



RS1576 INTERFACING CLIENT DATA INTO POL SYSTEMS (Project PING)

Post Office Limited Feasibility Report

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CONTROL**Terms and Abbreviations**

TERM	MEANING
AIS	Application Interface Specification
AP ADC	Automated Payments Advanced Data Capture
BLE	Bulk Load Extract
BRDB	Branch Database
CR	Change Request
DIW	Data Information Warehouse
EDG	Electronic Data Gateway
ETL	Extract Transform Load
FS	Fujitsu Services
FTMS	File Transfer Management Service
HNG	Horizon Next Generation
HRSAP	Post Office Ltd's Human Resources system
NBSC	Network Business Support Centre
P&BA	Product & Branch Accounting
POL	Post Office Ltd
POL FS	Post Office Ltd's Financial System
POL MI	Post Office Ltd's Management Information system
RDS	Reference Data system
TA	Transaction acceptance
TC	Transaction Correction
TI	Transaction Integrator
TIS	Technical Interface Specification
TMS	Transaction Management Service
TPS	Transaction Processing Service

Version History

VERSION	DATE	CHANGE DETAILS	AUTHOR
0.2	20/02/2009	Initial Version	Paul Jepson

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Referenced Documents

NR.	TITLE	VERSION	DATE	DOCUMENT REF.	LOCATION
1.	HLBP RS 1576 – Interfacing Client Data Into POL Systems	1.0	07/05/08	RS1576	
2.	HLBP RS 1712 - Trial To Manually Interface Camelot Client Data Into POL Systems	1.0	20/10/08	RS1712	

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1. INTRODUCTION

1.1 Background

The purpose of the feasibility is to look at reducing the level in the identified number of differences brought about by the manual input of data into Horizon predominantly relating to (but not exclusive to) a range of existing 'off counter' products such as Camelot online game sales and scratchcard stock activation, in addition to setting business principles for future take-on of similar non horizon kiosk type transactions such as Paystation Plus and Post & Go.

Proposed changes through an automated re-engineering should provide improvements to branch compliance and processes, as well as reducing operational costs. Estimated costs and cost reductions are included within this feasibility.

Client based settlements are not a preferred settlement option however it is recognised that the data being provided by clients such as Camelot is robust, controlled by reference data, and more accurate than the Horizon data stream due to conformance issues.

Product and Branch Accounting recognises the need to be able to reduce the costs and non conformance associated with the existing process for integrating client data for settlement and reconciliation, and are looking to assess the options associated with automatically interfacing this robust data stream more effectively into post HNG POL systems (HLBP RS 1576 refers).

1.2 High Level Objective

This feasibility study has been undertaken to assess the technical solutions available to interface a robust reference data controlled stream of client data directly into post HNG POL systems.

The change would give the branch visibility of the transactions from the off counter kit, and should reduce the number of Transaction Corrections which subsequently need to be issued, enabling immediate ownership of the data at branch level, improve understanding and improve conformance.

This would:

- eliminate the need for comparison of two data streams in POL FS
- reduce the effort and cost associated with correction of the Horizon stream
- improve business accounting for cash as agents will need to account for the cash accepted 'off counter' at an earlier point in time
- eliminate the need for agents to manually input data into Horizon
- reduce the potential for large value differences which are settled centrally to a customer account held by the agent in POL FS (which ultimately adds debt to the POL balance sheet)

1.3 Terms of Reference

Primarily this feasibility is limited in scope to consideration of the product areas identified in 1.1, with the main initial focus being Camelot online game sales and scratchcard stock activation (NOT Prize Payments / Scratchcard sales / Match Zero's / Cancellations

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where existing processes will continue) as this is where most business benefits are considered able to be realised.

The scope of the feasibility will be:

- from the receipt and uploading of client data, including validation and reference data controls
- a change at the counter as to how the data is accepted by the agent/counter clerk (any available 'evidence' post HNG will be within the office so all accountability is already within the branch domain)
- changes to the client enquiry process, for example if the agent/counter clerk disputes the client data (for optimum control purposes it is envisaged that any challenges will be processed initially via NBSC for consolidation to P&BA for resolution)
- revised operational instructions which describe the preceding changes for agents/counter clerks
- a modified interface into back-end systems, including a change to the accounting solution and reference data to enable transaction acceptance / corrections to be issued
- a change to duty instructions for POL FS users
- a change to remuneration being based on the accurate Client data (currently based on 'compromised' POL data stream)

Out of scope...

- There will not be a change to the way that transactions are conducted...however the way that the associated transactional data is interfaced into Horizon is likely to change. As settlements are already based on client data there should be no change to settlement timescales or the commercial contracts with clients. It may be useful however for clients to understand that a change is taking place, as there may be an impact on the enquiry process.

1.4 Methodology

Workshops have been held in Chesterfield and London at which the Camelot product manager, P&BA operational team members, Business Solutions, Design Authority, Network representatives, and Suppliers were present to consider a proposed approach to address the described issues.

At a very high level the proposed approach is as follows :-

- A file of Transaction Acceptances (TA's) is received by Horizon from Post Office Ltd each night
- The TA's are made available in the Branches the following morning
- Branch Staff authorise the TA's
- The details from the TA's are then incorporated into the local Branch Accounts

The following summarises the current process :-

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- The Lottery terminal is a stand alone piece of kit used for carrying out Lottery transactions. In particular it is normally outside the Post Office area of a branch and so has its own separate cash and is often set up as a separate Stock Unit.
- The Lottery terminal provides a daily summarised report of the transactions it has carried out. This is used in 2 ways:
 - Reporting details centrally to Camelot
 - Reporting locally in the Branch so that the summary can be manually keyed into the Horizon terminal.
- The summaries should then be entered into Horizon where they are then transmitted along with all other transactions to POL's back end systems
- P&BA then compare the data coming from Horizon with the direct feed they have from Camelot. Where they differ, then Transaction Corrections (TC's) are issued to the Branch to rectify the situation, since it is expected that the Camelot feed is more reliable than the data received from the Branch

It is proposed that the process is changed as follows:

- On line game sales data and scratchcard stock activations from the Lottery terminals is no longer manually entered at the branch
- The (reliable) feed from Camelot, is used to generate a data flow to the Branch (similar to a Transaction Correction) that will result in the information received from Camelot being put into the Branch's accounts

This new flow of data plus the associated changes at the branch is being referred to as Transaction Acceptances.

The proposed Transaction Acceptance process is as follows :-

1. Camelot provide a summary of transactions undertaken via the Lottery terminal which is passed to POLFS via EDG as contractually required
2. POL will create a Transaction Acceptance record for the branch indicating the value of transactions undertaken
3. The Branch will be presented with the value to "accept" only . Unlike TC's there will be no opportunity to write off or ask for evidence due to the inherent robustness of the Camelot data provided . Also post HNG the only available 'evidence' will be within the office systems so all accountability to bring the TA to account is already within the branch domain
4. The "accepted" value will be passed to POL back end systems such as POLFS to provide the opposite posting into the matching account and HRSAP to provide the

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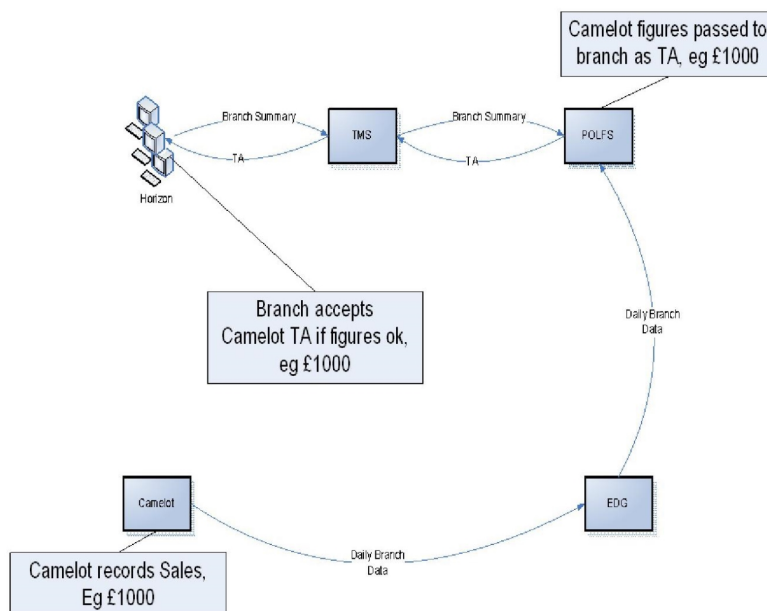
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remuneration calculation



A manual 'proof of concept' trial for the 'Transaction Acceptance' approach for Camelot (on-line sales and stock Activations) data only (HLBP RS1712 refers) was also undertaken and adopted the following process...

BRANCH :

- Camelot transactions taken over the Camelot terminal as now.

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- Daily transactions summary slip taken from terminal at the end of day and calculated as now to determine the appropriate split for online sales / prize payments / scratchcard sales etc.
- Continue to enter Prize payments / scratchcard sales etc. on Horizon as per normal procedures BUT DO NOT ENTER ONLINE GAMES SALES ONTO HORIZON . Retain for data verification as now.
- Process scratchcard stock activations following existing local procedures to note the volume activated BUT DO NOT ENTER ONTO HORIZON.
- Online game sales and stock activation Transaction Acceptances received the following morning with text informing Branch of date of transactions the value's relate to.
- After verifying that the online games sales values and scratchcard activations volumes agree with the calculations noted previously the Branch should bring the TA's to account on Horizon, resulting in the Branch now balancing for the relevant days transactions. (Crowns should accept the sales TA using "Make good cash" as opposed to "Write off to Profit & Loss" which would result in a loss being posted to the accounts. Non-crowns must make good the sales TA as "Settle centrally" will not be allowable otherwise this will become a POL liability. Stock TA's will adjust stock automatically upon acceptance).
- Double entry for the branch is achieved when the accepted TA is received the day after, resulting in the Branch now balancing for that day within POLFS.

Should the Branch consider it necessary to dispute the Client data upon receipt of a transaction acceptance, it is proposed that the Branch should still bring the TA to account prior to verifying the data as is the accepted process for such as Remittance disputes.

Where (if?) it is then established that the Client data is in error the following process is envisaged...

- TA checked against locally retained data
- Difference established
- NBSC called and reference allocated
- Value of client data accepted
- Difference held in suspense (assuming that locally held data would suggest that more / less cash has been taken, resulting in a misbalance) ?
- Call escalated to supplier via NBSC
- Corrective action agreed
- Correction issued to branch via client data stream

P&BA :

- Camelot team review Camelot postings (Stock account 627011 ,Sales account 627010) daily.
- Each value to be issued individually via Transaction Acceptance process.
- A P&BA process may need to be set up to contact the branch, in order to process the TA if the TA has not been accepted after an agreed timescale.
- It is not envisaged that the current accounting / settlement process will require any

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changes.

Client :

- Camelot poll data from the Camelot terminal which is transmitted as a daily file to POLFS as now.

1.5 Key Contributors

Ann Clarke (Business Solution) , Dawn Brooks (P&BA) ,Ian Trundell (Design Authority),
Saunders Narayan (Design Authority) , Sally Rush (Design Authority), Gareth Jenkins
(Fujitsu Services) , Penny Maguire (Steria)

2. EXECUTIVE SUMMARY

The recommended proposition will:

- Reduce the levels of errors / differences in line with current business focus
- Report accurate accounting information
- Improve the integrity and consistency of the data across all POL systems
- Make the end to end process speedier and more efficient

2.1 Recommended Solution

This report recommends that in order to best achieve the proposed automated solution there are 3 key components to the process with the recommended end-to-end solution comprising of an established option from each of the following :-

- Component A : How to receive data from the Client and in what format
- Component B : How to process the client data and create a TA
- Component C : How the Branch will process the TA data on Horizon

The full options within each of these component areas are detailed in section 4 but following detailed assessment in conjunction with key suppliers it is recommended that the following options are progressed...

- Component A – Option A 2 : Existing and new Client data is passed to Transaction Integrator via existing EDG interface
- Component B – Option B 3 : Transaction Integrator to process Transaction Acceptances for Branch and Client Data for POLFS, with pre-processing to transform Client data formats as required in order to utilise a standard TI interface

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- Component C – Option C 3 : A discrete Transaction Acceptance process requiring Branch acceptance at Log On

2.2 Overall Timescales for Recommended Solution

Key Milestones :-

- Feasibility for interface development completed and reviewed by HLBP forum
- Business case completed and approved
- Development commences in line with CR's agreed with Fujitsu , Steria, and Logica
- Potential opening of development window (provisionally looking for inclusion at HNG Release 2)

2.3 Summary of Costs and Benefits for Recommended Solution

- Potential benefits at branches are...
 - Reduction in time needed to enter the information into Horizon
 - Elimination of the errors associated with entry of information into Horizon (no TC's)
 - Reduction in 'forgetting' to record transactions when Horizon is down
 - More accurate branch accounting and remuneration
 - Helps retain the business with Camelot by offering a more robust end-2-end service
- Impacts on Product and Branch Accounting are indicated in the attached business case ...



"Business Case PIN
v0.2.doc"

Impact of avoided costs such as additional headcount for Paystation Plus and Post & Go kiosks are excluded at this stage.

2.4 Perceived Benefits

- Costs Reduction as outlined in section 2.3
- Reduction in scope for manual errors
- Improved accounting capabilities
- Improved remuneration based on accurate and consistent data

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- A generic 'Take On' template / process for future Client products profiles that fit the model

3. HIGH LEVEL BUSINESS REQUIREMENTS AND SCOPE

3.1 Current State

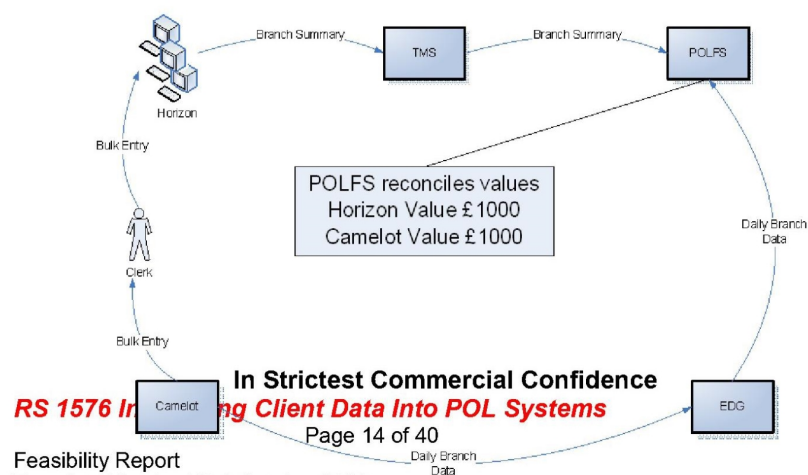
In line with the commercial contracts with clients, a number of settlements made by Product and Branch Accounting are based upon data provided by the client. Such an example is Camelot, where settlement is based upon data captured by the Camelot terminal in outlets rather than the data being captured at transactional source by Horizon.

The client data is uploaded into POL FS and compared with the equivalent Horizon data which has to be manually input by the agent/counter clerk.

Ideally the data, when compared, should be the same but a number of conformance issues have been identified where agents/counter clerks do not perform end of day routines correctly, do not input the Camelot details into Horizon as they should, and can key incorrect figures, leaving Product and Branch Accounting with a reconciliation difference. This difference may require the issuing of a transaction correction.

Example of existing process (for Camelot on line sales)...

1. Transactions are undertaken at the Camelot terminal, eg Sale of Lottery Ticket
2. At the end of day the Clerk should request a Branch On line summary – this shows the monies taken by the camelot terminal
3. The Clerk needs to take monies from the Camelot till and enter into the Branch accounts via Horizon. This is currently undertaken via the Bulk input process
4. The Branch bulk input data is captured and passed to POLFS
5. Camelot provide a summary of transactions undertaken via the terminal and send it to POLS (via EDG) which is a contractual requirement for settlement
6. A manual reconciliation process in POLFS reconciles the values between the 2 data streams (eg £1000 as show in the example above)
7. Transaction Corrections (TC's) are issued where the reconciliation fails



With conformance issues for this product currently being assessed as running at 60% of the network proposed changes through this automated re-engineering should provide improvements to branch compliance as well as reducing costs.

3.2 Business Requirements and CSF's

In support of operational efficiency the aim of this change is to primarily reduce costs and improve compliance. If the change is delivered then cost reductions should occur in a number of areas :-

- Staff cost associated with dealing with enquiries, and issuing transaction corrections should reduce
- Losses resulting from differences between data streams should reduce
- Debt carried on the POL balance sheet should reduce
- Branch time on balancing and on assessing TC's would reduce as the branch would have more local ownership of the data
- The introduction of TA's will in effect bring a 3 day cycle in clearing down a single days transactions / activations :-

Day 1 : Transactions taken over Camelot Terminal by Branch and polled by Client

Day 2 : Transactional data received within POLFS ,and transaction corrections sent to Branch to bring to account to provide accounting entry for the online games sales / scratchcard stock activations

Day 3 : POLFS receives accounting entry and clears down open items

In line with the above it is recognised there could be an adverse impact on POL cash flow as it is estimated there will be approx 350 branches that will move from accounting daily, same day, to next day accounting. This will mean that the POL Balance Sheet will be missing income for these branches for a total of 1 day once the proposed automated solution has been rolled out. However, there will be a significant improvement and recovery from the 1100 Camelot offices that should more than outweigh this loss.

A number of non-financial benefits, which should also result from the change:

- Simplified and improved accounting and elimination of matching routines which require system capacity
- A fit for purpose solution which can be used for future off counter development and client based settlements
- Time savings at outlets achieved through the less frequent interrogation of 'off counter' equipment and input of data into Horizon, and hopefully less time required to deal with differences, and dealing with transaction corrections.

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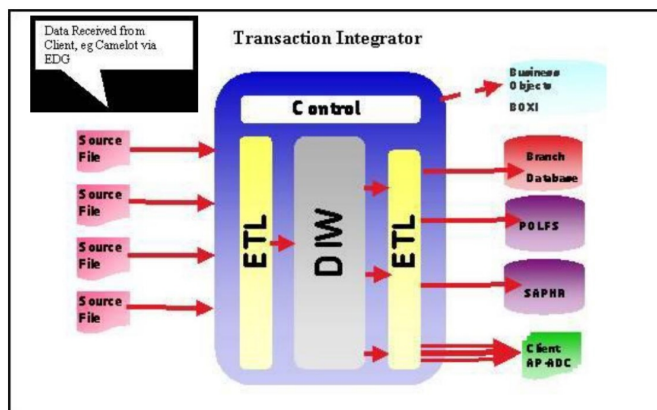
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Critical success factors have been identified as follows...

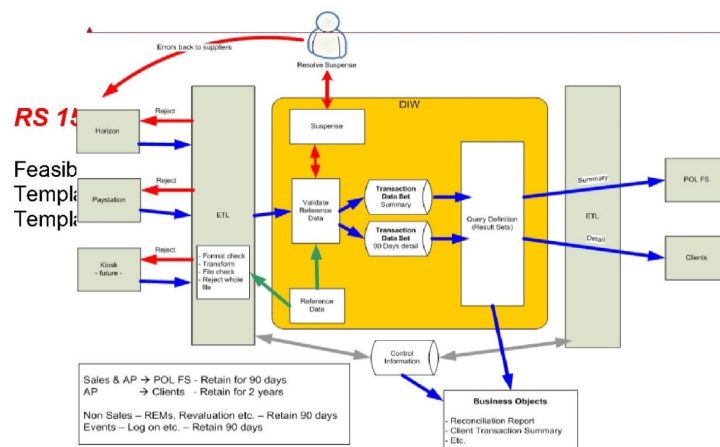
- A reduction in the number of Transaction Correction's which subsequently need to be issued
- No impact on Clients in respect of settlement timescales or the existing commercial contracts
- 100% of TA's accepted
- All TA's accepted within the proposed time window
- 0% of challenges / disputes from branches

3.3 Current Business and Technical Architecture

It seems appropriate to include reference in this section to Transaction Integrator as POL's strategic tool to ensure external data is delivered in a consistent format into POL systems ,as this is something that is being considered as key within the options for delivery of this and other current projects ,but is still in its inception for the business.



Transaction Integrator will require a number of “controls” to ensure that the solution is robust and that the data received from Clients is processed correctly and updates the appropriate systems. The following paystation® project model will implement POL TI with the appropriate controls...



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4. OPTIONS ANALYSIS AND RECOMMENDATION

4.1 Options Analysis

From detailed discussions with both Fujitsu Services (HNG) and Steria (POLFS) it has been established that there are 3 key components to the proposed Transaction Acceptance process :-

- **Component A : How to receive data from the Client and in what format**
- **Component B : How to process the client data and create a TA**
- **Component C : How the Branch will process the TA data on Horizon**

The options within each of these component areas are detailed further on in this section , and the recommended end-to-end solution will comprise of a component from each area.

Additionally 2 other options were considered...

4.1.1. No Change

The purpose of including this is to make it clear that it is possible to achieve the business outcome without any changes to Horizon code as was adopted for the 'proof of concept' trial (RS 1712 refers).

For this approach the following would happen :-

- Data from Camelot would be used to generate Transaction Corrections within POL FS such that they are identical to those generated manually by P&BA.
- This would need to be done by 19:00 which is currently when the TC's are cut-off within POL FS
- These TC's would then be passed to Horizon overnight as normal. (It should be noted that the current AIS limits TC's to 1,200 per night. It is likely that if TAs are being generated for all lottery terminals then this figure probably needs to increase to 10,000 to 20,000 per night. This change is viewed to be more of a contractual / operational issue than require any technical change to the solution.)
- These then get sent to Horizon counters or loaded into BRDB for HNG as with any other TC's.
- At the Branch, they will appear with any other TC's. Specifically, users with a role of MANAGERS or SUPERVISORS will be alerted to their presence when they Log On each time. These TC's being distinguished from "normal" TC's by having specific text associated with them (for example a specific first line "banner") and the User being trained to look out for them.
- They can be processed as normal. Note that there is no capability to link TC's together so if there are multiple TC's required for the info from the Lottery terminal,

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then there is nothing to prevent some being processed and other ignored. However all TC's must be processed before the branch can be balanced (which may not be for 5 weeks and so is not considered much of a control).

4.1.2 'Imposed' TA's

It was considered that TA's could be automatically recorded in the Branch's accounts without any User needing to acknowledge them, and even though this may technically possible (and in fact is probably simpler than passing them to the Branch to process), there are some significant drawbacks with this approach.

- The main issue is if the system starts generating transactions without a user being present and these transactions affect the Branch's Cash Position (which TA's / TC's do), it will be very difficult to prove that the sub-postmaster is responsible for any losses
- It is not clear to which Stock Unit the TA should be applied for those branches that have more than one "real" Stock Unit
- Even if a Stock Unit is identified there may be issues if it is an Individual Stock Unit and is currently in use or for any Stock Unit that is currently being balanced

It is therefore proposed that this option is not considered further.

4.1.3 Component Options For Transaction Acceptance Process

N.B The bolded risks and issues for each option within the Components represent the key factor(s) as to why the particular option may have been rejected

Component A : How to receive data from Client

OPTION A 1 - EXISTING CLIENT DATA RECEIVED (AS NOW) VIA EDG

Solution overview :

- Existing Clients provide a summary of transactions undertaken via the non horizon kit in the required format to enable interface to POL systems via EDG
- Proven solution with proven POL system interfaces with data provided for Settlement in an acceptable format therefore no impact on existing commercial contracts

Risks and Issues :

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- Inability to process non standard / new Client file formats
- Solution does not fit with POL Strategy to use Transaction Integrator for all detailed transactional data

OPTION A 2 – EXISTING / NEW CLIENT DATA PASSED TO TRANSACTION INTEGRATOR VIA EXISTING EDG

Solution overview :

- EDG utilised as the existing conduit to receive data from the Client and pass to Transaction Integrator
- Intended process to be used by Post and Go and Paystation Plus
- Transaction Integrator has the ability to produce a TA at the required terminal ID level of granularity
- One source of data ensures system consistency
- Transaction Integrator has the flexibility to transform Client data to a standard format with minimal changes
- Transaction Integrator could also be used to create POLFS Vendor account postings without contractual impact

Risks and Issues :

- Transaction Integrator is a new tool with no proven track record
- Controls for determining if Client data has been received would need to be established
- Existing Reference Data controls would need to be checked to ensure that the solution populates POL systems correctly

Component A : Initial indication of work / cost involved for LOGICA (Option A 2 only) :

Costs associated with data conversions / re-formatting that may need to take place in POL TI to enable data to be fed into POLFS, DIW etc has been provisional assessed at no more than £50k.

This relates to any non-standard files that have not already been catered for within the DIW project as it is understood that Camelot files are currently being processed via POL TI.

Component B : How to process Client data to create a TA

OPTION B 1 - TRANSACTION INTEGRATOR TO SEND TA TO BRANCH ONLY (Settlement after TA acceptance)

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Solution overview :

- Transaction Integrator to process Client transaction data and summarise into a TA file that is passed to the Horizon Branch Database
- Could create a separate file containing TA's pertinent to the branch device (eg Camelot terminal 1 / 2) for each non horizon system
- Provides POLFS vendor account postings when TA is accepted

Risks and Issues :

- Transaction Integrator is a new tool with no proven track record
- **Does not support existing Client contract if Client data is not used directly to create POLFS Vendor account postings**
- Lack of control as there is no way to determine if TA has been sent to Branch or if it has not been accepted
- Branches could ignore TA's
- Existing Reference Data controls would need to be checked to ensure that the solution populates POLFS correctly

**OPTION B 2 - TRANSACTION INTEGRATOR TO SEND TA TO BRANCH AND
CLIENT DATA TO POLFS (Settlement after TA acceptance)**

Solution overview :

- Transaction Integrator to process Client transaction data and summarise into a TA file that is passed to the Horizon Branch Database
- A control entry can also be created for POLFS such that matching of processed TA's can be undertaken
- It will be possible for P&BA to detect where a branch has not accepted the TA
- Could create a separate file containing TA's pertinent to the branch device (eg Camelot terminal 1 / 2) for each non horizon system
- POLFS Vendor account postings provided using Program ZIFX0043 after TA has been accepted

Risks and Issues :

- Transaction Integrator is a new tool with no proven track record
- Extra control postings required in POL FS meaning extra running cost for storage
- **Does not support existing Client contract if TA acceptance is to be used to create POLFS Vendor account postings**
- The existing Transaction Integrator process would need to be reviewed to ensure that the solution populates POL FS correctly
- Existing Reference Data controls would need to be checked to ensure that the solution populates POL FS correctly

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**OPTION B 3 - TRANSACTION INTEGRATOR TO SEND TA TO BRANCH AND CLIENT
DATA TO POLFS
(Settlement as Client Data received)**

Solution overview :

- Transaction Integrator to process Client transaction data and summarise into a TA file that is passed to the Horizon Branch Database
- Ability to transform Client provided data into the generic interface format, therefore providing a single business model for interfacing existing and new Client provided data to POL FS
- Control entry can also be created for POLFS such that matching of processed TA's can be undertaken
- It will be possible for P&BA to detect where a branch has not accepted the TA
- Could create a separate file containing TA's pertinent to the branch device (eg Camelot terminal 1 / 2) for each non horizon system
- Supports existing Client contract to create POLFS Vendor account postings for settlement from Client data
- Control entry is made using the POL TI - POL FS generic interface currently under implementation for Paystation Plus and Post & Go
- Recognises that the Horizon posting is about Method Of Payment rather than Sales
- Avoids possible restrictions of mode MG with respect to Multiples, SAP Reference field etc

Risks and Issues :

- Transaction Integrator is a new tool with no proven track record
- The existing Transaction Integrator process would need to be reviewed to ensure that the solution populates POL FS correctly
- Existing Reference Data controls would need to be checked to ensure that the solution populates POL FS correctly
- Extra control postings required in POL FS meaning extra running cost for storage

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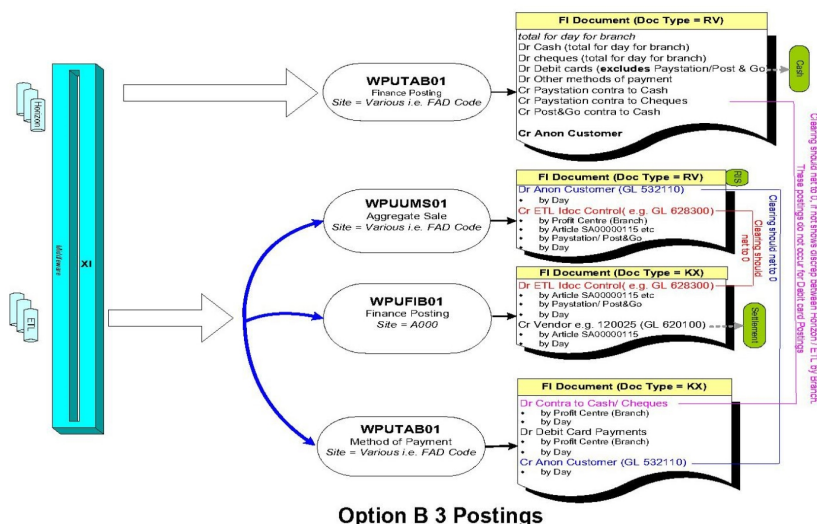
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OPTION B 4 - TRANSACTION INTEGRATOR TO SEND TA TO BRANCH AND CLIENT DATA VIA EDG TO POLFS **(Settlement as now)**

Solution overview :

- Transaction Integrator to process Client transaction data and summarise into a TA file that is passed to the Horizon Branch Database
- Control entry is created for POLFS using the same Programs ZIFX0045 and ZIFX0043 as is currently done for Camelot.
- Could create a separate file containing TA's pertinent to the branch device (eg Camelot terminal 1 / 2) for each non horizon system
- Avoids possible restrictions of mode MG with respect to Multiples, SAP Reference field etc
- Supports existing Client contract to create POLFS Vendor account postings for settlement from Client data

Risks and Issues :

- Transaction Integrator is a new tool with no proven track record
- Current EDG POL FS interface has no transaction recoverability as it is not via XI
- **Does not provide a single business model for interfacing existing and new Client provided data to POL FS**
- The existing Transaction Integrator process would need to be reviewed to ensure that the solution populates POLFS correctly

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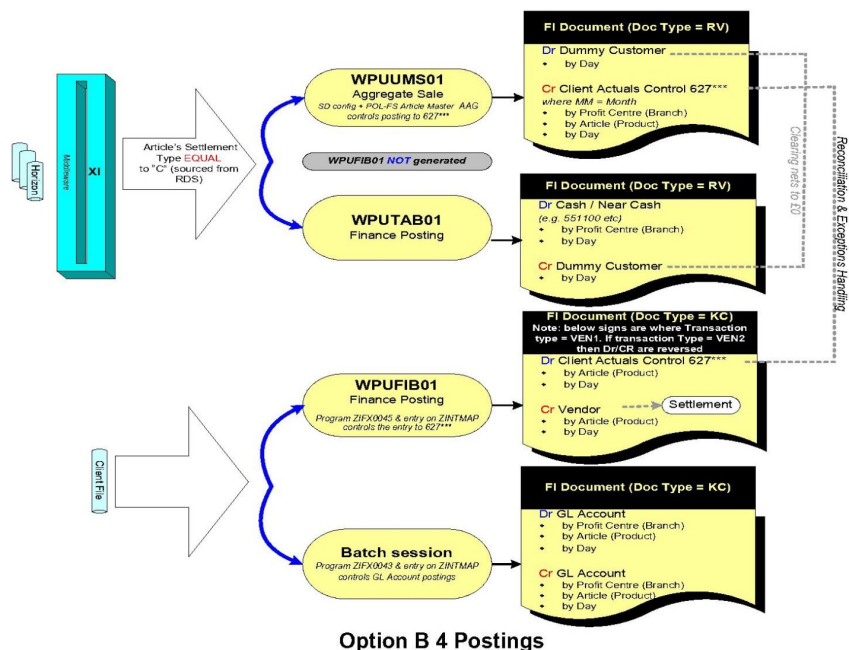
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- Existing Reference Data controls would need to be checked to ensure that the solution populates POLFS correctly
- Extra control postings required in POL FS meaning extra running cost for storage



OPTION B 5 - UTILISE POLFS HOLDING TABLES TO CREATE TA (Settlement after TA accepted)

Solution overview :

- Load data into POLFS and create TA from "holding tables" (these are not postings in POL FS but holding tables in the reporting component RIS)

Risks and Issues :

- No automated Client posting in POLFS
- Relies on branch feed of data (ie the first time Client data would be 'visible' in POLFS will be when the TA is accepted)
- POL FS is not the best place to transform the data using a holding table into a TA
- Does not support existing Client contract if TA acceptance is to be used to create POLFS Vendor**

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account postings

- Solution does not fit with POL Strategy to use Transaction Integrator for all detailed transactional data
- This process needs to align with POLFS scheduling

OPTION B 6 - UTILISE POLFS TO AUTOMATE TC PROCESS (Settlement as now)**Solution overview :**

- Load data into POLFS and create TA from client data
- Utilises proven existing Transaction Correction process
- Matching process in POLFS would be straight forward as the branch can only "accept"
- Solution allows control of TA

Risks and Issues :

- This process needs to align with POLFS scheduling
- Solution would not allow the data to be presented to the Branch at a device/terminal level because POL FS does not contain data to this level
- If detailed transaction data could be stored in POLFS to be able to provide the required level to create the TA this would have significant implications for processing and storage as well as cost
- **Solution does not fit with POL Strategy to use Transaction Integrator for all detailed transactional data**
- POL MI and POLFS could be using different data streams and therefore result in discrepancies

Component B : Initial indication of work involved for STERIA :

- Option B 1 : ½ day to switch off batch job for relevant client interface(s)
- Option B 2 : could require a functional spec change to amend the Horizon interface which would require Fujitsu resource ,but may be achievable with master data changes and a small amount of config. Steria would need to prototype this in the test system to confirm
- Option B3 : based on existing assets as far as POL FS and SAP-XI are concerned. Therefore there is no expected development ,although there will be a requirement to decommission the existing Camelot interface estimated at up to 1 man week
- Option B4 : based on existing assets. Therefore there is no expected POL FS or SAP-XI development
- Option B 5 : assuming that existing feeds (or ETL) will provide data in a generic format for POLFS to handle, then POLFS will only require one change to cover all client data

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- Option B 6 : May be quite straight forward, dependant on how the existing TC functionality could be used for this option

Component C : How the Branch will process the TA data on Horizon

OPTION C 1 - STANDARD TC APPROACH

Solution overview :

- Standard single TC stream of transaction acceptance information will be passed to branch utilising existing processes
- No changes will be made to existing Horizon counter processing to accept TC
- Proven solution
- "make good" can be utilised to only allow acceptance of TA
- Existing text field narrative can be used to distinguish product, device, and method of payment
- Solution allows debits and credits in same interface
- Processing cycles could be investigated to determine whether there is a better alignment with all products ie Change processing cycle cut-off (currently 19:00) to allow processing of all TC's , which may provide an opportunity to shorten processing timecales

Risks and Issues :

- E2E Control process needs to be created to address duplicate data/files
- TC process only enforces acceptance by end of trading period
- TC's cannot be linked so would be possible to "accept" partial product information and leave outstanding for up to 5 weeks
- No distinction between Transaction correction and Transaction acceptance which may not aid existing non conformance
- Possible cash flow implications

OPTION C 2 - RECEIVE TA LIKE EXISTING TC

Solution overview :

- Discrete data stream for TA's to "mirror" TC process but utilising the same data file format and naming
- Different products could have different cut-offs
- "make good" can be utilised to only allow acceptance of TA
- Existing text field narrative can be used to distinguish product, device, and method of payment

Risks and Issues :

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- E2E Control process needs to be created to address duplicate data/files
- TC process only enforces acceptance by end of trading period
- TC's cannot be linked so would be possible to "accept" partial product information and leave outstanding for up to 5 weeks
- Possible cash flow implications

OPTION C 3 – DISCRETE TA

Solution overview :

- Based on the existing TC feed, create a distinct interface and feed to the Branch Database
- The timing of the interface can be "tuned" to the specific product needs of each service (eg Post & Go, Camelot, Paystation Plus)
- Utilises the free form text field to define product, method of payment etc.
- "make good" can be utilised to only allow acceptance of TA
- To ensure branch conformance to process the TA within a timely period, the below sub option enforces the acceptance of TA's during Manager or Supervisor login within processing day
- Allows creation of a specific TA report which would show outstanding and processed TA's
- Can separate TA and TC "acceptance" process and enforce stricter or more flexible timescales
- New mode would allow accounting of stock to be undertaken where this is applicable to the product ie Camelot scratchcards
- TA's can be linked such that the branch must accept a "set" of TA's for the product, eg Camelot sales for cash, Camelot sales for cheque

Risks and Issues :

- E2E Control process needs to be created to address duplicate data/files
- Controls would need to be established for the monitoring of files, as currently there is only one data feed
- Possible cash flow implications

SUB OPTION C 3 - FORCED TA AT LOGON

Solution overview :

- Shortest possible timeframe from Client presenting data to POLFS settlement therefore improving cash flow
- The TA could automatically propose the Stock Unit associated with the Product such that the Manager/Supervisor can easily login and accept the TA
- TC's would continue to operate as now, whereby they can be left unprocessed until the Branch Trading Period

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Risks and Issues :

- Business resistance to enforcing “do not pass go” approach.
- The manager may not be in a position to validate the figures at the point he/she logs on

Component C : Initial indication of work involved for FUJITSU Services (Appendix A refers) :

Based on the requirements set out in Appendix A the indicative estimate for delivering this functionality in HNG Release 2 is in the range £200K to £300K.

This estimate excludes the following items:

- Release costs, as these have yet to be defined between the parties. How much of the release costs get allocated to PING will depend in part what other projects form part of Release 2
- The costs of providing additional POLFS and SAP-XI test rigs for the post HNG world. The current contract reduces test rigs sharply once the main HNG programme is completed and PING will need additional test rigs, as other post HNG projects will too.
- Ongoing charges. PING is likely to incur ongoing charges, but we've not been able to estimate them as yet.

This estimate is subject to the requirements and outline design being finalised in the months to come. FS would aim to provide a firmer estimate once those two phases have been completed , which should also include UAT and end to end testing support of the post POL SAP interface provisionally estimated at up to 4 man weeks.

4.2 Recommended Options

Component A – Option A 2 : **EXISTING / NEW CLIENT DATA PASSED TO
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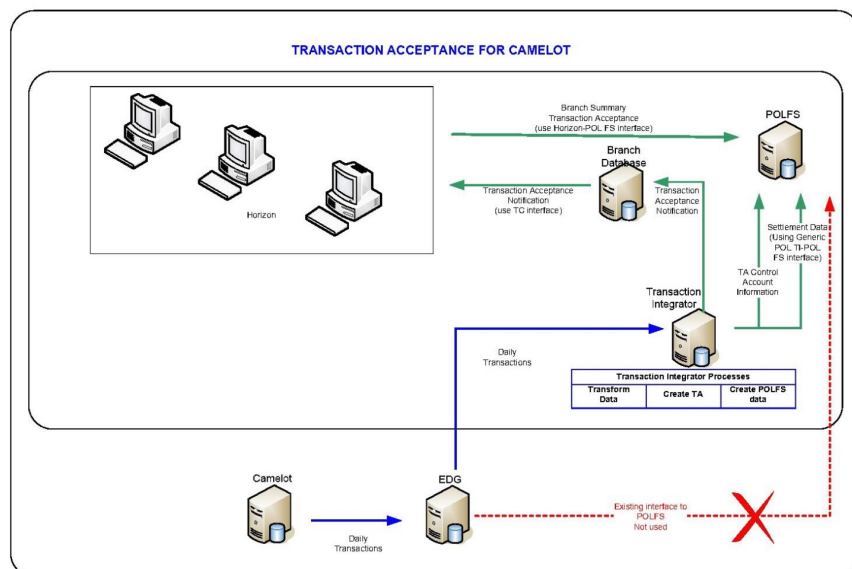
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TRANSACTION INTEGRATOR VIA EXISTING EDG

Component B – Option B 3 : **TRANSACTION INTEGRATOR TO SEND TA TO BRANCH AND CLIENT DATA TO POLFS (Settlement as Client Data received) WITH PRE-PROCESSING TO TRANSFORM CLIENT DATA AS REQUIRED TO UTILISE STANDARD TI INTERFACE**

Component C – Option C 3 : **DISCRETE TA WITH FORCED TA AT LOGON**

The following diagram illustrates an overview of the proposed solution...



4.2.1 Channels Impacted

This change will impact the following networks / channels:

External Contact Centres	No	Internal Contact Centres	Yes
Internet	No	Intranet	No
Direct Mailing	No	Crown Offices	Yes
Commercial	No	Agency	Yes

Branch and Contact Centre impacts have been indicated in previous sections

Appropriate comms will be required to be issued prior to implementation.

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4.2.2 Support Functions Impacted

This change will impact on the following Support Functions:

Function	Impacts
Stock & Distribution	No
Communications	Yes
Product & Branch Accounting	Yes
MI	Yes
Equipment & Space	Yes
Human Resources	Yes
Procurement	No
Client Billing	Yes
Contact Centre	Yes
Security	No?
Finance	Yes

- Product & Branch Accounting –New way of working / Savings of admin staff resource plus Agency / Reduction in non-conformance / Increase in cash liquidity
- MI - Improvement to Horizon data stream ie manually input bar code summary will be replaced by "TA" acceptance
- Equipment & Space – PC's and Desk space to be saved in P&BA
- Human Resources – Resource savings in P&BA as indicated in business case
- Client Billing - May impact Billing process for WH Smith Branches ?
- Contact Centre - Reduction in non-conformance calls
- Finance - Increase in cash liquidity

4.2.3 Security Assessment

The AIS is the recommended way forward by Design Authority and is assumed to have been approved from a systems security angle.

4.2.4 Proposed Migration Plan

On day 'X' Ref data will switch off / deactivate the buttons on horizon used for confirming the days trading for Camelot Terminals and on Day 'B' introduce the new TA process. The intention is to migrate the solution to the model described in Section 4.2 , and standardise on the feed via Transaction Integrator. This will require a migration strategy for each Client to ensure the data feeds are not duplicated. There may be an opportunity to parallel run the data streams before the EDG to POLFS route is ceased.

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4.2.5 Development, Approach & Environment

A change request will be raised to engage Fujitsu to develop the solution in HNG. A standard approach will be undertaken whereby the following stages are undertaken :-

- Requirements definition
- Interface specification documented
- High level Solution Design
- Work Packages raised for Logica (ETL), Steria (POLFS)
- Development and Unit testing undertaken by Suppliers
- E2E testing undertaken to ensure interfaces / processes are in place and working
- Model Office / Pilot
- Full Rollout

4.2.6 Legal and Compliance Risk Assessment

By adopting the recommended options to automate the interfaces using a standard format this will ensure compliance with POL's data security policies, whereas currently this may not be the case.

4.2.7 Dependencies on other Projects

- HNGX (change freeze)
- SAP rationalization
- Validation of existing Client data via Transaction Integrator
- Paystation Plus roll out
- Post & Go roll out
- Implementation of foreign currency ATM's

4.2.8 Identified Risks, Issues and Requirements

The attached documents all comments made by stakeholder contributors to date...

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5. OUTLINE FINANCIAL CASE

NB: THIS SECTION MUST BE COMPLETED WITH THE FINANCE TEAM

Financials

Costs	Amount (£)	Comments
One off total costs		
Recurring costs (per annum)		
Other Costs (e.g. Income Loss)*		

* I.e. Impact on income through promotional activity e.g. 12mths for the price of 11mths

Expenditure*	Amount (£)	Comments
Revenue Expenditure		
Capital Expenditure		

* Includes total expenditure - one off and recurring

Cost Coverage	Amount (£)	Comments
• In budget bid		
• Re-forecast of existing budget		
• Recovered from 3 rd Party		

Benefits	Amount (£)	Comments
Income (per annum)		
One Off		
Recurring		
Other (Non Financial)		

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5.1 Primary benefit type

- | | | |
|--|--|--|
| <input type="checkbox"/> Income Generation | <input checked="" type="checkbox"/> Cost Avoidance | <input checked="" type="checkbox"/> Cost Reduction |
| <input type="checkbox"/> Tactical | <input type="checkbox"/> Legal | <input type="checkbox"/> Health & Safety |
| <input checked="" type="checkbox"/> Compliance | <input type="checkbox"/> Other, provide details- | |

5.2 Impact of not delivering this activity

- Continued levels of non-compliance and associated cost
- Lack of solution for planned 'off counter' transactions, and products

APPENDIX A : PROPOSED REQUIRED CHANGES IN FUJITSU DOMAIN TO INTRODUCE TA's

It is proposed that the file format for TA's should ,as a minimum, be similar to that for TC's. However for any option other than the "no change" option, then it is considered that TA,'s should be kept separate from TC',s. The following changes therefore needed to be considered :-

- Keeping TA's and TC's in separate files enables them to be distinguished based on the name of the file in which they are found and also enables them to be generated from somewhere in POL's back end systems other than POL FS.
- There may be a need to Introduce a new Record Type in the file format to allow TA's and TC's to be distinguishable
- Consider combining the above, so that there is a new record type used to distinguish TA's from TC's and a fixed number of multiple files (each with its own sequence numbers and schedule for arrival), which then provides flexibility such that TA's and TC's can be generated from multiple sources within POL's back end systems and Fujitsu don't need to link the source of the data to the way in which it is processed.
- Once the approach is agreed an updated AIS and TIS will be required and there will be a need to consider any changes required to the overnight schedule and to volume capacity.

TA Interface :

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It has become clear that TA's are quite distinct from TC's and so it is now proposed that TA's are handled totally separately from TC's and TC's are left alone.

It is expected that there will be opportunities to copy much of the overall design of TC processing (and perhaps even some of the code) when implementing TA's.

It is proposed that FS introduce a new file type to be delivered to Horizon. The way that it is processed through the system will be similar to that for TC's ie one or more files are delivered to an Input directory on the main Horizon Host by something like FTMS or copied from a share elsewhere in the Data Centre as is currently done for TC files from POL FS.

It is proposed that this is handled like TC's in that all files are delivered to the input directory at the time it runs (06:05 am each day as with TC's). If multiple files are generated then they will all be processed.

Note that the alerting will only complain if there are no files delivered.

The files are then loaded into the TPS Host system where they are validated and any error files generated and returned. It is assumed that this process will operate as for TC's ie error files should be delivered to Huthwaite as well as the source system.

The files are then copied to BRDB (as with TC's) to a new table for TA's.

A new AIS will be required to address issues like volumes, any error handling / alerting for missing files ,and any Service Level reporting required.

Host Changes :

A new set of processes will need to be implemented based on the TC processes to load, validate and process the TA file and deliver it to BRDB.

Database Changes :

The following new table will be required in TPS Host and BRDB to hold TA's...

Column	Type	Meaning
branch_accounting_code	NUMBER(6)	FAD Code of Branch to which TA is being directed
stock_unit	VARCHAR2(3)	Name of Stock Unit to which TA is to be applied. NB if none is specified or the named SU doesn't exist in the branch, then the TA will be applied to the SU to which the User is currently attached.

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Column	Type	Meaning
system	VARCHAR2(16)	Name of external system generating the TA eg "Camelot"
terminal_id	NUMBER(2)	Identifier of terminal for external system (allows them to be separately processed)
prod_id	NUMBER(10)	Product against which the TA should be applied.
settlement_prod_id	NUMBER(10)	Product against which the TA should be settled. This will probably be a MOP product such as cash, cheque or a pseudo plastic product. Not required if amount is zero. Mandatory otherwise.
accounting_sense	VARCHAR2(5)	Indicates the accounting sense of how the TA is to be applied. Equivalent to the TCINV / TCCRM field for TC's.
amount	NUMBER(11,2)	Value of TA in pounds and pence Can be zero for a "stock adjustment"
quantity	NUMBER(5)	Quantity for TA. should be 1 if amount is non zero
reference	VARCHAR2(18)	Matching Reference to be returned to POL FS

There is a need to define what should happen if the User is attached to the default stock unit, since that cannot handle any transactions. If all TA's describe valid stock units then they can be processed. Otherwise they are not processed and User must process them manually.

It is considered that there will always be a need to allow for the Stock Unit not being present and the situation where the current Stock Unit is not appropriate (ie it is SU DEF). However if the concept of "Reserved Stock Units" were to be introduced as a future development, then it could be exploited by TA's as this would reduce the likelihood of this.

For costing purposes it is assumed that if the supplied Stock Unit doesn't exist (or is not available due to being locked) and the Logging On User is attached to SU DEF, then TA's for that Stock Unit will be bypassed during Log On. They will not be marked as failed and can be processed at a subsequent Log On or manually later.

For TC's prod_id and settlement_prod are derived from an Article in the AIS. We need to agree as part of the AIS work whether these should be delivered as prod_id's or Articles. At the counter they will need to be prod_id's, but we can derive them using Reference Data using similar rules to those for TC's.

Log On Changes :

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Log On needs to return a second flag to the counter indicating whether or not there are any outstanding TA's.

After making the check for outstanding TC's, (but again only if the user has Role MANAGERS or SUPERVISORS) a further check is required as to whether there are any outstanding TA's. If there are some, then the user is presented with a list of all outstanding TA's to process. There will not be an option to bypass this, and it will normally be expected that users will accept all TA's without further consideration.

Processing TA's :

When the user is presented with a list of TA's to be processed as below, the user can either select a specific TA to look at it in more detail as all the info associated with a TA may not be able to be presented on the summary screen so a detail screen needs to be made available, or select a function to accept all.

Home	Mon 22 Apr 09 11:36						Help
Post Mail Items							Screen Entry
F1	System	Term	Product	Settle	Amount	Qty	SU
	Camelot	1	Lottery Sales	Cash	£523.00		CA1
							Select
	Post & Go 2		Label Sales	Plastic	£ 20.54		PG1
							Select
	Post & Go 2		Stamp Sales	Cash	£200.45		PG1
							Select
	Camelot	1	Instants £5			-100	CA1
							Select
							15
							28
							35
							45
							Back Space
							Enter
	Page Up	Page Down	Page X/Y				
USERAA	TP: 11	BP: 11	SU: A2B	Shared	Serve Customer		K:

The user will be expected to touch the Enter button which would result in accepting all the TA's and in turn this will generate transactions (in one or more hidden baskets) which will be recorded in BRDB as normal and the next night will be passed back to POL FS in the normal Bulk Load Extract (BLE) file.

When a TC is currently processed on Horizon, details of that TC are included in the BLE file passed to the XI software for loading into POL FS. That part of the processing is done to match it with the original TC sent from POL FS and it is assumed that a similar mechanism will be used for TA's. An implication for this is that if the TA doesn't originate

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from POL FS, then such details will need to be replicated so as to allow this matching to work.

An identifier will be included in the transactions that are generated to support the matching process. This will be included in the TA record and is put into the TA_reference field as for a TC to ensure the TA is correctly passed back to POL FS and used for auto matching with the data passed into POL FS from the client.

Transaction Acceptances will be validated against standard Reference Data, so care must be taken that TA's for non-core products are only sent to Branches that support those products. This is the responsibility of the POL processes that generate the TA files. Any TA's that fail Reference Data validation will be marked as "failed" and the user will be informed. This mechanism is the same as is currently done for Transaction Corrections.

Since these transactions need to be matched up in POL FS it is important that they are not aggregated by the BLE Summarisation process. Since it is expected that the products deemed appropriate for TA's are specifically for use for TA's, then Reference Data for those products needs to map them to Articles which are configured not to summarise the data in the Modes being used for TA's acceptance .

A new mode ,or re-use of mode 14 (Bulk Input), may therefore be required if there is not the flexibility within RDS in terms of which Modes can be set as not requiring summarisation. There is a view that existing Mode 01 (Sale to Customer) may be viable.

Note that the transactions generated will be fed into HR SAP for remuneration in the normal way dependent on the product mode to CTT mappings defined in Reference Data.

Reporting TA's :

It is proposed that a new report is introduced with the layout of this report being similar to that for Processed TC's.

Since the expectation is that all TA's are processed on the next Log On, then there doesn't seem much point in having a separate Outstanding TA's report. However should there ever be any Outstanding TA's these will be included in the Processed TA's report and highlighted for immediate action.

A "Process TA's" button (similar to the Process TCs" button) on the Housekeeping Menu will be set up to allow TA's to be processed other than at Log On. Its effect will be to invoke the functionality required for the above.

The following is copied from DES/GEN/SPE/0004 section 5.5.7 which is the HNG definition of the Processed TC's report...

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“OFFICE DAILY PROCESSED TRANSACTION ACCEPTANCES REPORT :

Description - This is an office-wide report (i.e. it reports on all stock units) that is printed on the A4 back office printer in landscape format. It shows transaction acceptances that were processed between the two dates specified within the report criteria.

It is a single report and not part of a Report Group.

Frequency - as required.

Optional - a new page will occur once all lines have been used on the previous page. The headings are repeated on every page. No need to retain.

Sequence - Listed by order of receipt from POL Financial System.”

Definition

Field Name	Line No.	Character Positions	Length	Contents/Notes
Transaction details:				Repeated as necessary.
Date Received	08	01-8	8	
Date Processed	08	10-17	8	
Outcome	08	20-33	14	For a successful acceptance : the mode in which the acceptance was transacted (see below)
Reference	08	35-53	19	Reference number prefixed by an iteration flag of 'N' (new)
Credit/Invoice	08	56-58	3	CRM=Credit note, INV=Invoice
Affected Product	08	63-78	16	Product Receipt Name
Settlement Product	08	80-95	16	Product Receipt Name, or blank if transaction acceptance failed
Amount	08	97-108	12	Either an amount or quantity (but not both). Suppressed if zero.
Quantity	08	110-117	8	
Client Reference	08	119-134	16	External System
Terminal	08	136-137	2	Terminal id
Stock Unit	08	139-171	3	Stock unit used

Report Text in Outcome field

Mode	Report Text
Accepted	Serve Customer
	Failed (eg where the TA has failed processing due to Reference data validation failing)

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Mode	Report Text
	Not Processed (eg where the TA has not yet been processed due to no one Logging On since it was delivered or Stock Unit issues)

Note that the layout is purely indicative. Costings are based on provision of a single report for the Back Office printer accessing date from a single table bounded by a "from" and "to" date.

Date Received	Date Processed	Outcome	Reference	Credit/ Invoice	Affected Product	Settlement Product	Amount	Quantity	Client Reference	Term SU
21/03/04	22/03/04	abcde fghijklmn	N123456789012345678	CRM	abcde fghijklmnop	abcde fghijklmnop	123456789.12	12345678	abcde fghijklmnop	
21/03/04	22/03/04	Serve Customer	C123456789012345678	INV	Lottery Sales	Cash	523.00		Camelot	1 CA1
21/03/04	22/03/04	Serve Customer	P123456789012345678	INV	Label Sales	Plastic	20.54		Post & Go	2 PG1
*** END OF REPORT ***										

The data shown in the example is illustrative only – the exact text can change, and so differ from that in the example.

TA's and Balancing :

The Stock Unit balancing process currently has a check that if this is the last active Stock Unit to be balanced in a Branch, then there mustn't be any outstanding TC's. It is proposed that this check is extended to look for Outstanding TA's or TC's but as Branches should be processing TA's as soon as they arrive, this check is considered very much a long term back-stop for any controls that may be able to be embedded into the recommended solution. Therefore when Balancing a Stock Unit, the current check on not allowing the last Active Stock Unit to be Balanced if there are outstanding TC's will be extended to check for outstanding TA's as well.

Accounting for alternative Methods of Payment :

Horizon always works on the principle of double-entry book keeping. This means that when a value of Lottery payments are entered, there would be a corresponding entry for the same amount of Cash. This simple case can easily be mapped to a TC (or TA) where the Article to be made good represents the Lottery product and the Instruction Article represents Cash. However the current process of manual entry onto Horizon allows it to be settled for by a combination of cash plus cheques so this would require two separate TC's to be processed.

This would therefore require two separate TA's, unless the concept of "linked TA's" is introduced whereby a number of separate TA's need to be accepted together. It was considered that for TA's, **all** outstanding TA's must be accepted together and unlike TC's it should not be possible to process them individually.

By treating all TA's as being accepted together, it then enables a number to be raised to cover various methods of payment and with PayStation Plus and Post & Go, some methods of payment could represent card payments (which are outside Horizon, but could appear as normal Service products in Horizon).