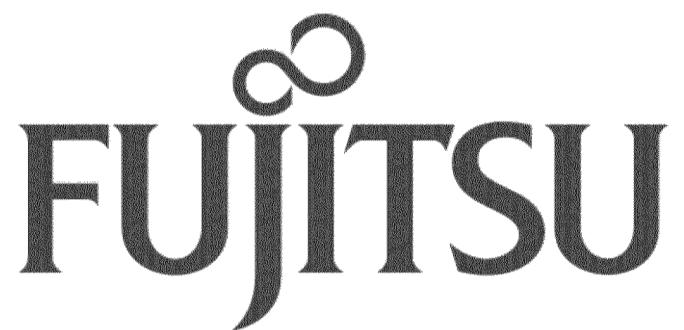


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Corporate Social Responsibility

Corporate Social Responsibility

- ***Supporting Princes Trust 11th July with interview and CV skills workshops.***



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Growth plan

Frameworks leading to/ enabling new revenue

POL Products Framework

Q1

£10m

Q2

£20m

Q3

£150m

Q4

£100m

POL Solutions Framework

£4m

Towers Model Procurement

£0.3m

Horizon Transformation initiative

£1.9m

RMG IT Consulting Framework

£1.7m

Major Opportunities delivering in year TCV and revenue

Salesforce

£0.8m

Branch Managed Switch*

£4m

Channel Integration*

£20m

Extended Hours

£10m

DVLA

£1.8m

SAP Financial Separation

£4.2m

SAP Initiatives

£2m

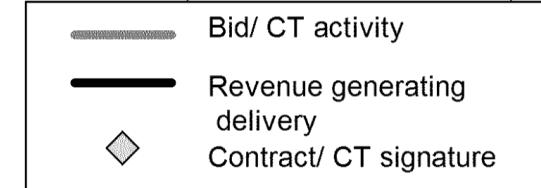
Kiosks/ Post and Go

£0.5m

Mails Initiatives

£0.8m

PCI



* Customer is funding initial activities until full project CT is agreed