

BNB

FUJITSU

Post Office Ltd.

Multiple Opportunities

Siebel References: Globe - UKR&RMG-JRU-55315
DMS - UKR&RMG-SKI-52484

1st June 2009

Andy Startin

Objectives:

1. Update on Globe and Device Managed Service
2. Agree bid budget for each opportunity
 1. Globe £61.2k
 2. DMS £49k

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Bid Approval – Introduction

The Objectives of a Bid Approval Review are as follows:

- Review/revise the win strategy as appropriate
- Review the critical success factors for the opportunity
- Confirm the baseline and 'deliverability' of the solution
- To approve a price and the basis of the price to be quoted
- Ensure that the resource is available to bid and deliver the solution
- Secure the authorisation to make an offer or commitment to a customer

To facilitate the achievement of these, the sequence of slides in the presentation template should be retained and no slides removed from the set. If any slide is felt to be unnecessary for a given opportunity, the blank template should be retained in sequence.

Review context

- Update PSD on progress with 2 of RMGA's significant opportunities
- Both opportunities are at an early stage, therefore we don't have all the answers
- Multiple review due to time constraints
- The success of the Account is dependant on securing these opportunities – and then delivering them to the plan.

Post Office Ltd – Business summary

- A wholly owned subsidiary of Royal Mail Group plc
- The largest post office network in Europe
 - £1bn Turnover
 - 9,200 Employees
 - 11,700 Branches
 - 33,000 Counters
 - 63M transactions per week
 - 15p in every £1 transacted in the UK handled via POL
 - POL are looking to utilise their existing footfall and customers to increase their capacity of financial products
- POL provides:
 - postal services
 - financial & banking services
 - travel services
 - home phone and telephony services
 - leisure services like gift vouchers and cards, lottery products and license applications.
- The largest ADSL network in UK
- Currently in talks with Government regarding the 'de-merger' of POL and RMG following recommendations in the Hooper Report

Fujitsu's Relationship with Post Office

- Fujitsu is Post Office's Preferred System Integrator and largest IT supplier
- The existing Horizon system supports all Post Office branches and forms the spine of their IT system
- The HNG-X Programme will replace Horizon with an up-to-date and more cost effective system during 2010
- Fujitsu also hosts the separate POL Financial System (POLFS) and the new Management Information and Master Data systems (POL MI)
- Fujitsu making excellent progress with POL SAP project.

Globe - UKR&RMG-JRU-55315

- **Business Requirements**

- POL want to introduce a mainstream current account (codenamed "*Globe*") featuring internet banking etc. in May 2010, in partnership with Bank of Ireland
- In the past, they've partnered with "White Label" product suppliers, thereby relinquishing control of their sales processes and systems, and losing the opportunity to invest in reusable IT
- But this new product is big enough to support some strategic investment in parallel, so POL will underpin "*Globe*" with a new Service Oriented Architecture (SOA) codenamed "*Plug and Play*" – this means an alternative to "White Label" allowing POL to retain control, and improve IT reuse
- POL want to use *Globe* as a vehicle to enable their Plug & Play strategy
- POL believe this will make future projects quicker and cheaper to deliver, though they haven't qualified this view
- The initial load for *Globe* is based on 85,000 users in year 1, 2 x Data Centres, 1,500 Use Cases, 7 year audit, ...

Opportunity Context

Importance to Post Office

- Biggest single spend before 2011
- Critical to bringing Post Office into financial balance – a commitment made to government
- Plug and Play architecture underpins POL's "11-16 Strategy" – increases speed-to-market, reduces product development costs.

Importance to Fujitsu

- SOA is the future for our Business Solutions, and a critical-enabler to growing our AS business. (It was once called "TRIOLE for Applications")
- We're short on experience and references, and this project would make a compelling case study
- We need our best people on this, for the good of the account and for Fujitsu.

Key Sales Issues

- Credibility problem in Fujitsu delivery of major application projects
- This must become the accounts No.1 priority opportunity for 2009/2010. We must let POL know this.
- There is a risk that “Plug and Play” (70% + of TCV) might be pulled, because Globe alone could be delivered much more quickly and cheaply
- We know that some of POL’s costs are currently missing from the business case
- SOA is not *yet* one of our core capabilities
- Further HNG-X slippage would impact Globe timescale.

Solution

Our solution will introduce a retail banking product, on top of a reusable architectural framework

Major elements:

Back-End

- Interfaces to Bank of Ireland

“Plug and Play” SOA Framework

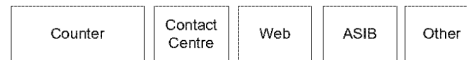
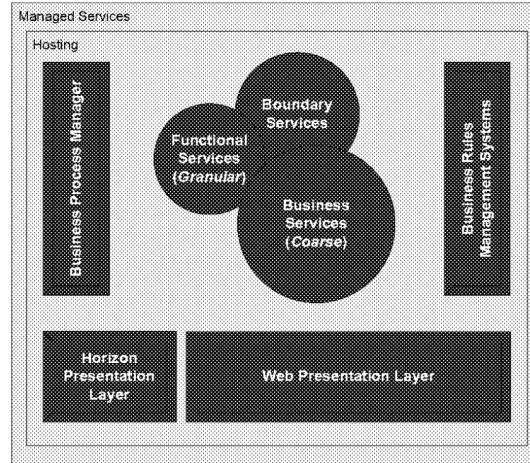
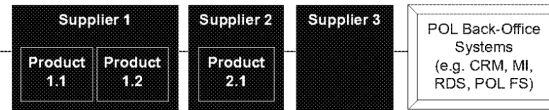
- Infrastructure
- Banking sales
- Banking service

Front-End

- Horizon changes
- New banking website

Services

- Managed services for all of the above



Decision Guidelines / Evaluation Criteria

Criteria	Weight	How do we match up?	How do our competitors match up?
Timescales	High	<ul style="list-style-type: none">• POL want to beat Tesco and Boots to market with a current account.• POL believe they can avoid OJEU by going single tender to Fujitsu.• We haven't committed to timescales yet.	Accenture are spending millions helping POFS to enhance the current Alnova mechanism for integration with Bofl systems. This ought to be easier than delivering Plug and Play, but Mike Young believes it will still take too long.
Confidence in Supplier Delivery	Medium	POL Exec. Team worried about Fujitsu delivering a large, critical project on time.	
Price	Medium	We've assisted with the business case, but price is subject to change after due diligence phase.	

Do we fully understand the customer's evaluation criteria and weighting?

How do we match up to these?

See the Sales Methodology Guide to learn more about decision guidelines (follow the linked symbol on the page)

Procurement Process and Timetable

Milestone	Date	Owner
Business Case Development	21 st April 2009	POL
IC Approval	29 th April 2009	POL
POL funded Due Diligence phase (Scope, Requirements, Outline Architecture)	From 5 th May for 3 months, with INCREMENTAL MONTHLY MILESTONES	POL/FJ
Horizon Requirements for Globe baselined	End of May	POL/FJ
POL Go/No Go decision on Fujitsu proposal	End of June	POL
Development and Delivery	Q2 to end of year	POL/FJ
Globe Current Account live	May 2010	POL/FJ

Procurement Process and Timetable

Detail Key milestones in procurement timetable (highlight critical dates such as submission)

Value Proposition (Internal, 1st draft and WIP)

- Fujitsu's existing contract allows POL to avoid OJEU which saves them 3 to 6 months and £800k procurement costs
- Fujitsu have a proven track record in Horizon delivery and service, although this has been dented recently
- Fujitsu have the knowledge, capability and resources to link Globe into Horizon Online, and we have unique experience in working with other POL systems
- We have insight and influence into Post Office's IT strategy
- This prevents a competing apps developer from getting close to our key customer.

Value Proposition:

Do we sufficiently understand the customers business drivers to ensure that they can see tangible value in our proposals? True value means that the customer is willing to ascribe a monetary value to the benefit it brings to them (or add cost to a competitors proposal).

Can we articulate this in plain language that is easy to understand and assimilate?

It needs to be communicated at all levels in the customer organisation with nothing left to chance

Overview of Relationship Plan

Name / title / role / Buying Cycle Position	Fujitsu Services Key Contact	Relationship and planned activities
Mike Young (Globe Steering Cttee.)	Andy Hall	Monthly contact
Gary Hockey-Morley, Marketing Director (Globe Steering Cttee.)	Andy Hall	Monthly contact
Dave Smith, Head of Change & IS	Andy Hall, Andy Startin, Suzie Kirkham	Regular contact
Tim Connold, C&IS Business Partner for Direct Sales (Web)	Suzie Kirkham Jeremy Worrell	Regular contact
Meyrick Owsley, Senior PM	Jeremy Worrell, Andy Startin & Mike Nardin	Regular contact
Irene Stellar-Akin, Business Analyst	Jeremy Worrell	Relationship developing well.
Graham Hill	Suzie Kirkham Jeremy Worrell	Frequent Contact

Competition (1st draft)

Competitor	Key Weaknesses	Key Strengths	Tactics to counter
POL - Internal	Experience and Key delivery capability	Potentially cheaper Avoidance of OJEU	N/A
POFS / Accenture	Not strategic for Post Office	Better reputation for recent delivery, and strong relationship with Robin Dargue	
Fidelity	Completeness of solution	Off the shelf offering for the solution in some areas	?
Fujitsu	Not seen as strong on delivery	Seen as flexible, and strong on managed services Avoidance of OJEU	

Competition:

Provide detail on the strengths and weaknesses of the competition against those of Fujitsu Services

How we will counter the competitors tactics?

Ensure that these competitors are qualified by using the Qualification Tool

Winning Behaviours

- Work hand in hand with POL to define scope, requirements, timescales and costs
- Need the right people with the right skills, now
 - Treat this as a bid and demonstrate hunger and a change in behaviour
 - Field strong calibre people for initial study
 - Field complementary consultancy
 - Evangelise P&P
- Emphasize our commitment to delivering this
 - Delivering this properly will help recover our poor past performance
 - Demonstrate we can deliver to an agreed plan
- Look and feel differently to HNG-X engagement – behaviour changes
 - Work alongside HNG-x without disrupting it
- Co-exist with SAP Consolidation, and ensure it continues to deliver well
- Seek Fujitsu Group support for investment?

Win Strategy:

Provide an overview of the sales strategy for winning this piece of business

How are we planning to win this bid?

Do we have the right relationship(s) in place?

Describe Fujitsu Services unique strengths which will ensure that we win the bid

Early View of Finances

Set-up charges in 2009-10 will be approximately £12M to £13M +/-25%, comprising ...

- £7m-£8m for development (for 1,500 Use Cases)
- £3m-£4m for testing
- £1.5m-£2m for hosting, hardware, P&PM, transition etc. (excludes software licences).

Estimate for ongoing charges up to a further £2m pa

Total potential TCV = £20m.

This must become the accounts No.1 priority opportunity for 2009/2010. We must let POL know this.

Delivery Resource Requirements (early view)

“Requirements and Scoping” work from Tuesday 5th May needs:

- Programme Manager (Mike Nardin – *FJ to fund*)
- Solution Architect (John Heath – *need to secure him*)
- 2 x Requirements Analysts (Phil Boardman, Chris Bailey)

We need to use “John Heath” - a CSA experienced in SOA and banking, but currently on Thomson Reuters

In later phases, we'll need significant AS, IS and Service Transition resource

We'll also need some Horizon Online skills, to ensure Globe integrates with the counter.

POL funded for 3 months

Bid Budget Forecast

- Through to 10th July 2009
 - SOA Architect 30 days
 - PM 30 days
 - Bid Manager 12 days
 - Lead CSA 15 days
 - Various RMGA 15 days

- Total - £61,200

- Based on blended rate of £600 per day

People Issues – is TUPE involved?

TUPE Apply? (No)	No
Numbers involved	No TUPE is involved
Potential Reductions/Recruitment	
Pensions	
Other Benefits	
Name of HR Advisor	Sarah Bampton

Provide details that are currently available

Will TUPE apply on entry, estimated number of employees involved and potential growth/shrinkage?

Where known describe major issues with regard to employee benefits, e.g. pension arrangements, major benefit buy out issues etc

Legal / Commercial

- Contracted under terms of existing agreement with POL, but POL may yet choose (or need) to use new OJEU process instead
- One time charges are time & materials based
- Ongoing charges will be fixed price & are subject to normal governance and approval.

Risk Plan

Risk No.	Risk Description	Owner	Factored exposure
	[To early to define]		
	Total Factored Exposure		
	Proposed Contingency		

Provide risk plan to show an overview of risk on delivery

If the 'new' risk plan has been used cut and paste the table into the review pack

If the 'old' risk register has been used, manually populate the risk plan slide

Bid Team

Role	Name
Business Owner	Andrew Hall / Clive Bailey
Account Manager	Suzie Kirkham
Opportunity Owner	Andy Startin
Bid Manager	TBA
Solution Owner	Jeremy Worrell
Finance	Pippa Cow
Commercial	Guy Wilkerson
Delivery Manager	Wendy Warham
Sourcing	Barry Grimes
P&PM Lead	Mike Nardin

Issues and update on actions from previous reviews

- Investigate if John Heath can be released from Irrelevant
 - *Can't be released as involved in release testing*
- *Check availability of Stuart Michie as PM*
 - *Committed to an ERIC until mid-July*

DMS - UKR&RMG-SKI-52484

Business Requirements

- POL have several engineering companies undertaking similar tasks visiting the branch
 - ROMECE
 - Ingenico
 - CSC
 - Etc.
- POL have a desire to consolidate the engineering visits by appointing a prime contractor who:-
 - Reduces visits of a similar nature
 - Reduces cost
 - Enables POL to manage a single accountable provider
 - Improves service
 - Actively reduces incidents
- Our **indicative** proposal will build POL's business case for change
 - ET approval will allow POL to work with us to build a formal offer.

Opportunity Context

Importance to Post Office

- Facilitates independence from RMG and their suppliers
- Cost reduction both immediately and over time
- POL are hugely supportive of our approach to Service – they want to move our expertise across the entirety of their estate
- Managing a single prime will reduce overheads within their business
- A supplier with a single view of their estate is seen as a big benefit.

Importance to Fujitsu

- This would protect our current Service from other suppliers
- Over time this could generate £60m of new TCV
- Making this a success would gain credibility for us with RMG
 - RMG expected to tender DMS in 2009/2010.

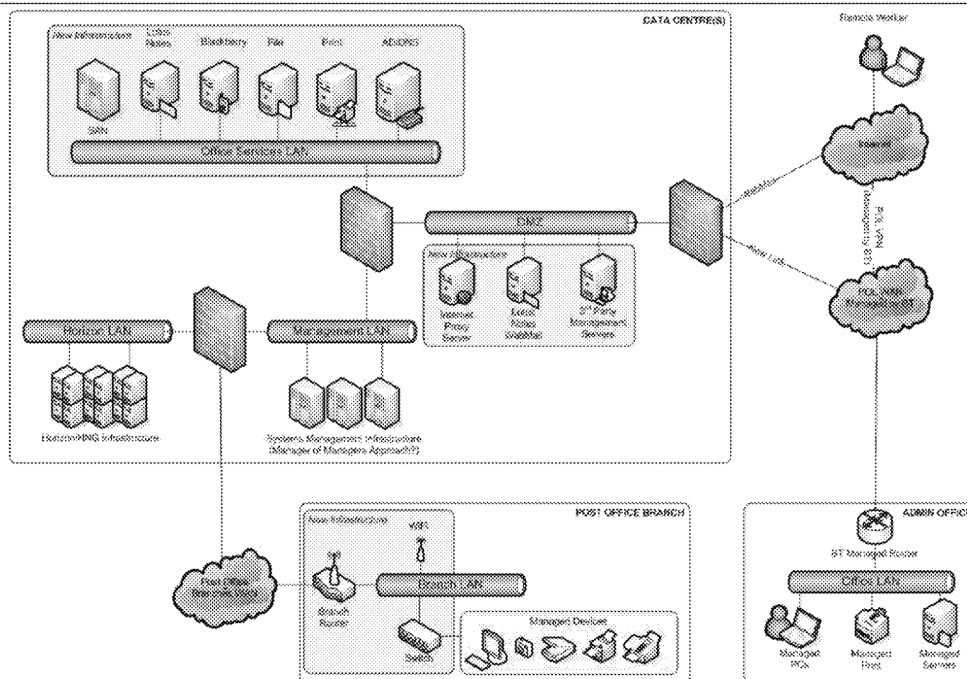
Key Sales Issues

- We do not understand the current value of the contracts that exist
- We are working under an NDA
- We haven't approached this as an opportunity to date
- There will be complex commercial terms to negotiate
 - TUPE
 - Novation?
- We need to work with POL to develop a roadmap for this task
- Lack of Lotus Notes capability
- POL expect us to do this better and cheaper than the other providers do.

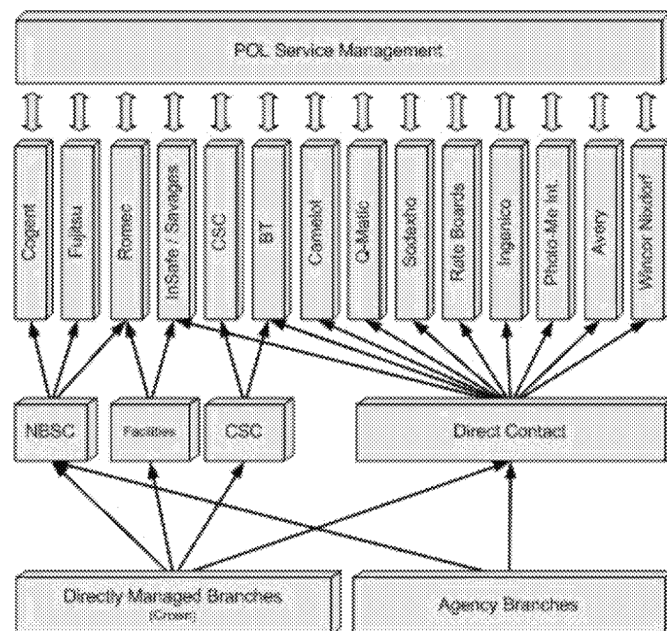
Solution scope

- Delivery of a desktop managed service to 4,500 users within Post Office's admin offices across the UK (to include Crown Branches, Logistics and Remote/Home Workers)
- Hosting of email services, blackberry integration, file/print, and internet access
- Simplification in the help/support desk arrangements in use across all post office branches and admin offices
- Service management of current branch application providers
- Improvements in the engineering services for branch based IT equipment
- Reduced operating costs of support services
- Delivery of continual improvement in service delivery across the supplier base
- A technical refresh of the Horizon counter EPOS
- Hardware and software asset management.

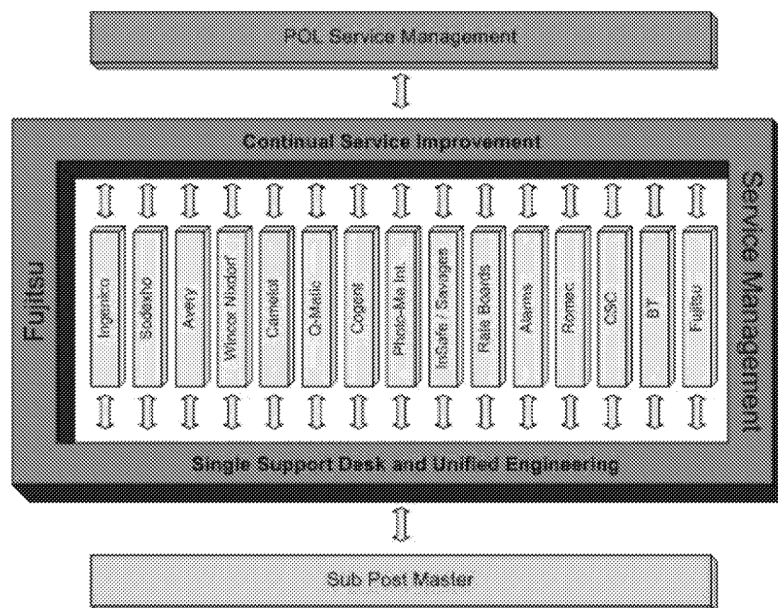
Solution Infrastructure

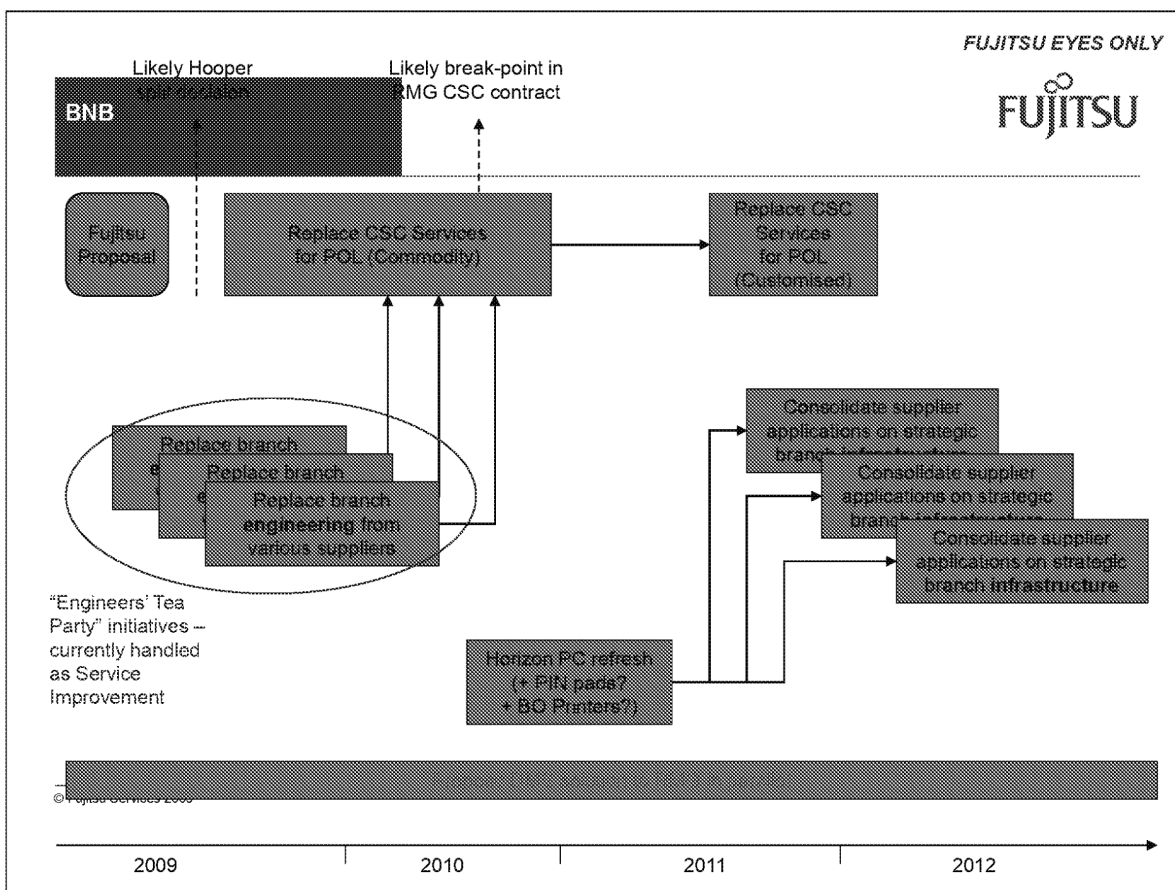


Service Management – As is



Service Management – To be





Procurement Process and Timetable

Milestone	Date	Owner

Procurement Process and Timetable

Detail Key milestones in procurement timetable (highlight critical dates such as submission)

Value Proposition (Internal, 1st draft and WIP)

- Fujitsu have an impeccable track record of Service with POL
- They have no other provider who undertakes Lean & Sense & Respond
 - POL have benefited from this and truly believe in its benefits
- They have no other provider who pro-actively adds value
- We can demonstrate our ability to manage third parties
- Fujitsu has strength in data centre hosting with a large existing POL estate
- We understand POL's strategic ambitions and how technology fits into their service layer ambitions (POL came to Fujitsu for help in writing their IT Strategy)
- POL use us as an example of what good looks like in front of their other suppliers
- We have insight and influence into Post Office's IT strategy
- This prevents a competing service provider from getting close to our key customer.

Value Proposition:

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Mike Young	Andy Hall, Peter Rowley, Clive Bailey	Monthly contact
Andy Mclean Operations Director	Andy Hall, Wendy Warham, Andy Startin	Weekly contact
Dave Smith, Head of Change & IS	Andy Hall, Andy Startin, Suzie Kirkham	Weekly contact
Adam Martin	Jeremy Worrell, Dave Spillet, Wendy Warham, Steve Denham	Regular contact
Graham Hill	Suzie Kirkham, Jeremy Worrell, Dave Spillet	Frequent Contact

Competition (1st draft)

Competitor	Key Weaknesses	Key Strengths	Tactics to counter
CSC	Poor performance in both POL and RMG	Relationship with RMG Incumbent supplier	WIP
Getronics	Scale	Relationships, maybe?	
A.N.Other			
Fujitsu	Not seen as strong on apps delivery	Seen as flexible Strong on managed services Relationships Avoidance of OJEU	Deliver HNG-x/POL SAP/Globe to the plan

Competition:

Provide detail on the strengths and weaknesses of the competition against those of Fujitsu Services

How we will counter the competitors tactics?

Ensure that these competitors are qualified by using the Qualification Tool

Winning Behaviours

- Lead the definition of the scope, requirements, timescales and costs
- Need the right people with the right skills, now
 - Treat this as a bid and demonstrate hunger and a change in behaviour
 - Field strong calibre people for this initial study
- Price competitively
 - Minimal compliance
 - Identify benefits of adding this to our existing Service, cost reduction
 - Offshore - Infinite
- Consider a partner strategy, utilise best of breed.

Win Strategy:

Provide an overview of the sales strategy for winning this piece of business

How are we planning to win this bid?

Do we have the right relationship(s) in place?

Describe Fujitsu Services unique strengths which will ensure that we win the bid

Early View of Finances

Early View of Cost Model

Desktop Managed Service (4,500 devices)	£ 3.5m PA
Branch Device Management (Engineering + Service Desk)	£ 5.0m PA
HNG Counter Refresh (based on 30,000 counters)	£ 12.5m one-off
Strategic Branch LAN and WAN	£ 2.0m one-off

Potential £57m TCV

Potential POL Savings/benefits

Reduction in 3 rd Party Support	£ 6.0m PA
Reduction in Branch WAN/LAN Costs	£ 4.0m PA
New counter capable of delivering new services/benefits	£ 3.0m PA
Reduction in POL National Service Desk	£ 1.0m PA

Potential saving of £70m

Bid Budget Forecast

Self Help Portal	3 days	Counter re-fresh*	4 days
Messaging	2 days	DMS	ongoing
Active Directory	2 days	Service Management*	5 days
Sharepoint	2 days	Service Transition*	2 days
Storage	2 days	Programme Management*	Ongoing
Internet Proxy Gateway	2 days	Networks*	2 days
Solution Owner	20 days	Project Management	20 days
Security*	2 days	Reviews	10 days
Hosting*	2 days	Systems & Estate Management*	3 days

• **Total £49.8k** Based on blended £600 per day

- *Costs may be lower as some resources are within RMGA.

People Issues – is TUPE involved?

TUPE Apply? (No)	Yes
Numbers involved	TBC – possibly including secondary TUPE
Potential Reductions/Recruitment	
Pensions	
Other Benefits	
Name of HR Advisor	Sarah Bampton

Provide details that are currently available

Will TUPE apply on entry, estimated number of employees involved and potential growth/shrinkage?

Where known describe major issues with regard to employee benefits, e.g. pension arrangements, major benefit buy out issues etc

Legal / Commercial

- There will be at least five supplier's who operate in this space
- Novation & third party contracts will need reviewing
- Post Office will expect us to leverage our relationships.

Risk Plan

Risk No.	Risk Description	Owner	Factored exposure
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	Total Factored Exposure		
	Proposed Contingency		

Provide risk plan to show an overview of risk on delivery

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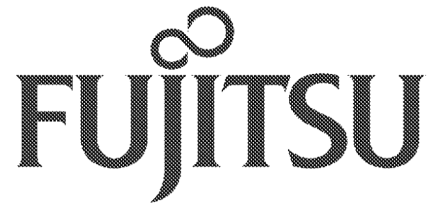
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Issues and update on actions from previous reviews

- None



Fujitsu –

The Possibilities Are Infinite