

**Bid Approval Review**



# **POL** Application, Enrolment & Identity (AEI) UKR&RMG-ITE-40276

**13<sup>th</sup> May 2008**  
**Ian Terblanche**

**Approval of Phase I submission as presented**

# Opportunity Context

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Where POL are

No contact – no client

No c

Volumes, details, speculative – dvla?

Short list – formal detailed comp dialogue

Too early

Details refined Phase II

# Key Sales Issues

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## Significant challenges

- Winning proposition to pass Phase I down select
- Timescale – Aggressive 3 phase process
- POL – 6 months ahead of market – customer contract is only 1 month ahead of engagement
- No substantial traction on ID in UK, reasonable new ground breaking

# Customer - Background

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**Post Office Ltd**, a wholly owned subsidiary of Royal Mail Group plc, the largest post office network in Europe with 14,300 branches. It provides postal services, financial & banking services, travel services, home phone and telephony services and leisure services such as gift vouchers and cards, lottery products and licence applications.





# Customer – RMG Financial Summary

<b>Summary of results</b> £m unless stated otherwise	<b>2006</b>	<b>2005</b>
<b>External turnover</b>	<b>4,439</b>	4,378
<b>Operating profit*</b>	<b>22</b>	159
<i>Return on sales* (%)</i>	<b>0.5%</b>	3.6%
Exceptional items:	<b>(93)</b>	(72)
Share in Success costs	-	(38)
Other	<b>(93)</b>	(34)
<b>(Loss)/profit before interest and taxation</b>	<b>(71)</b>	87
Net finance income	<b>97</b>	49
<b>Profit before taxation</b>	<b>26</b>	136
Taxation charge	<b>(13)</b>	(45)
<b>Profit after taxation</b>	<b>13</b>	91

\* Before exceptional items

- Revenue of £4,439m - up 1.4% - driven by Royal Mail and GLS;
- Operating Profits before Exceptionals of £22m;
- Expenditure increases of £198m due to higher pension costs, implementation of strategic initiatives and higher Post Office Limited costs; and
- Service to our customers continues to improve with 94.4% of Retail First Class mail being delivered on time. Royal Mail has met or exceeded 11 out of 12 regulatory targets.

# RMG – financial breakdown

Unit and % of Group external revenue	No. of employees	Region	Revenue (£m) Profit (£m)* Margin (%)	Facts and Figures	Vision
  75.8% of Group external revenue	170,097	UK	<b>Revenue</b> £3.347m  <b>Profit</b> £68m  <b>Margin</b> 2.0%	<ul style="list-style-type: none"> <li>113,000 pillar boxes</li> <li>70 Mail Centres</li> <li>1,400 delivery offices</li> <li>30,000 vehicles</li> <li>33,000 bicycles</li> <li>Almost 83 million items handled every working day</li> <li>Deliver to 27 million addresses a day</li> <li>1st Class Quality of Service – 94.4%</li> <li>2nd Class Quality of Service – 99.1%</li> </ul>	...to be 'demonstrably the best and most trusted postal services company in the world'
  11.4% of Group external revenue	10,805	Europe	<b>Revenue</b> £506m  <b>Profit</b> £52m  <b>Margin</b> 10.3%	<ul style="list-style-type: none"> <li>31 hubs</li> <li>645 depots</li> <li>17,800 vehicles</li> <li>Over 1 million parcels handled every working day</li> </ul>	...to provide 'service, quality and reliability', with local expertise and knowledge of different cultures being integral to the end-to-end service
  9.3% of Group external revenue	10,760	UK	<b>Revenue</b> £411m  <b>Loss</b> (£102m)  <b>Margin</b> (24.8%)	<ul style="list-style-type: none"> <li>14,299 branches, of which 6,506 urban branches (including 458 directly managed) and 7,793 rural branches</li> <li>Nearly 25 million customers a week, making over 36 million visits a week</li> <li>UK's leading supplier of foreign currency</li> <li>95% of customers satisfied with their branch</li> </ul>	...to 'sell products and services that are important to our customers simply and at a profit' backed up by a business approach of being 'community minded and profit driven, and putting customers at the heart of the business'
  3.5% of Group external revenue	4,103	UK	<b>Revenue</b> £155m  <b>Profit</b> £2m  <b>Margin</b> 1.3%	<ul style="list-style-type: none"> <li>2 national hubs</li> <li>48 depots</li> <li>1,700 vehicles</li> <li>170,000 parcels delivered every day.</li> <li>Parcelforce 24 Quality of Service – 96.7%, delivered on time and with electronic proof of delivery</li> </ul>	To be the UK's most trusted worldwide carrier
Other	3,330 Wholly owned  4,800 Part owned	UK	<b>Revenue*</b> £20m  <b>Profit</b> £2m  # For subsidiaries only	<b>PostCap Guernsey</b> – captive insurers (100% owned) <b>Royal Mail Pensions Trustees</b> – pension administrators (100% owned) <b>Romec and Romec Services</b> – facilities management operation (51% subsidiary) <b>NDC</b> – building engineering services operation (51% subsidiary) <b>Quadrant</b> – catering services (51% associate) <b>Camelot</b> , UK national lottery operator (20% associate)	

\* before exceptional items

# Customer - Business Requirements (1)

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- Business requirements
  - Post Office see an opportunity to move into a new market and generate new revenues
  - This market is the Application Enroller of choice for local and central government agencies such as DVLA, NIS Passport
  - Post Office will make a significant play to these agencies to be the high street presence of their service. The assisted process is also one their key themes within this area.
- Service requirements
  - Post office are looking for a fully managed end to end service
- Post Office Ltd envisages that up to 1000 Post Office branches will have the capability to offer a portfolio of services as described by May 2009, which may be added to and enhanced over time. A further 3000 branches are expected to be delivering these services over a timeframe yet to be defined.

## Customer - Business Requirements (2)

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- Technical elements:
  - Photo and signature capture
  - Document checking and authentication
  - Address and Bank Account matching/validation
  - Biometric data capture
    - Fingerprint
    - Iris/Retina
    - Voice
  - Data packaging and transfer (drive out paper)
  - Automated form filling
  - Card production and fulfilment
  - Mobile ability where required.

## Customer - Business Requirements (3)

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Duration of contract: 3 years

Estimated Value of Contract: £8m to £12m TCV

RMG Account Team have established working relationships with Speed Identity, Daon and Experian.

# Procurement Process and Timetable

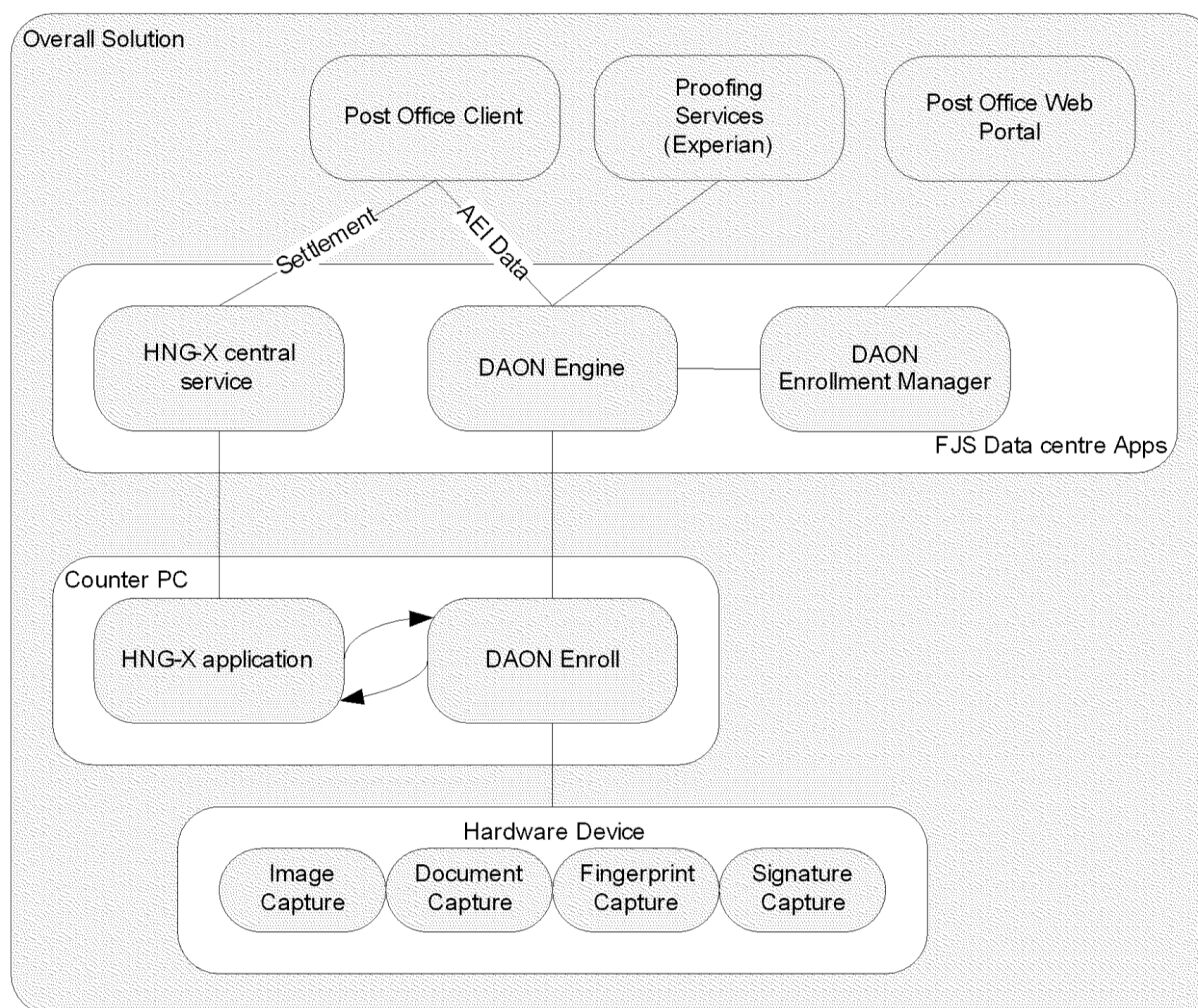
<b>Milestone</b>	<b>Date</b>	<b>Owner</b>
<b>Phase I issue</b>	7 <sup>th</sup> May	POL
<b>Phase I submission</b>	22 <sup>nd</sup> May	AS/MA/DL
<b>Phase II issue</b>	5 <sup>th</sup> June	POL
<b>Phase II submission</b>	19 <sup>th</sup> June	AS/MA/DL
<b>Phase III issue</b>	3 <sup>rd</sup> July	POL
<b>Phase III submission</b>	10 <sup>th</sup> July	AS/MA/DL
<b>Preferred supplier</b>	September	POL
<b>Service start (1000 branches)</b>	May 2009	FJS & POL

# Proposition Strategy

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- Due to Fujitsu's strong position in relation to the branch estate, POL have had to dictate that proposals are to be for a stand alone solution – with no integration or dependency on the existing infrastructure – this requirement provides a level playing field for all bidders.

# Solution Design - Conceptual



# Solution Design cont...

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- Technical architecture
  - Overview
    - The solution to the requirements is to use, 'off the shelf products' which will be integrated into the HNG-X systems management environment. Counter, Estate management etc
    - This will reduce our risk against HNG-X and programme slippage
    - Increase our effectiveness in time to market
    - Allow FJS to continue as prime integrator on the PO account.
  - Photo-me
    - Industry standard biometric devices encapsulated in a public proof chassis
    - Modular in design to meet imminent and future biometric needs.
  - DAON features
    - Proofing / Skinning / user authentication / pre enrolment data / windows device compliant / workflow / mixed application workflow / local encryption / unreliable network capability / flexibility / fulfilment
    - Proven record in secure handling of sensitive personal data (encryption in storage and transmission).
  - Experian
    - Industry leader in identity proofing. Online services provide real time identity validation.
  - ROMECE
    - Have existing insight into the power and data requirements within branch.

# Solution Design cont...

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- Service architecture
  - Booth and devices managed via photo-me engineer or FJS
  - Remote systems management for booth, HNG-X and Daon S/W
  - Integrated with SNMP alerting and helpdesk for single access.
- Justification
  - Covers the major application enrolment processes.
  - Integrates with major biometric devices
  - Also supporting the IPS bid strategy.
- Gap Analysis
  - None known between the COTS packages, identity checking service, HNG-X, physical hardware in relation to the current Phase 1 requirements

# Solution Implementation

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- Implementation strategy
  - Third Party Management
- Support strategy
  - Tier 1: Existing PO HSD desk
  - Tier 2: Existing SMC desk
  - Tier 3: Either FJS team or 3<sup>rd</sup> party desk
  - Tier 4: Either FJS HNG-X dev team or 3<sup>rd</sup> party dev team.
- Due diligence and discovery
  - Part of the competitive dialogue phasing. Refinements of questions and processes.

# Extent of Re-Use

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- HNG – X reuse
  - Support structure (Tier 1 / 2 / 3 / 4)
  - Planned deployment
  - Field Engineers
  - Application / comms / data centre
- Industry standard COTS products
  - Daon (Existing relationship - DVLA FJS IPS)
  - Experian (Existing relationship – DVLA and Post Office)
  - Photo Me (No known FJS relationships / PO has rel.)

# Solution Benefits

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- **Leverage of existing investment in branch infrastructure**
  - Reduces cost and increases speed of delivery
  - Increases POL's agility to generate new revenue streams
- **Utilisation of existing field services**
  - Lower cost of take on, easier service start
- **Integration earlier than POL business case**
  - Allows POL to offer quicker roll-out to estate
  - Cheaper training costs, reduced support calls for handover
- **Unique knowledge of HNG-x**
  - Provide integrated solution day 1
- **Strong relationships with best of breed specialist providers**
  - Focus on SOA, right provider, right price & compliments IPS
- **Advantageous understanding of IPS strategy**
  - Will assist POL in future sales and initiatives

# Persuasive Case Analysis

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- Please complete the attached Persuasive Case Analysis



Microsoft Word  
Document

- Once completed please cut the analysis from the word document and paste into this slide

# Account Navigation

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**Chief Executive**  
Alan Cook **P**

**Dave Smith**  
Operations Director &  
IS and change **P**

**Director of Finance**  
Peter Corbett **R**

**Head of Network**  
Paula Vennells **R**

**Sales Director**  
Dave Glynn **R**

**Marketing Director**  
Gary Hockey-Morley **R**

**Head of IT  
procurement**  
Tam Curren **P**

**Bob Booth** **R**  
Technical Architect

**Kevin Sellers** **R**  
Gov Sales Manager

**Mark Davies** **R**  
**Business engagement**  
**AEI**

**Mike Hannon** **R**  
AEI procurement

**Key:**

**FOCI:**

**P** Power

**R** Receptivity

**D** Dissatisfaction

Coloured Boxes are Key Players

# Power and Alignment Map

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- It is too early at this stage to define the alignment

# Overview of Relationship Plan

<b>Name / title / role / Buying Cycle Position</b>	<b>Fujitsu Services Key Contact</b>	<b>Relationship and planned activities</b>	<b>Key Need/Payoff Key Concern/Risk</b>
Tam Curren – Head of IT Procurement	Ian Terblanche	Regular meeting & lunches	Demonstrate real value & flexibility.
Paula Vennells – Head of network	Ian Terblanche	Upcoming branch roadmap presentation.	Shown POL are investing in branch.
Gary Hockey-Morley – Marketing Director	Ian Terblanche	Regular meetings and	Flexible architecture speed of take of new clients.
Bob Both – Technical Architect	Matt Abdy	Regular contact – meeting & call	Open & flexible architecture
Dave Smith – Op Director & IS/Change	Ian Terblanche	Weekly meetings daily calls	No cock-ups before he resigns
Mike Hannon – AEI procurement	Ian Terblanche	Daily calls/ regular meetings	Best value/flexibility.

# Competitive Analysis

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## A select few SI's

- FJS
- CSC – Qualified Out
- EDS – Qualified Out

## A select number of 'specialist' providers

- Experian
- Speed Identity
- 3M
- Photo Me
- Lockheed Martin – Going it alone or qualified out
- Steria – Qualified Out
- Digimarc
- Sagem
- Cogent
- Chubb

# Competitive Analysis

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- The competitive landscape is moving rapidly:
  - CSC – pulled out (\*)
  - EDS – pulled out
  - Steria – pulled out
- Our SWOT showed CSC as our major competitor
  - Telecom's into branch
  - Connection from branch to Data-centre

\* Not yet informed POL

# Win Strategy

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- Key aspects of the win strategy
  - FJ can help manage and grow additional clients and revenue entering this space....
  - Add value to POL's overall proposition by ensuring that our proposition is joined up with the National Identity Strategy
  - Leverage existing infrastructure – both branch and back end and additionally our DVLA relationship
  - Modular approach – app and hw and process...Provide the flexibility of change as the market demands to enable POL to be the High Street provider of choice for Identity Services
  - Compliment the wider UK Identity strategy, process, partners and compliance.

# Financial Proposal

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- Provide headline summary detail to support Financial Exec Summary
- Total Contract Value and Term of contract
- Total Cost of Sale
  - Services
  - Software
  - Hardware
  - Contingency value
- Total Gross Margin (absolute value and percentage)
  - Services
  - Software
  - Hardware
- Bid costs - £20k to completion of Phase I
- Highlight any cash flow issues
- Is there a funding requirement (discuss with Treasury)

# Project Data

(Please find below completed example for guidance) – PLEASE DELETE

Who is the Programme/Project lead?	Mike Stratford
Who is the independent reviewer?	Wendy Warham
What is your budget & level of confidence in this number?	£11.20m
Who put the numbers together? Have you benchmarked it against something similar we gave before?	Matt Abdy (CTO), Dr Alex Bazin (ID guru)
What have you spent to date?	£0.2m
How much spend to go?	£11.0m
What's your total contingency in £ and %terms?	£500k    4.5% of Project Budget
When does the project start and end?	Start date: 15/09/07                      End Date:31/08/10
What is the size of the entire team? Where will they be located? How will you communicate with them?	Head count for P&PM and all other members of the project delivery team.
Have you delivered a project of this size/type before? Where/when/who was the customer?	Yes, size, type, etc.
What project tools and methodology are you using?	Manage Project, PRINCE2, MSP, ADBM, IDBM, Triole for Service
What does the project governance look like?	Project Exec (name), Senior Supplier (name), Senior User (Name) - (ref to full doc)

If you have any questions on completing this slide please contact Colin Gilbey

# Impact of late delivery of the Project on the Business

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- Total Impact of delay on the Account's P&L

	Week	Month	Qtr
Cost	£	£	£
Revenue	£	£	£
Margin	£	£	£

- If the project is delayed what impact will this have on:

Note: This should take account of such things as major milestones in the contract, any critical events that will have a major financial impact on any party if the event(s) are delayed - for example: many result in major client dissatisfaction or potentially liquidated damages

- Project
- Customer
- 3<sup>rd</sup> Party

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# Delivery Resource Requirements

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- Provide the details of the approved resource plan
- Provide proposed organisation chart to deliver this contract
- Confirm fulfilment of demand forecast

# Delivery Timetable

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- Provide an overview of the approved project plan/timetable
- Confirm the named delivery manager has signed off the plan

# People Issues – is TUPE involved?

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TUPE Apply? (Y/N)	No If yes please supply following detail
Numbers involved	
Potential Reductions/Recruitment	
Pensions	
Other Benefits	
Name of HR Advisor	

## Legal / Commercial

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- The procurement process is being run separately from the existing contract in order to preserve comparability between the bidders
- Terms and Conditions are broadly in line with our existing contract but are currently expressed at reasonably high level. We expect that in practice, should we win, POL will actually contract against the existing contract to take advantage of closer integration with HNG-X.

# Legal / Commercial – Competitiveness Perspective

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- Legal and Commercial terms to be negotiated from Phase II onwards

# Risk Plan

If the 'new' risk plan / risk basics tools has been used cut and paste the table here instead of this table – PLEASE DELETE

Risk No.	Risk Description	Owner	Factored exposure
	<b>Total Factored Exposure</b>		
	<b>Proposed Contingency</b>		

# Update on Bid Plan/Budget

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- Original budget approved @ £20k
- Costs to date - £99999999
- Costs to close - £999999999
- Red Team will be with the key Account members and with input from the GBU Identity Team.

# Assessment across common win themes

Win Themes	Evidence (please evidence how these insights have been addressed in the campaign)
<b><u>Relationships:</u></b> <ul style="list-style-type: none"> <li>• Customer Knowledge</li> <li>• Cultural Fit</li> <li>• Explicit Sponsorship</li> <li>• Influence deal shape</li> </ul>	<ul style="list-style-type: none"> <li>•Excellent relationship RMG/POL account</li> <li>•Cultural fit demonstrated by current contract and relationships</li> <li>•Executive Approval gained – Business case approved</li> <li>•Must further influence deal shape and solution through our submission</li> </ul>
<b><u>Pricing:</u></b> <ul style="list-style-type: none"> <li>• Knowledge of customer business case</li> <li>• Understanding of competitive win price</li> <li>•Provide options for varying installations</li> <li>•Optimum presentation of pricing</li> </ul>	<ul style="list-style-type: none"> <li>•Some knowledge of business case and potential DVLA client</li> <li>•POL have expectation of £25m to £40m</li> <li>•Must provide options for mobile solutions and large branches</li> <li>•Optimum pricing is paramount to us advancing through each stage</li> </ul>
<b><u>Track Record:</u></b> <ul style="list-style-type: none"> <li>• Relevant references(sector/scope/offering)</li> <li>• Relevant experience of solution offered</li> </ul>	<ul style="list-style-type: none"> <li>•References for retail branch services and IPS knowledge are available</li> <li>•Use relationship with Spencer Chapman (ex PA &amp; Accenture, now POL ID contracting advisor)</li> <li>•Branch services and retailing experience plentiful, also draw on IPS knowledge</li> </ul>
<b><u>Partners/Sub-contractors:</u></b> <ul style="list-style-type: none"> <li>• Proven track record</li> <li>• Commercial</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>•Best of breed partners already identified and agreements to work together have been reached (Experian, PMI, Daon, ROMECE)</li> </ul>
<b><u>Submission:</u></b> <ul style="list-style-type: none"> <li>• Evaluation criteria clearly understood</li> <li>• Benefits defined</li> <li>• Clear articulation against evaluation criteria</li> </ul>	<ul style="list-style-type: none"> <li>•Must articulate our differentiators and flexibility of options through proposal</li> <li>•Proposition, solution and benefits can be clearly articulated</li> <li>•Evaluation criteria emerging, will ensure we address and reference each one</li> </ul>

# Bid Team

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Role	Name
Business Owner	Dave Baldwin
Account Director	Ian Terblanche
Opportunity Owner	Andy Startin
Bid Manager	Damian Leach
Solution Owner	Matt Abdy
Proposition Owner	Ian Terblanche/Andy Startin
Finance	Henry Chung
Commercial	Guy Wilkerson
Delivery Manager	Mike Stratford
Sourcing	
P&PM Lead	Mike Stratford

# Issues and update on actions from previous reviews

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- No outstanding actions from previous reviews

