

Bid Approval Review



HNG-X Release 2

Release 2 Wrapper
Release 2 Feasibility study

UKR&RMG-SKI-57621
UKR&RMG-SKI-58527

3rd July 2009

Suzie Kirkham / David Hinde / John Burton

Purpose:

To approve submission of CT for Release 2 wrapper

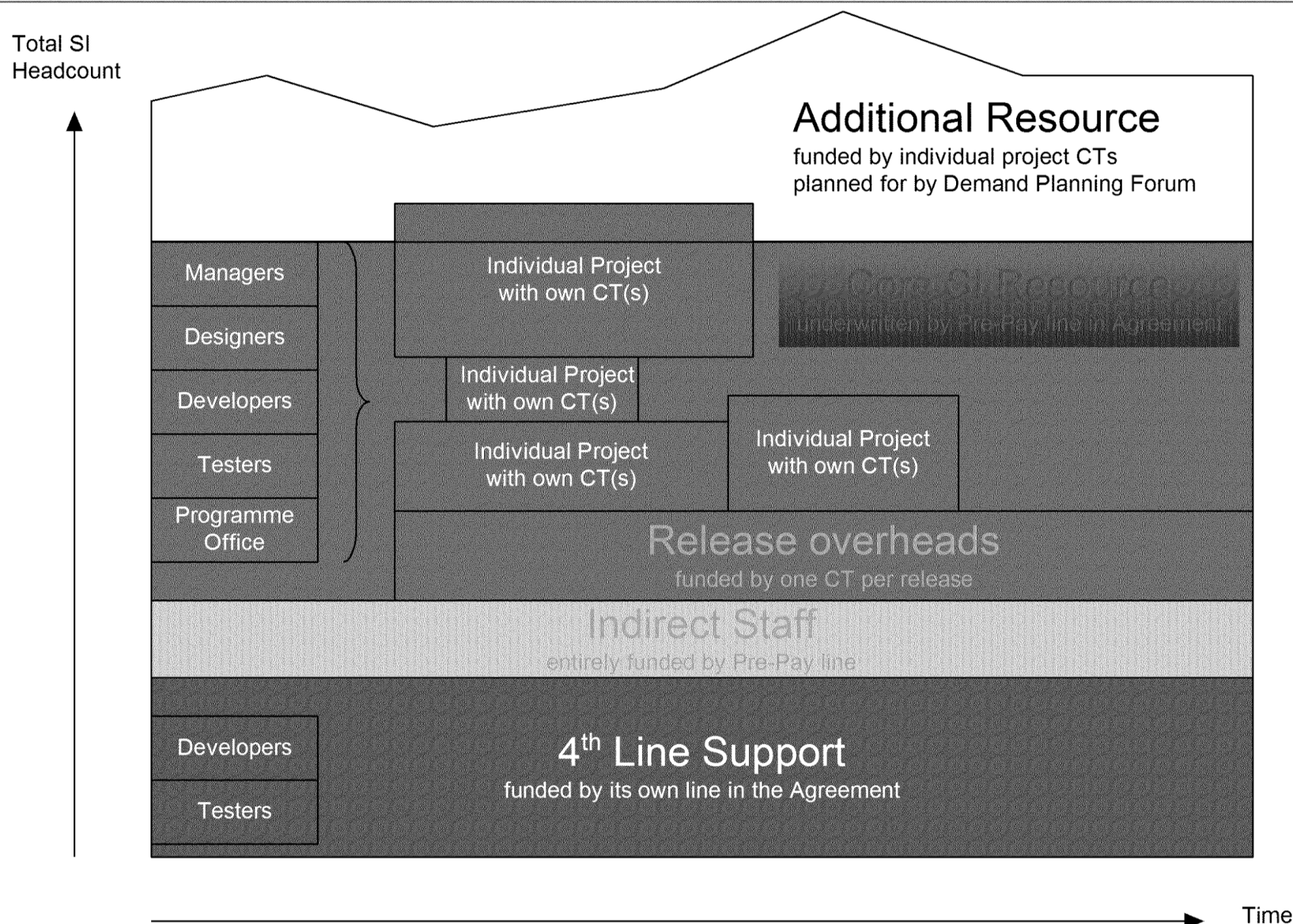
To approve submission of CT for Feasibility study

Approve Commercial cover for remaining Release 2 work

Key Sales Issues

- Contractually, no funding for the maintenance of a test and development facility beyond the requirements for the delivery of the current HNG-X Release 1 (Horizon On Line) and POLSAP programmes
- Existing resource and test facilities will be de-commissioned over the next six months
- Opportunity is to create and sell an ongoing change and new business capability in HNG-X
- Key deliverables:
 - **Feasibility study to cover development of a test and development strategy for co-existence of Release 1 and 2**
 - **Release 2 wrapper including Stream 1 and 2 resources**
 - Proposal to maintain a test / development facility for ongoing changes to end of contract
 - Release 2 CT's for each of the 17 Release 2 requirements)
 - Proposal to maintain core resource within the account as Release 1 completes – Stream 3 (Draft CT with POL to review)
- Re-establish the Demand Planning Forum to re-establish the flow of new work and manage Stream 3 resource
- Enable POL to re-engage with the business and start setting expectations

Release Charges pre HNGx (2006)



Release 2 Requirements

Fujitsu are requested to provide the total cost (including ongoing operating costs) for delivering the following agreed Changes in Release 2:

CR1384	PCI – 2 Factor Authentication
CR1518	Customer Card Issuance Amendment
CR1654	AEI Near/Real Time AP/ADC Data
CR1655	AEI Encrypted AP/ADC Data
CR1750	High Value Referrals for Transactions
CR1756	Global Express
CR1760	Camelot Cheque Reconciliation
CR1761	Travel Insurance – Date Calculation in AP/ADC
CR1764	Cash Declaration Conformance
CR1788	Change to HNG-X for Transaction Acknowledgement (a.k.a. PING)
Plug and Play Phase 1	Branch Counter Requirements

The following are considered to be independent of Release 2

CR1635	ADSL New URL	(maintenance release for R1)
CR1683	ADSL Checker	(maintenance release for R1)
CR1698	BFPO Branches Online	(Independent of R2)
CR1702	BFPO Prototype	(Independent of R2)
CR1762	Removal of Track 2 Data from Audit File	(Independent of R2)
CR1766	New PAF Lite Address Input	

Procurement Process and Timetable

Milestone	Date	Owner
R2 Wrapper CT	Early July 09	S Kirkham / David Hinde / John Burton
Feasibility study – dev & test	Early July 09	S Kirkham / David Hinde / John Burton
Infrastructure proposal	End July 2009	David Hinde / John Burton
Stream 3 CT	July / August 2009	S Kirkham / David Hinde / John Burton / G Wilkerson
Release 2 CT's	July / August 2009	S Kirkham / David Hinde / John Burton

Value Proposition

- Re-introduce the ability to make changes which, when grouped together, deliver economies of scale
- Catch-up release, post change freeze, before re-establishing an ongoing pattern of incremental releases
- Provide an enabler for major projects i.e. Globe & PIN Pad
- Use of pre-pay & credit notes for development, test and design
- Will provide enabler for changes to support POL 11 to 16 strategy
- Peter Rowley, Mike Wood and Andy Hall presented to Mike Young – Director of Operations (POL) that the Globe enablers would be part of Release 2. The date for Release 2 is to be agreed with POL by mid July.

Overview of Relationship Plan

Name / title / role / Buying Cycle Position	Fujitsu Services Key Contact	Relationship and planned activities
Mike Young, Operations Director	Andy Hall	Regular contact
Dave Smith, Head of Change & IS	Andy Hall / Suzie Kirkham	Regular contact
Chris Taylor, Release Manager,	John Burton / John Jukes	Regular contact
Liz Tuddenham, Commercial	Guy Wilkerson	Regular contact
Mark Burley, HNGX Programme Manager	Graham Murray	Regular contact

Competition

- Release strategy is not competitive
- Risk beyond R2 of POL's architectural direction driving away from HNG-X, limiting subsequent release contents

Win Strategy

- Establish payment drivers as separate “streams”
 - Stream 1 Release costs
 - Stream 2 Indirect staff / overhead costs
 - Stream 3 Retention of Minimum capability
 - Stream 4 Infrastructure provision & support
 - Stream 5 Project specific work via individual CT

- Separate Release 2 resource / infrastructure from Release 3 onwards requirements
Release 2 is tactical, need to plan Release 3 onwards separately

- Release 2 – aim to submit deliverables by end July 09

- Agree commercial approach and approach to credit notes and pre-pay

- Establish revised governance around ‘new business to HNG-X’ to ensure joined up approach

- Establish effective relationship plan to ensure all elements move forward to meet the release timescales

Financial Proposal

- See attached spreadsheet

Summary

Release 2 Wrapper (July 09 – April 10)

TCV	£1,575,039
Margin	£593,653 or 37.7%

Feasibility Study

TCV	£38,212
Margin	£13,981 36.5%

Delivery Resource Requirements

- See attached spreadsheets for resources required in the following activities
 - Release 2 wrapper
 - Feasibility study
 - CT Impacting
 - Infrastructure proposal

Commercial cover

- April to June costs covered by prepay.
- Contract for R2 wrapper and Feasibility Study (covers costs from July 09 to April 2010)
- Bid Budget required to cover costs of Release 2 resources until CT approval achieved:

• Wrapper (July & Aug)	118K (Covered in proposed CT)
• Feasibility study	25K (Covered in proposed CT)
• CT Impacting	78K
Total commercial cover	221K

Bid Budget
Test Proposal

15K

All costs above to be charged back into individual CT's

Legal / Commercial 1

- Current contract includes :
 - Bare minimum to keep existing services going
 - No additional capacity
 - Overhead resources
 - Nothing else for changes
- Resource will normally be offset to individual changes within Releases with only unexpended standing team resource being booked to central number.
- POL want local flexibility to mix between charging on Standing Team or Project as long as they achieve minimum level.
- Extra or specialist resource will be charged against specific changes
- Effectively T&M with minimum commitment – sized for HNG-X only

Legal / Commercial 2


- Pre-pay
 - Ends March 2010
 - Use it or lose it on monthly basis
 - POL would like to extend to cover at least Standing Test/Development/Core team, possibly up to 2015
 - Requirement would be firm 6/12 months ahead and indicative thereafter
- Credits
 - £4.16M of Development Credit can be offset against Development Labour, preferably against margin.
 - £2M Bill of Materials Credit can be offset against Test Equipment & Labour, preferably against margin.

Risk Plan

Risk No.	Risk Description	Factored exposure
1	There is a risk that timescales, cost and quality could be compromised by extensive loss of key staff as HNG-X Release 1 is completed	tba
2	There is a risk of delay and cost overrun as a consequence of building a second release on top of what may prove to be an unstable initial HNG-X release	tba
3		tba
	Total Factored Exposure	tba
	Proposed Contingency	tba

Bid Team

Role	Name
Business Owner	Andy Hall
Account Manager	Suzie Kirkham
Opportunity Owner	Suzie Kirkham
Bid Manager	John Burton
Solution Owner	David Hinde
Chief Architect	Jeremy Worrell
Operations Director	Wendy Warham
HNG-X Programme Director	Graham Murray
Finance	Kate Wratten / Pippa Cow
Commercial	Guy Wilkerson
Delivery Manager	David Hinde


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