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## **Fujitsu Services Customer Satisfaction Interview Programme – 2008**

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**Report of an interview  
conducted independently with:**  
Dave Smith, Head of Change and IS

**Post Office Limited**  
80 Old Street  
London EC1V 9NN

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**Interview Date**  
5<sup>th</sup> November 2008

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**Prepared by:**

Angel Corner House  
**ORC** INTERNATIONAL  
LONDON N1 9AT

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*If you have any questions concerning this report, please do  
not hesitate to contact:*

Bridget Ware – Fujitsu Services

**GRO**

Julia Sollars – ORC International

**GRO**

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## 1. INTRODUCTION

### Research Methodology

The report is based on a face-to-face discussion with Dave Smith conducted on behalf of Fujitsu Services by Doug Komiliades, an Associate Research Consultant retained by ORC International. The interview lasted forty-five minutes and was digitally recorded with the respondent's consent.

Fujitsu Services would like to thank Mr Smith for affording us his time and for the insights he has provided.

### Report Structure

This report provides a detailed summary of key discussion points from the interview incorporating the respondents' evaluation of Fujitsu Services' performance in a number of specific service areas and perceptions of the business relationship as a whole.

The document includes a number of satisfaction ratings for key service attributes and a summary of specific customer requirements, which will form the basis of an action plan to be formulated by the Fujitsu Services' Account Manager and the client in the thirty days that follow the publication of this report.

## 2. MANAGEMENT SUMMARY

### Scores Overview

Overall	Understanding Business Requirements	Service	Project	Relationship	Value	Innovation	Reference	Renew
7	8	9	3	7	8	6	9-10 (Definitely)	Declined Answer
Worse (8.5)	Same	Same	Worse (9)	Worse (9)	n/a	Worse (7)	n/a	n/a

*\*Previous ratings from CSIP conducted in Dec 2006*

- |                                  |                               |
|----------------------------------|-------------------------------|
| 1. <i>Totally Dissatisfied</i>   | 6. <i>Slightly Satisfied</i>  |
| 2. <i>Extremely Dissatisfied</i> | 7. <i>Satisfied</i>           |
| 3. <i>Very Dissatisfied</i>      | 8. <i>Very Satisfied</i>      |
| 4. <i>Dissatisfied</i>           | 9. <i>Extremely Satisfied</i> |
| 5. <i>Slightly Dissatisfied</i>  | 10. <i>Delighted</i>          |

### Executive Summary/Key themes

This CSIP review was highly coloured by the experiences of the respondent in working with Fujitsu Services on a major technical refresh programme, Horizon Online. Contrary to Post Office Limited's (POL) expectations of Fujitsu Services, which was based on its excellent previous track record in project management, this has been a very difficult engagement on both sides and POL's confidence and trust in Fujitsu Services has been knocked quite badly.

Things are being turned round now on this project but trust has yet to be fully re-established to its previous level. Given the opportunity to raise one key issue with the CEO of Fujitsu Services, Mr Smith would request him to cement in place a capability going forward that ensures that POL will enjoy the same level of confidence in Fujitsu Services' project and programme management that it had before Horizon Online.

### Customer Relationship Requirements

Rank	Customer Requirement
1	Re-establish client confidence in project management
2	Continue to work to re-build the trust in the relationship
3	Deliver Horizon Online



### 3. COMPANY BACKGROUND

Post Office Limited (POL) is the retail arm within Royal Mail Group (RMG) and in addition to its long established role in the provision of mailing and government services to the general public and businesses it now offers a full range of financial services as well as third party telephony and broadband through its large retail network of some 14,000 offices.

Fujitsu manages the Horizon System, which is core to the management of POL's retail business. Customers cannot be served in Post Office branches without staff being able to access the Horizon System. It is far from a standard EPOS system in terms of its complexity and the amount of continuous change that it is subject to, according to Mr Smith. Over the years numerous developments have occurred around the base service infrastructure that was originally installed. A technical refresh of the system is now in process, with the original Horizon system being replaced by Horizon Online (also referred to as HNG-X).

***“It’s a major, major activity. It’s absolutely central to our business’ five year plan in terms of bottom-line benefit. It’s the biggest game in town. We have done deals with other parties off the back of the change that this makes to our cost base. It is very significant, strategically, for business.”***

Mr Smith describes himself as being responsible for the introduction of change to and the strategic direction of Post Office Limited's (POL) Horizon counter network.

#### 4. QUESTIONS & SCORES

- **Overall** how satisfied are you with the performance of Fujitsu Services during the past 12 months? *Satisfied (7)*
- How satisfied are you on the extent to which Fujitsu Services **Understands your Business**? *Very Satisfied (8)*
- How satisfied were you with Fujitsu Services' performance in terms of **Project Management**? *Very Dissatisfied (3)*
- How satisfied are you with the overall quality of the day to day **Service** provided by Fujitsu Services? *Extremely Satisfied (9)*
- How satisfied are you with Fujitsu Services in terms of how well they manage their **Relationship** with you? *Satisfied (7)*
- *Value can mean end to end business value, or perceived financial value – we would like you to answer this question however it best applies to your relationship.* Overall, how satisfied are you with the **Value** Fujitsu Services provides to your business? *Very Satisfied (8)*
- **Innovation** is the successful introduction of new ideas. How satisfied are you with the extent to which Fujitsu Services provides innovation that adds value to your business? *Slightly Satisfied (6)*
- The likelihood that you would provide a **Reference** for Fujitsu Services today would be? *Definitely (9-10)*
- The likelihood that you would **Renew** your business with Fujitsu Services is? *Answer Declined<sup>1</sup>*

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<sup>1</sup> Mr Smith said that he could not answer this question because as things stand the renewal of this contract in 2015 would be subject to public procurement rules that would require a competitive tender, and he could not predict the outcome of such a process at this point in time.

## 5. DETAILED SUMMARY

### Progress in the last 12 months

In Mr Smith's last CSIP interview, conducted almost two years ago, he had given an overall satisfaction rating for Fujitsu Services' performance in the previous 12 months of 8.5, indicating that he was somewhere between 'very' and 'extremely' satisfied at that time.

Now, two years later, his overall satisfaction with Fujitsu Services is lower (7) because it is no exaggeration to say that his confidence in its Project Management capability has been severely undermined during this period.

The business justification for the major, mission-critical, Horizon Online technical refresh project had largely been underpinned by his previous excellent experience of Fujitsu in this area and his confidence that it would be able to deliver. However, for reasons that still are not fully apparent to him, Fujitsu Services "lost control" of this project about 12-15 months ago.

Mr Smith wishes to emphasise, however, that these difficulties have been recognised and are being suitably addressed by Fujitsu Services. His ratings are a reflection of the review period throughout, and would be higher in some areas of the project and of the relationship at this point in time than they would have been a year ago. So, in that sense, there has been some significant *recent* progress. He would hope that given a continuation of that trend his ratings will be able to reflect this more fully in his next CSIP review.

### Areas of Excellence or Strengths

In what has been a very challenging period for the relationship, Fujitsu Services has distinguished itself in its response to the problem in terms of its *openness and honesty* when investigating it and in terms of how it has managed the situation *commercially*. It has also continued to deliver an excellent level of *day to day service*.

### Open & Honest Discussion of Issues

*"They've been very open. We've been able to see all the facts as we got into this difficult period. Rather than battening down the hatches, they opened the doors. That's really quite refreshing, in some respects."*

### Commercial Management

*"They absolutely understood our business case. They absolutely aligned themselves with that business case, understanding that our success is their success and they have stepped up to the plate in terms of commercial realities and between us we have reached a position that enables*

*us to sustain the business case. It says an awful lot for the relationship that we've been able to do that."*

As a result, despite the problems with Horizon Online, the business case for it still exists and Mr Smith says that Fujitsu Services deserves credit for dealing with the implications of the situation well.

**Ongoing Managed Service** – Mr Smith describes the existing service as being “remarkably stable”, hence his satisfaction rating for this metric of 9 out of 10. Despite the difficulties experienced on the project side, he says that he has never lost confidence with the quality of people that Fujitsu Services deploys ‘on the ground’.

### **Areas for Improvement or Customer Concern**

The key area in which Mr Smith would like to see his confidence in Fujitsu Services’ capability being re-established is **project management**. He also mentions **innovation** as an area that he would expect stronger performance from an organisation like Fujitsu Services.

**Project Management** – Mr Smith’s rating of 3 out of 10 compares with his previous CSIP score of 9 for project management.

*“Right now, they have a big job to do in terms of rebuilding my confidence in their project and programme management skills.”*

This is, he acknowledges, beginning to turn round but:

*“In terms of confidence, they have taken us to a place where no supplier would want to take its customer.”*

Fujitsu Services was not able to deliver a credible plan for the project, Mr Smith explained, either for the customer or for the people within its own organisation who were charged with delivering the project. A series of project leaders, close to double figures, have been put in place since the outset of the project.

Prior to Horizon Online, POL had enjoyed a period of “great success” on projects with Fujitsu Services giving Mr Smith absolute confidence in its project management capability.

Mr Smith’s loss of confidence during Horizon Online was fuelled by repeated instances of Fujitsu Services seeking to deny that there were problems with the project before such acknowledgement was forthcoming from them.

*“All the facts are saying that this is where the project is and they’ve denied it and they’ve denied it and they’ve denied it. Then, all of a sudden they’ve turned around and said ‘actually, you’re right’.”*



Mr Smith described that in January 2008, he met with Ian Terblanche, then the Account Director, and Mike Stratford, Programme Director. He was concerned that the number of working days allocated to the project at that time (100,000) looked high according to Fujitsu's reporting system but was told "categorically" that the system was showing the wrong number and in reality it was much lower. Several days later he was informed that, actually, this was the correct number.

This was not the only such incident:

*"I could spend a lot of today talking, with different orders of magnitude, about lots of conversations on that basis. Where the facts on the paper said one thing, they were in denial and subsequently came back and said, 'yes you're right'."*

Problems with the project had first started to emerge in the autumn of 2006. Although things have far improved now from where they have been, there has been a great deal of effort expended by Mr Smith and his team in micro-managing Fujitsu Services. He was hoping at that time that a position of trust had been established with Fujitsu in terms of believing what it was claiming about the progress of the project. Instead, POL has had to dig to test the veracity of what is being said and Mr Smith feels that Fujitsu Services has pulled POL in completely the opposite direction as a consequence of this.

Even now, although things are more positive, the vestiges of such behaviour are still apparent to him and the damage caused to trust by this episode will take a long time to fully re-build, he says.

**Innovation** – Mr Smith is now only slightly satisfied (6) with Fujitsu Services in terms of the successful introduction of new ideas, or innovation that it has demonstrated. Mr Smith said that in previous CSIP reviews he had given credit to Fujitsu Services' for 'thinking outside the box' (his last CSIP score for this attribute was 7, for example). However, it is two years since he last commented on this topic and given the amount of investment that Fujitsu Services has put into establishing itself as a global player, he feels that he ought to have been seeing more innovation from his supplier during this period than he has.

### **Disappointments in the last 12 months**

**Slippages and Difficulties around Horizon Online** – Mr Smith suggests that it could be argued that Horizon Online is currently some 18 months behind its original schedule. Although the end date remains September 2009, the original plan allowed for 12 months rollout and 6 months pilot and now only 3 months will be devoted to each. Also, the original plan included a two-part roll-out to include an upgrade to the operating system, which has now been postponed.

As indicated elsewhere in this report, the experiences with Fujitsu Services on the Horizon Online project have caused tension and a loss of trust in the relationship, requiring much expenditure of effort by POL in the governance of the project and in managing Fujitsu Services.

### **Customer Expectations for the next 12 months**

**Key Business Requirements** – Mr Smith feels that he is now seeing what could be the foundations of Fujitsu Services re-building its reputation for project delivery.

Fujitsu Services should ensure that in the movement from the major project phase to a period of more regular change management that the capability it has now established remains intact.

Mr Smith also wants to ensure that the amount of governance that is required to ensure that Fujitsu delivers reduces. This requires a re-building of client confidence in parallel with completion of the Horizon Online project.

*“We need to secure the right capability going forward to restore that confidence. We need to get back working together to rebuild that trust and make sure that we get the balance right between ourselves. And we need to execute now on this project.”*

**Improving Relationship Management** – Mr Smith feels that Fujitsu Services’ Strategic Programme Director, Mike Stratford has now ‘grown into the job’ and that his counterpart on the POL side, Mr Smith’s colleague, Mark Burley, now have a good understanding between them.

There had been a concern that some of the people reporting to Mr Stratford were not sufficiently proactive in proposing solutions to problems as opposed to merely identifying and highlighting them. More recent appointees have a much more proactive approach, he says. However, he still feels that he still has not received a satisfactory explanation of what went wrong from Fujitsu Services on the Horizon Online project and that it would be useful to understand this so that both parties can ensure that the experience is not repeated in the future.

*“When things have gone wrong, having a good solid understanding of why is a pretty good place to start in terms of preventing it happening again.”*

Mr Smith’s key contact throughout most of this period was Ian Terblanche, who was the Fujitsu Services’ Account Director and who has now been superseded by Andy Hall.

He says that Mr Terblanche should be credited for stepping up to the commercial challenges and for the amount of work he put in both with POL and internally, within Fujitsu, to deliver a commercial resolution. There were times, however, under his directorship, when the regularity and quality of contact was not as good as it may have been with meetings often being cancelled. Although Mr Smith could always reach him, the previous Account Director would sometimes not be able to attend a face to face meeting for several weeks. Mr Smith says that he always gave him the benefit of the doubt that this was because he was preoccupied in sorting out

Fujitsu's issues on the Horizon Online project. But, this explains why he cannot give a higher rating than 7 (satisfied) for relationship management.

Although it is early days in the Account Director role for Mr Hall, Mr Smith is confident that he understands the requirement for more regular contact between the key individuals on both sides of the account and that he also has the will to re-build the relationship to the high point it had reached prior to Horizon Online.

### **Customer Perceptions of Fujitsu Services**

**Market Position** – Mr Smith regards Fujitsu Services as being capable of being on 'the top table' in terms of the providers of managed IT services, although in the light of talking to his colleagues and the experiences around Horizon Online, he does not consider that it is quite yet in the top echelon. He has worked with Fujitsu Services for over ten years and he regularly undertakes site visits. The journey that POL and Fujitsu Services have undertaken together over this period tells a very good story, although there have been episodes from time to time when things have gone less well ... when, for example, the two organisations have not seen eye to eye, commercially. However, one of the characteristics of the relationship is that it has always emerged stronger coming out of such challenging events.

***"That's what we've done in the past and that is why the relationship has been so long-standing."***

**Ease of Doing Business** – Mr Smith suggests that both organisations have made life difficult for themselves by the amount of legal encumbrances that they have tended to surround themselves in. Certainly, in the early days of the relationship, there was a constant process of referral to the contract before committing to do anything but that has now softened and things are somewhat easier than they were.

The commercial outcome is usually satisfactory but he sometimes wonders on both sides whether things couldn't be made easier.

**Proactivity** – Fujitsu Services was highly proactive in bringing forward the proposition that became Horizon Online, according to Mr Smith. It has, however, needed prompting in other areas. POL's business is changing rapidly and the relationship with Fujitsu Services is based on the counter solution, whereas the business is becoming increasingly multi-channel. He does not think that Fujitsu Services is as proactive as it might have been in recognising that it will not always be the strongest player for all applications. He would very much like to see Fujitsu recognise that third parties may offer better solutions than its own in some areas.

**Key attributes** – Mr Smith was asked to select attributes that he would most associate with Fujitsu Services. The table below illustrates the attributes he could have chosen and the six he agreed to select and could not narrow down further:

Reliable	X	Easy to do business	
In-Tune		Quality conscious	X
Flexible	X	Innovative	
Straight talking		Conscientious	
Professional	X	Pro active	
Trustworthy	X	Creative	
Tenacious	X		