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[DateTime]
UK & Ireland Region

PSD
BU Review

17th June 2009

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Management Summary Update

- Considerable progress made on both Irrelevant and HNGX delivery programmes.
  - Robust but challenging plan now agreed with Irrelevant with split delivery dates of December '09 and March '10. Customer relationship showing slow but steady improvement
  - Completion date of 21st April 2010 also agreed on HNGX. Plan has been re-worked during June with considerable emphasis on resource planning and costing. Next 60 days critical during Integration testing phase. Customer supportive of this roll out plan
  - Both plans contain risk which has been assessed and understood but focus must now be on delivering to plan. Slippage of plan deadlines has added £4.5m of cost to financials with some contingency available for project risk.
- 09/10 Targets – working to closure. Detailed work has been undertaken at sub BU level and will be finalised once PSD targets agreed.
- Morale improving as direction of BU becomes clearer and key issues addressed

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Management Summary Update

- Review of PSD cost base has commenced. Focus will be on following areas:-
  - Headcount currently 566. Plan at year end must be to drive below 500. Areas to address are integration of FTS, structure of PSD business group, all functional cost including Finance, Commercial, Consultancy etc. Investment still required in Sales team.
  - Initiatives with Core engagement – costs versus market rates and search for more efficiencies
  - Third Party costs with particular emphasis on Irrelevant and Irrelevant
  - Bid Spend – Budget is £8.3m – how can we bid more efficiently.
  - Discretionary spend including Marketing costs, and Corporate entertainment.
  - Facilities – David Sillitoe engaged on optimising facilities location – Bracknell and Slough being considered with reduced Central London presence.

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HNG-x

- Re-plan now completed and shared with POL
- Resource plan completed and costed including actions from BA review
- PSD Programme Director reviewed in detail
- Cost to complete increased by £2.6m from May forecast incorporating recommendations from BA and PSD reviews
- Wider impact on Account
  - CS – transition costs not yet finalised
  - New Business – slippage
- Next 60 days are critical for maintaining the Plan

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Irrelevant

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Financial Update

- May Results
  - Orders at £17.7m were £1m better than Q2 Budget due to…………..
  - Revenue at £41m was £3.1m off Q2 Budget ……
  - Operating Profit was £(3.2)m below budget at £(2.4)m loss – the May budget contained a £3m task which together with lower margins of £1.8m was offset by lower Ratex £1.3m, and lower Opex £0.4m.
- Q1 Update – see next chart for detail.
  - Orders and revenue will be close to May forecast with Operating profit deteriorating by a further £2.5m due to the IAS 11 impact of the revised HNGX roll out programme, offset by pull forwards on Irrelevant and some cost savings.
- Full year forecast – held at May forecast level for Orders Revenue and Operating Profit.
  - Underlying profit has weakened by £4.5m from finalisation of programme roll outs on Irrelevant and HNGX £(2.5)m with net risks now at £40m. Main contributors are HNGX cost projections £7m, Irrelevant commercial risks £12m, and cost take out £5m and various reform gaps and Transformation difficulties on FS accounts £9m.

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Quarter 1 latest view

	ORDERS	REVENUE	PROFIT
Q2 BUDGET	Irrelevant		
Irrelevant	0.0	-10.6	-2.6
	-175.0	-6.8	-0.7
	-240.7	3.8	-1.1
RRMT - HNGX DETERIOTATION INC FREE RESOURCE AND OFFSET BY CUSTOMER SERVICE COST SAVINGS	0.0	-3.7	-7.0
Irrelevant	0.0	0.0	2.6
	-23.6	2.6	2.5
	350.0	-2.1	-9.0
MAY FORECAST	61.2	124.9	-9.8
RRMT - HNGX DETERIOTATION INC FREE RESOURCE AND OFFSET BY CUSTOMER SERVICE COST SAVINGS AND VIRGIN MEDIA TERMINATION PAYMENT	0.0	-0.8	-1.7
Irrelevant	0.0	-3.5	0.3
	0.0	0.0	-0.3
	0.0	0.0	-0.1
JUNE FORECAST	Irrelevant		

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Key Numbers 09/10

Key Numbers

£m

Private Sector Division	May			May YTD			Q1			Q2			FY 2009/10		
	Actual	Q2 Budget	Prior Year	Actual	Q2 Budget	Prior Year	Latest Forecast	Q2 Budget	Prior Year	Latest Forecast	Q2 Budget	Prior Year	Latest Forecast	Q2 Budget	Prior Year
Orders Received	**17.7**	**16.7**	**4.6**	**28.9**	**32.9**	**40.6**	**61.2**	**150.5**	**106.6**	**168.6**	**79.2**	**99.3**	**690.0**	**690.0**	**507.8**
Backlog	**1,170.2**	**1,164.8**	**1,199.6**	**1,170.2**	**1,164.8**	**1,199.6**	**1,158.0**	**1,234.1**	**1,210.5**	**1,349.5**	**1,158.9**	**1,173.5**	**1,375.9**	**1,227.2**	**1,221.3**
Total Revenue	**41.0**	**44.1**	**42.1**	**80.1**	**89.5**	**81.2**	**124.9**	**141.7**	**136.2**	**145.0**	**165.8**	**136.2**	**651.0**	**714.9**	**526.5**
Revenue Growth %	***-3%***	***5%***	***10%***	***-1%***	***10%***	***6%***	***-8%***	***4%***	***16%***	***6%***	***22%***	***-5%***	***24%***	***36%***	***-9%***
Margin	**0.7**	**5.5**	**4.2**	**2.1**	**7.8**	**4.9**	**0.8**	**17.6**	**14.7**	**13.1**	**19.7**	**15.9**	**79.4**	**116.5**	**59.3**
Margin %	***2%***	***13%***	***10%***	***3%***	***9%***	***6%***	***1%***	***12%***	***11%***	***9%***	***12%***	***12%***	***12%***	***16%***	***11%***
Net general and admin opex	1.1	1.1	1.1	2.3	2.3	2.3	3.4	3.4	3.5	3.3	3.3	3.3	13.6	13.6	13.7
Development Opex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group Charges	0.0	0.0	1.6	0.0	0.0	3.3	0.0	0.0	4.9	0.0	0.0	5.0	0.0	0.0	19.9
Bid Costs	0.9	1.2	0.9	1.9	1.9	1.5	2.5	2.5	2.5	1.9	1.9	1.7	8.6	8.6	8.5
Sales & Marketing Opex	0.9	1.0	1.0	2.5	2.5	2.2	3.4	3.4	2.4	3.5	3.5	1.4	13.9	13.9	7.5
Opex	**2.9**	**3.3**	**4.6**	**6.7**	**6.7**	**9.3**	**9.3**	**9.3**	**13.3**	**8.7**	**8.7**	**11.4**	**36.1**	**36.1**	**49.6**
Opex %	***7%***	***7%***	***11%***	***8%***	***7%***	***11%***	***7%***	***7%***	***10%***	***6%***	***5%***	***8%***	***6%***	***5%***	***9%***
Rationalisation	**0.2**	**1.5**	**0.0**	**0.3**	**2.9**	**0.2**	**1.3**	**2.9**	**0.2**	**1.4**	**0.1**	**0.9**	**3.3**	**3.0**	**1.4**
Op prof Assoc	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Operating Profit	**(2.4)**	**0.8**	**(0.5)**	**(4.8)**	**(1.8)**	**(4.6)**	**(9.8)**	**5.5**	**1.2**	**3.0**	**10.9**	**3.6**	**40.0**	**77.4**	**8.3**
Operating Profit %	***-7%***	***2%***	***-1%***	***-6%***	***-2%***	***-6%***	***-8%***	***3%***	***1%***	***2%***	***6%***	***3%***	***6%***	***10%***	***2%***
Permanent Headcount	**541**	**537**	**564**	**541**	**537**	**564**	**575**	**533**	**559**	**571**	**530**	**493**	**555**	**545**	**461**
Non-Permanent Headcount	**25**	**4**	**88**	**25**	**4**	**88**	**5**	**4**	**91**	**4**	**4**	**76**	**4**	**4**	**33**

Private Sector Division	Apr-09			May-09			Jun-09		
	Actual	Q2 Budget	Prior Year	Actual	Q2 Budget	Prior Year	Latest Forecast	Q2 Budget	Prior Year
Revenue	39.1	45.4	39.1	41.0	44.1	42.1	39.1	52.2	55.0
Operating profit	(2.4)	(2.6)	(4.1)	(2.4)	0.8	(0.5)	(4.6)	5.4	5.8

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Delivery Plan and Key Dependencies

Delivery plan, Key Dependencies, and Sub-unit analysis for 2009/10

Private Sector Division	Q1			Q2			Q3			Q4			Full Year 2009/10		
	Orders	Rev	GM	Orders	Rev	GM	Orders	Rev	GM	Orders	Rev	GM	Orders	Rev	GM
Contracted Existing Business	8.8	75.7	(8.8)	1.2	88.4	(6.9)	1.2	65.0	(7.1)	11.6	64.9	(6.8)	22.8	293.9	(29.5)
	2.0	19.5	(1.9)	-	15.5	(1.7)	-	15.4	(0.6)	-	14.9	(0.4)	2.0	65.3	(4.5)
Irrelevant	1.4	6.5	(5.3)	0.5	5.9	(6.7)	0.5	6.5	(5.9)	11.2	11.5	(7.8)	13.7	30.3	(25.7)
Irrelevant	-	6.4	(2.5)	-	15.6	(4.2)	-	0.5	(4.1)	-	2.8	0.3	-	25.3	(10.4)
	5.4	17.5	2.2	0.7	21.3	2.9	0.6	18.2	3.4	0.4	13.6	1.7	7.1	70.6	10.2
RRMT		25.7	(1.4)		30.1	2.8		24.4	0.1		22.1	(0.6)		102.4	0.9
OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Churn on Current business	8.7	11.9	1.7	8.6	11.3	2.0	8.2	11.0	2.2	10.6	13.0	2.1	36.1	47.2	7.9
New Business - current accounts	16.8	2.9	0.3	183.5	15.6	5.7	138.6	42.0	9.1	106.6	48.2	14.5	445.5	108.8	29.7
New Business - Names new a/cs	(1.0)	0.8	0.5	120.0	(5.1)	1.1	30.0	17.5	4.6	40.5	45.6	13.4	189.4	58.8	19.7
Cost reduction plans	-	-	1.5	-	-	3.4	-	-	4.2	-	-	10.0	-	-	19.1
Ratex Plans	-	-	(0.2)	-	-	(0.1)	-	-	-	-	-	-	-	-	(0.3)
Infrastructure Sales	4.0	4.0	0.1	6.0	6.0	0.2	7.5	7.5	0.3	11.3	11.3	0.4	28.8	28.8	1.0
Judgement (Top level)	23.9	29.5	4.3	(150.7)	28.5	6.3	79.2	32.8	5.4	15.0	22.7	12.4	(32.5)	113.4	28.5
Net Opex	-	-	(9.3)	-	-	(8.7)	-	-	(8.5)	-	-	(9.6)	-	-	(36.1)
Latest Forecast	61.2	124.9	(9.8)	168.6	145.0	3.0	264.6	175.8	10.2	195.6	205.4	36.5	690.0	651.0	40.0
Q2 Budget	150.5	141.7	5.4	79.2	165.8	10.9	193.6	181.6	22.8	266.7	225.8	38.8	690.0	714.9	77.9

Private Sector Division	Q1			Q2			Q3			Q4			Full Year 2009/10		
Sub-Unit analysis	Orders	Rev	GM	Orders	Rev	GM	Orders	Rev	GM	Orders	Rev	GM	Orders	Rev	GM
	15.8	33.7	(1.1)	153.0	32.9	2.0	27.7	47.2	4.3	55.2	46.2	11.0	251.7	160.1	16.2
Irrelevant	3.5	12.5	(6.1)	25.2	18.7	(6.9)	6.7	18.1	(3.2)	49.4	24.7	7.6	84.8	73.9	(8.5)
	7.6	19.1	3.1	35.5	24.2	5.9	114.7	41.2	8.7	62.3	56.5	13.4	220.0	140.9	31.1
Retail, Royal Mail and Telcos	10.5	29.9	(0.6)	105.6	40.7	4.6	36.4	37.4	2.2	16.6	56.2	3.2	169.0	164.2	9.4
	23.9	29.5	4.6	17.1	28.5	3.7	36.2	31.9	3.9	12.0	31.7	3.9	89.2	121.6	16.2
Irrelevant	-	-	0.8	(167.7)	-	3.9	43.0	-	12.6	0.1	(9.9)	(2.2)	(124.7)	(9.9)	15.1
Latest Forecast	61.2	124.9	0.8	168.6	145.0	13.1	264.6	175.8	28.6	195.6	205.4	36.9	690.0	651.0	79.4

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Risks & Opportunities

Risks and Opportunities

£m

Private Sector Division	Q1				Q2				Full Year 2009/10			
(Risks) and Opportunities	Orders	Revenue	Operating Profit	Cash	Orders	Revenue	Operating Profit	Cash	Orders	Revenue	Operating Profit	Cash
Q2 Budget												
RRMT (including HNGX)	(55.9)	(6.2)	(3.4)	14.2	78.4	(3.9)	1.1	(9.0)	0.0	(14.3)	(7.0)	(6.9)
Irrelevant	(142.1)	(2.6)	(1.2)	15.6	22.7	(12.1)	(1.6)	(1.3)	0.0	(29.1)	(4.2)	12.6
	(238.4)	0.8	0.7	9.7	137.0	(8.1)	0.4	4.6	(245.1)	(8.0)	0.0	14.7
	(2.0)	(9.7)	(3.3)	(22.8)	19.0	6.3	(6.9)	(4.4)	(17.1)	8.6	(10.8)	(19.8)
	-	-	1.5	24.4	-	-	- 1.4	- 0.3	-	- 9.0	5.4	-
	349.1	0.9	(9.0)	-	(167.7)	(3.0)	0.5		262.2	(12.1)	(20.8)	- 0.7
Latest Forecast	61.2	124.9	(9.8)	12.2	168.6	145.0	3.0	(0.8)	690.0	651.0	40.0	41.8
CHECK	61.2	124.9	(9.3)	12.2	168.6	145.0	3.0	(0.8)	690.0	651.0	40.0	41.8
Opportunities:												
Irrelevant					3.0	0.9	0.3	0.3		2.7	0.7	0.7
									2.6	2.6	1.1	1.1
					0.5	0.5	0.6	0.6	11.5	4.0	1.8	1.8
			1.4	1.4	0.0	0.1	(0.5)	(0.5)	100.2	10.4	4.7	4.7
									0.0	2.0	2.0	2.0
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	1.6	1.6
										10.0	1.7	1.7
RRMT - RMG - Credit Note Phasing into next year/HNGX Contingency and POL claim										3.9	3.9	3.9
Irrelevant										2.5	0.5	0.5
Total Opportunities	Irrelevant											
(Risks):												
Irrelevant							(0.5)	(0.5)			(3.0)	(3.0)
		(3.5)	(0.3)	(0.3)	(9.4)	(1.3)	(0.6)	(0.6)	(11.6)	(10.7)	(3.7)	(3.7)
						(0.8)	(1.0)	(1.0)	(2.1)	(2.8)	(5.9)	(5.9)
	0.0	0.0	(0.1)	(0.1)	(12.0)	(1.9)	(1.2)	(1.2)	(86.2)	(11.7)	(4.9)	(4.9)
		(1.9)	(2.8)	(2.8)	(1.0)	0.4	0.0	0.0	0.0	1.9	(0.2)	(0.2)
		(0.2)	(0.8)	(0.8)	(10.2)	(2.5)	(0.2)	(0.1)	0.0	(14.9)	(6.9)	(6.9)
					(48.0)					(1.9)	(0.3)	(0.3)
										(1.0)	(0.2)	(0.2)
										(14.0)	(2.8)	(2.8)
	0.0	(1.4)	(1.0)	(0.1)	(35.5)	(3.7)	(2.1)	0.0	0.0	(10.7)	(4.2)	(4.2)
	(3.2)	(1.1)	(0.5)	6.6	(34.8)	(7.5)	(1.9)	(1.9)	(106.4)	(35.2)	(9.8)	(6.3)
											(2.0)	(2.0)
											(2.0)	(2.0)
											(1.6)	(1.6)
	-	-	(0.1)	(0.1)	(0.6)	(0.6)	(0.7)	(0.7)	(1.6)	(1.6)	(4.9)	(4.8)
Net Risks & Opportunities	Irrelevant											

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Sales Update

Top 20 Sales Opportunities - 2009/10

Customer	Siebel Oppty Ref.	Opportunity	Close Date	GBP Value	Gross Margin (%)	% Prob	Committed Flag	Sales Stage	Opportunity Primary	Team Member Division	Term (Mths)
			Mar-10	£200,000,000	22	20	N	2. Define value & strategy			84
			Jan-10	£157,600,800	22	10	N	1. Identify Business Opp			45
			Dec-09	£144,000,000	22	50	N	2. Define value & strategy			60
			Oct-09	£119,788,320	22	50	Y	5. Deliver proposal			84
			Feb-10	£90,000,000	22	10	N	2. Define value & strategy			60
			Feb-10	£90,000,000	20	10	N	1. Identify Business Opp			36
			Sep-09	£80,000,000	15	40	N	4. Design & cost			120
			Sep-09	£60,000,000	16	60	N	6. Negotiate contract			84
			Jul-09	£40,000,000	22	50	N	5. Deliver proposal			60
			Dec-09	£40,000,000	22	10	N	1. Identify Business Opp			36
			Dec-09	£38,200,000	22	10	N	1. Identify Business Opp			60
Irrelevant			Feb-10	£37,428,640	0	10	N	1. Identify Business Opp			60
			Jun-09	£31,142,100	24	45	N	5. Deliver proposal	Irrelevant		102
			Sep-09	£30,000,000	13	10	N	2. Define value & strategy			60
			Dec-09	£30,000,000	22	10	N	1. Identify Business Opp			60
			Mar-10	£28,500,000	24	10	N	2. Define value & strategy			60
			Sep-09	£26,000,000	22	20	N	4. Design & cost			66
			Aug-09	£25,000,000	22	10	N	2. Define value & strategy			36
			Sep-09	£20,000,000	22	20	N	1. Identify Business Opp			60
			Nov-09	£20,000,000	22	10	N	2. Define value & strategy			36
			Dec-09	£20,000,000	22	10	N	1. Identify Business Opp			120
			Feb-10	£20,000,000	15	10	N	1. Identify Business Opp			72
			Mar-10	£20,000,000	22	10	N	1. Identify Business Opp			120
			Mar-10	£20,000,000	20	10	N	1. Identify Business Opp			1
Post Office Ltd	UKR&RMG-SKI-52484	Device Managed Service	Mar-10	£20,000,000	22	25	N	4. Design & cost			60

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Major Account Summary – Q1

Account All accounts with annual revenue > £1m. Enter gross value (i.e. before any judgement) Rank By Descending Actual Revenue	May YTD Actuals				Q2 Budget YTD				Prior Year 2008/09 YTD			
	Orders	Revenue	GM	GM%	Orders	Revenue	GM	GM%	Orders	Revenue	GM	GM%
Irrelevant	2.0	6.7	(5.1)	-75.2%	4.6	17.7	(1.9)	-10.9%	(0.3)	15.1	0.4	2.6%
	6.4	9.1	0.4	3.9%	3.6	9.7	(0.1)	-1.4%	2.0	6.5	0.1	1.8%
	0.6	4.3	(0.1)	-3.5%	0.6	3.0	(1.7)	-56.7%	-	1.6	(2.6)	-163.4%
	1.9	5.0	(0.5)	-10.2%	6.8	3.5	0.3	9.0%	2.5	3.7	(1.4)	-37.7%
	-	0.0	0.0	39.0%	-	0.0	0.0	13.9%	-	0.0	0.0	53.7%
	-	0.3	0.1	28.0%	-	0.3	0.1	19.6%	19.3	0.1	0.0	35.0%
	0.0	0.3	0.0	4.5%	0.1	0.3	0.0	3.9%	0.0	0.3	(0.0)	-13.3%
	0.0	0.6	0.2	27.9%	0.1	0.7	0.2	25.1%	0.1	0.6	0.2	30.1%
	0.0	1.3	0.3	20.8%	8.0	6.5	0.8	12.9%	0.3	0.8	(0.3)	-35.0%
	-	0.1	-	0.0%	0.1	4.5	0.4	9.7%	-	0.3	(0.0)	-7.6%
	0.3	1.5	0.5	31.3%	-	0.9	0.2	21.6%	0.3	1.6	0.3	21.1%
	1.7	1.5	0.2	15.9%	-	1.2	0.2	12.3%	-	0.2	0.1	64.8%
	0.1	0.6	0.1	12.5%	-	1.0	0.2	21.0%	-	0.1	(0.2)	-109.0%
	0.1	0.9	0.1	10.7%	-	1.2	0.3	21.0%	0.1	1.0	0.2	15.1%
	0.1	0.2	0.0	8.1%	-	1.2	0.3	23.4%	-	0.2	(0.0)	-13.8%
	0.1	0.7	0.1	20.2%	-	0.4	0.1	21.9%	0.1	0.6	(0.4)	-73.3%
	0.4	1.0	0.1	6.1%	0.3	1.5	0.3	21.6%	-	0.0	0.0	50.0%
Royal Mail Group Total (IFRS)	2.7	12.7	1.4	11.4%	2.4	11.6	0.6	4.8%	2.1	16.9	4.5	26.8%
Irrelevant	-	4.2	0.7	16.7%	-	4.7	0.7	13.8%	-	4.7	0.6	12.0%
	-	0.7	0.1	8.9%	-	0.7	0.1	19.1%	-	1.0	0.3	24.4%
	0.1	1.5	0.2	13.3%	-	1.6	0.3	18.6%	0.5	1.6	0.3	19.0%
	0.1	0.6	0.1	24.6%	0.7	1.1	0.3	22.9%	0.5	0.4	0.0	3.4%
	0.1	0.5	0.1	13.2%	2.3	0.9	0.1	13.7%	0.2	0.7	0.2	22.8%
	0.2	0.2	0.0	20.2%	0.2	0.2	0.1	30.3%	0.4	0.4	0.0	8.1%
	0.3	0.2	0.1	34.8%	0.3	0.3	0.0	9.9%	-	-	-	#DIV/0!
Total Major Accounts	17.2	54.5	(1.0)	-1.9%	30.0	75.0	1.7	2.3%	28.1	58.3	2.2	3.8%
Other	11.7	25.6	3.2	12.3%	2.9	14.6	6.1	41.8%	12.5	22.9	1.8	8.0%
Sub total	28.9	80.1	2.1	2.7%	32.9	89.5	7.8	8.7%	40.6	81.2	4.9	6.1%
Sales Judgement												
Other Business Unit Judgement												
Total		Irrelevant										%

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Major Account Summary

Account All accounts with annual revenue > £1m. Enter gross value (i.e. before any judgement) Rank By Descending Latest Forecast Revenue	Latest Forecast				Q2 Budget				Prior Year 2008/09			
	Orders	Revenue	GM	GM%	Orders	Revenue	GM	GM%	Orders	Revenue	GM	GM%
Irrelevant	84.8	74.1	(8.5)	-11.5%	101.9	65.5	2.6	3.9%	48.5	97.9	5.2	5.3%
	20.5	40.6	4.0	9.8%	20.8	58.7	2.7	4.5%	12.5	40.3	1.3	3.3%
	4.7	22.9	(1.2)	-5.1%	3.3	19.4	(4.7)	-24.2%	(49.1)	17.1	(9.0)	-52.6%
	21.8	31.3	3.7	12.0%	11.5	26.0	4.5	17.1%	41.8	27.0	(4.2)	-15.7%
	28.9	2.4	1.9	77.8%	10.0	2.2	0.4	20.2%	(0.1)	0.3	0.1	51.2%
	0.2	2.0	0.4	19.2%	35.2	3.2	0.8	23.4%	19.3	2.7	0.8	28.6%
	0.1	1.4	0.1	8.9%	0.5	4.6	1.0	21.5%	0.4	2.0	0.0	1.4%
	11.0	4.8	1.4	29.8%	4.8	6.3	1.6	25.0%	1.7	4.0	1.2	29.1%
	105.5	38.0	10.8	28.3%	105.5	38.0	10.8	28.3%	39.4	20.0	3.7	18.6%
	0.7	24.7	2.3	9.2%	0.8	27.2	2.6	9.7%	-	1.1	(0.0)	-2.2%
	55.2	20.0	5.0	25.0%	55.0	20.0	5.0	25.0%	18.1	12.9	5.7	43.7%
	1.5	11.0	2.1	19.1%	1.5	11.0	2.1	19.1%	-	9.6	1.3	13.3%
	6.0	10.7	2.4	22.5%	6.0	10.7	2.4	22.5%	25.2	3.7	0.9	24.9%
	1.1	6.5	1.3	20.0%	1.0	6.5	1.3	20.0%	0.3	5.5	0.9	17.1%
	5.5	7.3	1.5	21.0%	5.4	7.3	1.5	21.0%	-	1.2	(0.4)	-32.1%
	0.2	3.6	1.0	27.4%	0.4	3.5	1.0	28.6%	2.7	7.4	(1.3)	-17.9%
	2.1	9.0	2.0	22.0%	2.0	9.0	2.0	22.0%	2.2	7.5	0.9	12.7%
Royal Mail Group Total (IFRS)	30.0	71.9	(6.3)	-8.8%	2.4	80.9	9.9	12.3%	37.0	93.1	20.5	22.1%
Irrelevant	10.0	27.3	4.6	16.7%	-	31.5	4.7	15.0%	152.3	32.7	4.4	13.6%
	0.5	4.8	0.9	18.0%	-	5.0	1.1	22.0%	(0.5)	5.7	0.9	15.4%
	2.0	8.8	1.5	16.6%	-	9.4	1.8	18.9%	22.0	9.4	1.6	17.2%
	5.6	5.6	2.3	41.4%	4.5	6.9	1.6	23.1%	31.0	5.4	1.1	19.7%
	51.0	12.1	2.3	18.8%	57.1	12.1	2.4	19.6%	51.9	5.1	1.4	27.2%
	118.2	12.0	2.6	22.1%	118.5	13.5	3.3	24.5%	22.4	1.3	0.3	21.5%
	90.0	120.8	15.5	12.8%	37.8	11.3	1.2	10.4%	-	-	-	#DIV/0!
Total Major Accounts	657.2	573.6	53.4	9.3%	585.9	489.6	63.4	13.0%	478.9	412.8	37.3	9.0%
Other	32.9	77.4	26.0	33.5%	104.1	225.3	48.7	21.6%	28.9	113.7	22.0	19.3%
Sub total	690.0	651.0	79.4	12.2%	690.0	714.9	112.1	15.7%	507.8	526.5	59.3	11.3%
Sales Judgement												
Other Business Unit Judgement												
Total												

Irrelevant

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Irrelevant

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Operational Performance – Alert Status

Irrelevant

- **Post Office (HNGX)**
  - End to end programme plan review planned for the 27th May
  - Programme delivery team strengthened with PMO function, Test Manager and end to end programme lead.
  - 12 milestones agreed with customer for May, weekly progress reporting in place, 7 achieved to date one milestone missed

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Irrelevant

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Programme Update

Account	Project Name	Spotlight Project Ref	Project Manager	OVERALL STATUS (this month)	OVERALL STATUS (last month)	Baseline Costs (£k)	Contingency (£k) Original	Contingency (£k) Spent / Released	Actual Cost to Date (£k)	Net Impact on current year P&L (£k)	Previous Forecast Cost at Completion (£k)	Current Forecast Cost at Completion (£k)	Variance (£k) (K-L)	Project Lifetime	Actual Close Date	Project Reviewed By	Elevator Text (HoP Comments)
Irrelevant																	Server Stream making solid progress overall. Final stage of SQL 90% complete, DR failover test being rescheduled due technical issues. Decommissioning of Edinburgh and Wapping complete. CR2 re-org/decom planning in progress. Bank of England approval for
																	Roll out of Service Catalogue during May/June with Active Directory move to Lisbon following during May/June. The TfS (Configuration Mgmt Module) will GO LIVE on 12/6/09. The TfS (Non Standard Change Module) LIVE DATE has been delayed due to a slippage of
																	Central CRA DR test completed successfully.Central Gateway resilience test on track for completion in June.The 29th May implementation of the Static routes re-configuration (which is the fianl stage for servers behind firewalls) was rolled back at client
RMG	**Horizon Next Genx - Infrastrucuture refresh (Test & Development)**	123881 replaced by 123881.36 and 123881.38	Graham Murray			57,202	[illegible]	0	57,635	-8,041	57,202	64,330	-7,128	Sep 06 to Spring 10		David Cooper	Programme is on Amber Alert due to concern over timescales for key deliverabies @ infrastructure and Testing . The team still face several challenges to meet the required end dates, and are focused on achieving this. Project has had a DA Review to ensure
Irrelevant																	Programme portfolio comprises various infrastructure delivery projects. 75% are customer funded on T&M basis. The remainder are internal projects necessitated by contractual Technical Refresh obligations. Overall Amber due to mix of statuses across portfo
																	We are in the process of concluding the transformation programme re-baseline with TRM, intent on deployment completion in 2009, plus Service Alignment activities running into 2010. DCs complete & Release Testing underway.
																	Programme progressing well towards completion of design stages for mandatory projects. Changes to strategic infrastructure still under SW control adding technical complexity to server optimisation. Client refresh pilots starting later this month. Highest
																	Progress is good and whilst there is an overall suspicion that some of the groups will be delayed, the impact on our work is minimal. We expect that there will be further delays announced in the next month, which will be attributable to JLR and Ford envir

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Organisation & People

- Current Issues
  - PSD BU organisation structure
  - PSD costs – people/Core/accommodation inc FTS transferees
  - Revised Phase 3 rationalisation:
    - 3 actioned – Cost £166k
    - 15 planned - £788k Ratex
    - 5 removed from list after review
- Key Resource Requirements
  - Sales Director – PSD
  - Sales Force – higher skilled sales people required
- Talent Management Update – nothing to report
- Succession Planning – see PSD BU org structure above

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Guidelines: exception based reporting eg rationalisation programme, critical resource for big win etc. Provide an update on the status of your Talent Management and succession planning.

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Headcount

Private Sector Division	May Actual		Q1		Q2		Q3		Q4/Full Year		Full Year Information		
	Employees	Total Headcount	Employees	Total Headcount	Employees	Total Headcount	Employees	Total Headcount	Employees	Total Headcount	% of Heads	Opex Costs (£M)	% of Revenue
Direct Heads													
Account Management	35	35	36	36	38	38	39	39	39	39	7%		
Service Management	250	255	257	261	259	260	262	263	252	253	45%		
Project Management	-	2	2	3	1	1	1	1	1	1	0%		
Business Consultants	-	-	-	-	-	-	-	-	-	-	0%		
Solution Architects	16	16	16	16	16	16	16	16	16	16	3%		
-											0%		
Other	23	40	37	37	25	28	10	13	14	17	3%		
Total Direct Heads	**324**	**348**	**348**	**353**	**339**	**343**	**328**	**332**	**322**	**326**	**58%**		
Sales Opex													
Bid Management	26	26	26	26	26	26	26	26	26	26	5%		
Sales - HQ	35	35	37	37	41	41	41	41	41	41	7%		
Sales - TMSU	2	2	2	2	2	2	2	2	2	2			
Sales Support - TMSU	3	3	3	3	3	3	3	3	3	3			
-											0%		
Total Sales Opex Heads	**66**	**66**	**68**	**68**	**72**	**72**	**72**	**72**	**72**	**72**	**13%**		
Full year Bid costs		***0.9***		***2.5***		***1.9***		***0.1***		***0.1***		***8.6***	***1.3%***
Full year Remaining Sales Opex Costs		***0.9***		***3.4***		***3.5***		***2.9***		***3.3***		***13.9***	***2.1%***
Full year Total Sales Opex Costs		***1.8***		***5.9***		***5.4***		***3.0***		***3.4***		***22.5***	***3.5%***
G&A Opex													
General Management	14	14	15	15	14	14	14	14	14	14	3%		
Finance - HQ	39	40	41	41	42	42	43	43	43	43	8%		
HR - HQ	12	12	12	12	12	12	12	12	12	12	2%		
Commercial & Legal - HQ	35	35	37	37	38	38	38	38	38	38	7%		
Operations - HQ	2	2	4	4	4	4	4	4	4	4	1%		
CSA's - HQ	5	5	5	5	5	5	5	5	5	5	1%		
Business Consultants - HQ	32	32	33	33	33	33	33	33	33	33	6%		
RRMT - Business Support/Admin	3	3	3	3	3	3	3	3	3	3	1%		
RRMT - Solution Architects	8	8	8	8	8	8	8	8	8	8	1%		
RRMT - Business Consultants	1	1	1	1	1	1	1	1	1	1	0%		
-											0%		
-											0%		
Total G&A Opex Heads	**151**	**152**	**159**	**159**	**160**	**160**	**161**	**161**	**161**	**161**	**29%**		
Full Year G&A Opex Costs		***4.9***		***3.4***		***3.3***		***5.3***		***6.4***		***13.6***	***2.1%***
Total Opex costs		***6.7***		***9.3***		***8.7***		***8.3***		***9.8***		***36.1***	***5.5%***
Closing headcount	**541**	**566**	**575**	**580**	**571**	**575**	**561**	**565**	**555**	**559**	**100%**		

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Ratex Tracker

Private Sector	Heads Impacted	In Year Cost	Impact Date	Payback Period	Approval Status	Further Info
Programme						N.B. All payback period data is an average of the individual's pay back time for each programme
Irrelevant	5.0	340	19th June	1 year	In progress	
	5.0	280	19th June	1 year	In progress	
	9.0	494	19th June	6months	In progress	
	3.0	132	19th June	5 months	In progress	
	1.0	280	19th June	18mths	In progress	
		40				
	4.0	100	30th September	Contractural - Ratex for Core		Contract Termination
Royal Mail	2.0	200	30th September	Reskilling		
Off shoring incl Royal mail		1483				
To be identified		0				Further review of the consolidated PSD structure
Total	**29.0**	**3349**				
Full Yr Ratex in Latest FC		**£3.3M**				

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Sales KPI's

£m	Account Segmentation											
KPI's and Targets	TR	RMG	Grow	Grow Churn	Deal	Deal Churn	Harvest	Harvest Churn	VME	Total Existing	New	IS	Total Pipeline/TCV
Orders Target	100	38	120	60	89	20	16	27	15	485	130	55	670
Orders YTD (end May)	2.0	2.7	1.8	2.8	2.1	4.0	2.2	1.4	0.4	19.4	0.1	4.5	23.9
Orders To Go	**98**	**35**	**118**	**57**	**87**	**16**	**14**	**26**	**15**	**466**	**130**	**51**	**646**
Prospecting - SS1-2	261	214	473				83			1,656	1,561		3,216
Conversion Rate	75%	50%	50%		68%		33%			50%	33%		
Bidding - SS3+	196	107	236		261		28			828	520		1,348
Assumed Win Rate	50%	33%	50%		33%		50%			43%	25%		36%
Sum of Targets 9/10	80	30	241		207		39		25	622	180	55	857
Actual Pipeline													
Pipeline SS1-2	33	24	118		190		46			411	978		
Pipeline SS3+	32	54	48		143		14			291	277		
Projected SS3+	57	66	107		272		29			497	603		
Projected Cover SS3+	29%	62%	45%		104%		106%			60%	116%		
SS3+ Cover Last Report	54%	73%	51%		100%		87%			56%	133%		

Grow Accounts	Sales Resource	Deal Account	TCV and SS	Sales Resource	Harvest Accounts	Sales Resource	New Deals >£10m	Sales Resource
Irrelevant		**Irrelevant**			**Irrelevant**		**Irrelevant**	
		Total	288.9m					
RMG	Andy Startin							
TR	Dan Grinday (IS)							
Notes:	Churn includes account churn and deals <£1m TCV in existing accounts							
	All FTS Accounts have been excluded from Numbers							
	Where the sales resource is blank it means an AM is covering							

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