



Fujitsu Services Customer Satisfaction Interview Programme - 2007

Report of an interview
conducted independently with:
Mr Andy McLean
General Manager - Operations



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Customer Satisfaction Interview Programme

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Introduction

Research Methodology

The report is based on a face-to-face discussion with Mr Andy McLean conducted on behalf of Fujitsu Services by Doug Komiliades, a Consultant retained by ORC International. The interview lasted forty-five minutes and was audio-recorded with Mr McLean's consent.

Fujitsu Services would like to thank Mr McLean 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 respondent's evaluation of Fujitsu Services' performance in a number of specific service areas and perceptions of the business relationship as a whole.

Management Summary

Key Points and Recommendations

Mr McLean retains a high level of satisfaction with the overall performance of Fujitsu Services in its operation of the Post Office Horizon retail network and other associated activities. On-going managed services perform to consistently high standards although the one major project delivered during the review period was problematic and so ratings here are down compared with the last review period. Fujitsu is also rated highly for its understanding of POL's business and for its innovation and proactivity. The standard of Account Management remains extremely satisfactory despite some changes in personnel.

Although not responsible for development work being undertaken with Fujitsu Services for the system due to replace Horizon, Mr McLean is a key stakeholder in its implementation and has been taking an interest in how Fujitsu Services has performed there. He is less satisfied than he is with Fujitsu's every day operations because there have been times when timescales and additional cost factors have caused discomfort.

Going forward, Fujitsu Services must meet the key business requirement of sustaining high levels of network availability during the transition to the new system.

Strong performance on its development work is also required by Fujitsu Services if the relationship is to continue to prosper in the future. At present, it seems that greater confidence needs to be instilled concerning Fujitsu Services' ability to provide alternative methods or approaches to the complex commercial issues around this important contract and to deliver within the required timescales.

Summary of Account Status

Fujitsu Services currently manages the entire Post Office retail branch IT network (Horizon), which is due for replacement over 2008 and 2009 with a new system currently under development. Currently, the business is worth in the region of £100 million per annum.

Analysis of Key Performance Indicators

Overall Satisfaction

Mr McLean was between “very” and “extremely” satisfied with Fujitsu Services’ overall performance in the past twelve months and provided a rating score of 8.5 out of 10.

There is a slight decline in the overall position since he was last interviewed mainly because Fujitsu Services’ engineering was not quite at the high standard maintained in the previous evaluation period.

Mr McLean also noted that he has become more interested in Fujitsu Services’ role in development work for POL, although he has no formal responsibility for it he is nonetheless the key stake holder in the implementation of Horizon’s replacement. The above rating excludes his opinions on Fujitsu’s performance on development, which if rated separately would be given a score of 7 out of 10 due to his ‘meandering’ comfort levels with timescales and costs during the process.

Analysis of Satisfaction Scores

Mr McLean’s satisfaction remain generally high across the performance indicators although two are rated lower and one higher than in his previous interview.

There has been an improvement in Fujitsu’s *understanding of business requirements*, with which Mr McLean is now “extremely satisfied” (9). Having less involvement with Fujitsu Services than previously on a day to day basis is an indication to him that Fujitsu Services is increasingly setting the agenda with high availability levels on the network having previously been set and now being sustained through time.

Mr McLean is now between “satisfied” and “very satisfied” with Fujitsu Services in relation to *project delivery* (his rating score falling from 9 to 7.5). Whereas his previous review had covered several projects in which Fujitsu Services had excelled the only project of note in the current review period was for the replacement of counter printers.

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In this case, although deployment was to time there were some unexpected cost issues involving Fujitsu's supply partner, Epson.

There was also a slight fall in Mr McLean's satisfaction with the *manner in which the account is managed* although he remains "extremely satisfied" (9 from 9.5). The slight numeric reduction in his rating merely reflects that there have been some changes in personnel on the account. He is entirely comfortable with the changes and would not hesitate to call any of the individuals involved but feels that inevitably it will take a little more time for trust to develop to the same level as he enjoyed with those who have left the account.

There has been no change in Mr McLean's ratings for Fujitsu Services' performance in terms of *proactivity and innovation* (8) and for the quality of its *on-going managed services* (9). There is some scope for improvement in the first of these but this would require Fujitsu to be more forthcoming with ideas about alternative ways of working (perhaps involving learning from other Fujitsu clients) that could benefit POL in the future.

Individual Satisfaction Ratings

| | Satisfaction Rating | Performance Improvement Better/Same/Worse |
|---|---------------------|--|
| Understanding business requirements | 9 | Better (was 8) |
| Proactivity & innovation in providing solutions | 8 | Same |
| Project delivery | 7.5 | Worse (was 9) |
| On-going managed services | 9 | Same |
| Manner in which account managed | 9 | Worse (was 9.5) |
| Overall satisfaction with Fujitsu Services | 8.5 | Worse (was 9) |

Satisfaction Scoring Scale

| | |
|-------------|--------------------------|
| Loyal | 10 Delighted |
| | 9 Extremely satisfied |
| | 8 Very satisfied |
| Indifferent | 7 Satisfied |
| Vulnerable | 6 Slightly satisfied |
| High Risk | 5 Slightly dissatisfied |
| | 4 Dissatisfied |
| | 3 Very dissatisfied |
| | 2 Extremely dissatisfied |
| | 1 Totally dissatisfied |

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Summary of Customer Relationship Requirements (CRs)

Overview of Customer Relationship Requirements

No Customer requirements were specified by this respondent.

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.

Role of the Respondent

Mr McLean is operationally responsible for the live IT environment (including operational call centres and supply chain), having worked in this capacity within the Operations Division of POL since September 2005. During 2006 he took additional responsibility for equipment on the network and also for the commercial relationship with Fujitsu Services.

Services Currently Received

Fujitsu Services' main contract with POL is for management of the Horizon Counter System, for which Mr McLean is responsible, and Fujitsu Services also has some work covering back office systems and with Royal Mail Group, outside of Mr McLean's remit.

Horizon extends over some 14,000 sites and approximately 38,000 counter positions. Mr McLean referred to it as the largest network in Europe. Fujitsu manages the entire service, including the data centres, network communications, front end hardware, applications, and engineering and software support.

Horizon is due for replacement during 2008/9 and Fujitsu is doing development work for the new system. Mr McLean does not manage that work but is obviously taking an increasing interest in it as the system will become his responsibility on implementation.

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Developments Since Last CSIP Review

There has been a substantial hardware rollout with almost all of POL's counter printers having been replaced by Fujitsu. Mr McLean also referred to Fujitsu having deployed resources for him in "unusual circumstances", citing the personnel being brought in to manage POL's relationship with BT having reporting lines within POL rather than Fujitsu.

There was no CSIP-specific action plan arising from Mr McLean's last CSIP review in September 2006.

Overall Satisfaction

In a like-for-like comparison with Fujitsu Services' overall performance in the last 12 months, relating purely to the services provided around Horizon, Mr McLean said that he was between "very" and "extremely" satisfied and recorded a rating score of 8.5, slightly lower than the 9 given in his previous review.

"Most of the time its extreme (satisfaction) but there's been the odd thing, engineering is one that is not quite up to their usual standard. I understand why and I understand the plan they have to get to the right place, so it's not a complaint."

Mr McLean explained that his generally high level of satisfaction can be attributed to the fact that Fujitsu Services understands what POL is trying to achieve and is fully supportive, often taking the initiative to drive things forward.

He wished to provide a separate overall satisfaction rating for Fujitsu Services performance regarding development. He confesses that Mr David Smith, Head of Change & IS, would be the main POL stakeholder here (who is separately interviewed for the CSIP), and Mr McLean watches Fujitsu's work here 'from the sidelines'. Mr McLean is less satisfied here and volunteered a rating score of seven out of ten.

"We have an enormous project to deliver here in the Horizon replacement, and it has meandered so that we have felt comfortable and uncomfortable through that whereas within the service arena, I've always felt very comfortable but within development I've not ... it's not my primary responsibility but I clearly have a very large interest in the outcome."

In detail, Mr McLean's discomfort on the Horizon replacement work has sometimes arisen around timescales and cost issues.

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Generally, returning to the services side of things, he considers that Fujitsu Services delivers value for money and he has no issues at all here, referring to the amount of effort and innovation contributed in relation to the cost.

“The bottom line in this space is all about availability. It remains high and they take action to keep it high, which can be innovative. I know that for the size of the network that we deploy I am more than comfortable with the cost.”

Mr McLean finds Fujitsu Services extremely easy to do business with in an operational sense: *“We speak the same language.”*

Commercially, however, he finds things somewhat harder because of a tendency to overcomplicate:

“They tend to overcomplicate or over engineer their solutions. However I have to put hands up and say that is as much the Post Office’s fault as Fujitsu’s. But it does feel slightly ‘clunky’.”

Mr McLean said that he would “definitely recommend” Fujitsu Services to an organisation interested in conducting similar work:

“In the number of service providers I’ve worked with, certainly in the service space, they’ve been head and shoulders above the rest ... it’s the ability to understand what we need, what’s important to us and then their willingness to get on board and drive towards that and not necessarily at a cost.”

He explained also, that this relates to Fujitsu’s innovation and lateral thinking in finding ways of doing things better and more cheaply. The relationship is much more of a partnership in that respect.

Understanding Current and Future Business Requirements

Mr McLean confirmed his belief that Fujitsu Services treats POL as a valued client.

He is “extremely satisfied” with the extent to which Fujitsu Services’ people understand POL’s business, rating it with a mark of 9 out of 10, one point higher than in the last CSIP review.

“Ironically, I have to have less personal engagement with them because over the past 12 months they have come to understand what we need, therefore they are driving the agenda ... but in the direction that I want. That’s the best outcome although, ironically, I don’t have to talk to them that much. But that’s fine. I think we’re all comfortable with it.”

The further improvement in an already high rating on this attribute was explained by Mr McLean as being due to the fact that by September 2006 Fujitsu Services had driven availability to a very high level. There has been sustainability of those high levels since then and also a high degree of openness and honesty demonstrated by Fujitsu Services when things aren’t working as well as they should. He described particular innovation here concerning the targeting of service and response levels according to different tiers of Post Office branch, which again Fujitsu Services is setting the agenda for.

The key business requirement for Mr McLean over the next 12 months will be to maintain existing service levels and to ensure that they are maintained during the major upgrade of technology and applications, which he refers to as being *“no mean challenge”*.

Mr McLean is “very satisfied” with the degree of proactivity and innovation demonstrated by Fujitsu Services in terms of providing solutions to increase business effectiveness (scoring 8 out of 10, the same as previously).

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His earlier remarks are largely supportive of this rating but he also added that to drive this rating higher would require Fujitsu Services to provide further suggestions about alternatives that could be brought to bear from its work with other clients.

“They are prepared to push to the boundaries of the box they operate in but are not willing to break out of the box.”

If Mr McLean were to rate Fujitsu Services separately on technology innovation and proactivity, he would provide the same marks but would give a slightly higher rating for operational and commercial innovation.

Although his rating score for proactivity and innovation is unchanged since the last service review, Mr McLean says that he nevertheless detects a willingness on behalf of Fujitsu to be innovative in its thinking about the deployment of hardware technology for the counter positions and the commercial considerations following on from it.

“They are trying to think about things in a completely different way. It will be interesting to see the results of that.”

Communications

Mr McLean described the standard of communications received from Fujitsu Services at all levels as “*absolutely fine*”.

“As a rounded view about everything, we engage with them in an operational sense, which can be fairly formal channels of communication, to fairly informal. We get invitations to set piece events. At every level you care to pick the channel is open.”

Asked about what he would like to see more of from Fujitsu Services, Mr McLean said that he is interested in anything that could be relevant to POL about Fujitsu’s work for other organisations in other parts of the world that he is not already aware of.

Service Standards/Operational Performance

Mr McLean considers that Fujitsu has two key areas of strength in terms of service standards and operational performance:

- An understanding of POL's key drivers
- Depth of strength within its organisation to provide whatever POL requires in meeting its needs.

The weakness, perceived rather than actual according to Mr McLean, is that Fujitsu's performance is rather dependent on the quality and efforts of a few key individuals.

“The leadership that is presented to the Post Office is particularly strong but there's a perceived weakness that when they move on, as everybody does, we might be in a completely different situation.”

A case in point here concerns the changing role of Mr Dave Baldwin over the past 12 months who, according to Mr McLean, has moved from being Service Director to Account Director and now has responsibility for the whole of Fujitsu's retail business.

“Is he disappearing over the hill, are we going to see less of that (his contribution)? We don't know.”

Mr McLean has no issues at all with the content, presentation and timeliness of Fujitsu Services' proposals. He is looking for more lateral thinking, however, in terms of meeting POL's requirements, particularly in commercial terms.

“Within the commercial space we seem to be more constrained ... (in the sense of) ‘we will continue to deal with them in the same way’, which is not necessarily the case.”

Project Delivery

The major project in the last 12 months has concerned the counter printer rollout.

Mr McLean is between “satisfied” and “very satisfied” with Fujitsu Services’ performance on project delivery (7.5 out of 10, down from a score of 9 in his last interview).

“Deployment (of the printers) has been to time but there was an issue with something within the ink. I’m aware it’s not primarily their responsibility, it is Epson’s product. However, I’m dealing with Epson because they’re Fujitsu’s partner”.

The issue entailed unexpected costs, which Fujitsu Services had taken steps to recover, but: *“We got to the situation where we weren’t quite in the right place.”*

Mr McLean explained that there has generally been less project work in the past 12 months than previously because of the efforts being put into the replacement of Horizon. He feels that had it been a normal year with everything else going well, it would have been possible to provide a higher rating for project delivery as he had done in the last interview.

Managed Services

Mr McLean continues to be “extremely satisfied” with the overall quality of the ongoing managed services provided by Fujitsu Services (again awarding this aspect with a rating score of 9 out of 10). Fujitsu Services now achieves high and consistent levels of performance with its managed service for POL. Not only is there sustained availability on the network but Fujitsu is starting to introduce thinking that would not have occurred previously.

“A year ago we would have been talking about the number of sites lost at any given time. Now we actually talk about the number of sites we lose intermittently ... from time to time. So, it’s gone to a different level. It’s not just ‘is it broken?’, now it’s ‘there seems to be something wrong with it’.”

Account Management

Mr McLean referred to Naomi Elliot, Service Director, as his primary contact now within Fujitsu Services. He also has dealings with Ian Terblanche, Royal Mail Group Account Director, and with Dave Baldwin. Mr Baldwin, formerly the POL Service Director, used to have very frequent contact with Mr McLean but communication occurs with him much less often now due to his changes of role within Fujitsu.

Overall, Mr McLean is “extremely satisfied” with the manner in which the POL account is managed by Fujitsu Services. His rating score of 9 out of 10 given in this review is slightly lower (it was 9.5) purely because of the changes in personnel. Both Ms Elliot and Mr Terblanche are relatively new to the account, according to Mr McLean, and Mr Baldwin is becoming less visible to him. He re-iterated that he is very comfortable with this team:

“I wouldn’t think twice about phoning them about anything in the world. But, the time and trust function obviously has to embed a little bit.”

Mr McLean confirmed his belief that his key contacts at Fujitsu Services take a sufficiently long term view of POL’s business and also that they are mostly responsive in ensuring that his requirements are met. He added, however, that although Fujitsu Services has gone well beyond the call of duty with the current contracts he would like to see more responsiveness commercially from Fujitsu, in terms of breaking new ground going forward.

Mr McLean is also satisfied that he has access to a good breadth of contacts at Fujitsu Services.

Perceptions of Fujitsu Services

Asked about the position he believes that Fujitsu Services holds in the IT services marketplace, Mr McLean said that he would not describe the company as the market leader but it is near to the front. He adds though that POL is rather a conservative organisation by nature and is looking for solid performance from its IT services providers rather than being at the leading edge of technology.

His perceptions have changed somewhat in the past twelve months due to his participation in the executive forum events organised by Fujitsu Services, in which senior Fujitsu people and various specialists have become much more visible to him. His conversations with such individuals about different directions that POL could take in the future have improved his perception of Fujitsu's reach and its breadth of capabilities.

Mr McLean chose the following three attributes from a list of thirteen presented to him as those he most associates with Fujitsu Services:

- Flexible
- Straight talking
- Trustworthy

Asked to identify any issues that may challenge Fujitsu Services future relationship with POL, he referred to the outcome of the Horizon replacement work and Fujitsu's relative performance in serving other areas of RMG. Concerning the latter, he said:

"They didn't do that well in the Group deployment ... so I think they would have to work hard at that."

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Mr McLean listed the other IT services suppliers used by POL and the solutions provided as follows:

| Service Provider | Solutions Used |
|-------------------------|---|
| BT Wholesale | Third Party Telephony and Broadband offered to POL customers. |
| Prism Alliance | Back office systems |
| BT Retail | Network |
| Ingenico/ EDS | Card payment solutions |

He regards the three most strategic of POL's suppliers to be Fujitsu Services, BT Wholesale and EDS. Most of POL's overall expenditure on IT services currently rests with Fujitsu Services although Mr McLean could not provide a percentage figure as other contracts with BT Wholesale and EDS are product solution purchases rather than service contracts.

If given the opportunity to raise one key issue with the CEO of Fujitsu Services, David Courtley), Mr McLean would want his view on how Fujitsu can bring innovation from other areas to bear to POL's advantage:

“How can Fujitsu come to us with something that doesn't incrementally change what we do but helps us to move the position that we are in?”

Similar thoughts were expressed by Mr McLean in his previous CSIP review and he commented that since that time there had been proactive attempts by Fujitsu to address this including participation in a “post and go” vending machine pilot and with informal discussions about installing Post Office kiosks in public areas such as railway stations. There are however financial constraints on POL at the current time, making new investments difficult.