ICL Pathway

Bringing Technology *to* Post Office ~~Counters~~ LIMITED

October 2001

Monthly Progress Report

POH - 431D

iCL
a Fujitsu company

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Approval Authorities:

Name	**Position**	**Signature**	**Date**
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ICL Pathway Monthly Progress Report

Contents:

Business Director's Summary

1 PROGRESS

1.1 BUSINESS PLAN

Financial performance last month is largely estimated due to the implementation of Oracle Financials but this is expected to be resolved with any variations being addressed in November's report. October revenue appears to be better than forecast due to Network Banking work and cash costs better as a result of lower than forecast headcount. Borrowings are known to be £210k lower than forecast and we have been able to repay £8m of Asset Co. loans.

Overall, Pathway continues on track to achieving its Business Plan and if the Network Banking proposal is successful then we have an opportunity to make significant improvements in revenue and profits forecast this financial year.

New Business signed to date now exceeds £10m. Our major focus continues to be on closing the Network Banking contract by end December.

1.2 PROGRAMMES

1.2.1 CORE SYSTEMS RELEASE

October's performance was marred by a number of Network incidents that had significant service impact. Energis' performance has been less than satisfactory recently and we are taking issue with them over their controls and contingency procedures
Other than the network, service performance was good and particularly pleasing was performance against Data File Delivery SLAs which achieved 99.7% against Day D requirements.

1.2.2 NETWORK BANKING

The first release of Network Banking, BI1, has completed its early testing of the Tivoli upgrade and commences initial roll-out into the live estate in early November. The second release, BI2, is progressing to schedule.

Following a detailed review, POL has accepted that the BI3 plan duration cannot be reduced further. We now show the completion of Integration testing on 11 October 2002. Tescom have been employed by POL to review their testing strategy and they have supported an 8 week End to End test cycle, post Pathway testing. This has therefore confirmed that Live Pilot will take place in January 2003, just allowing migration to complete by the important April 2003 date.

Work has continued to reduce the price of the NWB Network options and POL have been keen to pursue the cheapest option, a Hybrid mix of FRIACO permanently connected and FRIACO dial on demand. However, Energis, and therefore Pathway, are unwilling to agree initial SLAs and have proposed that the service must be operational for a period of time before these can be set and agreed.

Contract Schedule workshops are continuing between POL and Pathway and it has been agreed these will form the basis of Acceptance.

The proposal was submitted on time on 16 November.

1.2.3 YOUR GUIDE (GOVERNMENT GP)

The pilot continues to go very well. Discussions continue between Post Office Ltd. and Government to progress national rollout. These discussions have not been going well and there is some loss of faith within Consignia. We have been working with the key people to help their influencing plans. It appears that Government have been taken by surprise at its success and the demand generated. Sponsor departments are anxious that the pilot is allowed to continue rather than be decommissioned in March as planned.

1.2.4 ERA

ERA is being resurrected with clear emphasis now on Mails, Stock Sales and Stock Management. This will provide more focus on potential deliverables and benefits. We are about to re-engage with some resource calls starting in the near future.

1.2.5 CONTRACT EXTENSION

It has been made very clear by Post Office Ltd. that Contract Extension should be on the agenda as soon as the Network Banking contract is out of the way. Alan Barrie will lead on this for Post Office Ltd. Peter Corbett, the new Finance Director for POL has made it very clear that the Horizon system costs more than the business can afford and we must focus on delivering more for less as we look to the future.

1.2.6 OUTSOURCING

Following the declaration that Consignia Business Systems Group will be outsourced, Alan Shepherd is leading a team, on behalf of Les Graney, looking at all options – including what to do if the outsource fails. An OJEC is being prepared and could be in the journal very soon, with an expected 15 months to any contract going live. Consignia have declared a preference for a JV, retaining 51%, and raising capital for re-injection into Consignia, effectively selling half of Business Systems. We expect more guidance soon from Jim Reed IT Procurement Director.

The option to split Horizon back-office systems from the Consignia Business Systems Group outsource is attractive to ICL and we are working out how to make it attractive to POL. We have requested the involvement of ISD, as the experts in bidding for outsourcing business, and they are allocating staff time to work with us. The initial objective is simply to scope what would make an attractive (to both ICL and POL) offer.

2 ISSUES

2.1 RESOURCING

POL's demand for new work will outstrip our ability to supply. Currently we are trying to resolve the issue of demand, availability of resources and limited software release windows until 2003. POL have requested that we produce ERA Phase 1 SRS/SDS documents by the end the year. This is not achievable, given the notice period and resources available.

Our continuing inability to find staff to fill vacancies and also to replace contract staff means that the planned de-risking of NWB development is not yet in place, and that certain elements of the plan are still not fully resourced. RARs were submitted some time ago. Unless new internal sources of staff are found very soon, I will seek to vary current rules on recruitment of freelance contract staff and new employees.

2.2 ESCHER

Discussions between Pathway and Escher continue regarding the timescales and commercial agreement for the re-architected Framework. Crucial milestones have been declared to Escher, but these have not yet been agreed. There is still a question regarding future capabilities of the Framework, with an expected mismatch between POL's expectations and reality. Escher's response to our decision to drop the framework at Release 1 in favour of a later intercept strategy is not encouraging. They remain a very difficult supplier to deal with.

2.3 NETWORK BANKING PROPOSAL

The inherent risk in the work required that interfaces with POL, IBM and LINK and POL's role as Systems Integrator has led us to the conclusion that we cannot submit a wholly compliant proposal for a Fixed Price only contract for Network Banking. POL are not best pleased with this and clearly do not understand the basics of risk management.

Commercial & Financial Report

ICL Pathway	**Commercial & Financial Report**	Ref: PA/REP/071
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		Date: 08/11/2001

Commercial & Financial Report

1 MONTHLY SUMMARY

- The LPD wide Oracle Financials implementation has disrupted the financial reporting for October and results declared represent an estimation of October's performance. It is expected that the results for November will be on a more solid basis dealing with any variations on the October estimated and actual position.

- Based on estimates, October revenue is being declared slightly better than forecast due to the strong level of invoicing on Network Banking; cash costs better than forecast due to lower than forecast headcount.

- Borrowings (a known position) were £210K lower than forecast. We have been able to repay £8M off the Asset Co. loans.

- POL has rejected the CCN for Day D rectification plan and we are awaiting their comments on the reasons for this.

- Work continues on drafting changes to the schedules to the Codified Agreement in respect of Network Banking.

- Further discussions have taken place with POL primarily around answering their questions on the Silver/Bronze Hybrid option. POL have not made their considerations on cost and performance characteristics known to ICLP making it difficult to know if all their issues have been addressed. However, we have advised POL that we are unable to offer SLAs for this option until a period of live running has taken place.

2 PROGRESS

- Liam Foley introduced CL-S to Peter Corbett, POL's new Finance Director. This was a useful meeting and with constructive views on each other's companies aired. A further meeting is planned for mid December.

- The initial meeting was held with the FJ Business Support team to describe Network Banking. Separate technical and legal sessions were held. An approval paper will be written to facilitate FJ approvals for the bid submission and a request to extend or restate the FJ parent company guarantee.

- Considerable work has taken place to identify a risk plan for Network Banking with much support provided from Simon Robertson, Group Risk.

- The Network Banking cost models are well underway to provide the necessary cost analysis for setting the pricing proposal.

- A Group BAR to review the NWB opportunity is set for 7th November.

3 RISKS

- POL's demand for work will outstrip our ability to supply. Currently ICLP are trying to resolve the issue of POCL demand, ICLP resourcing and limited software release windows until 2003.

- POL's slow response is delaying the convergence on the SLA package and CCN to Day D rectification.

4 ISSUES

- The original justification in the RAR to support external recruitment of a Commercial Executive has lapsed. A revised RAR will be raised.

5 FINANCIAL PERFORMANCE

Please see page 7.

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ICL Pathway

Key Numbers - October 2001

The key numbers below are a summary of the results that have been reported to ICL. They represent an estimation of the October performance. The cutover to an LPD-wide accounting service based on the Pathway finance team has disrupted the normal data flow and timings for the month.

Revenue has been estimated to be higher than forecast by £310k, due to strong Network Banking billable revenues. Cash costs have been estimated to be £458k lower than forecast on the basis that headcount related costs are known to be slightly lower than forecast, and there are no known major adverse expenditure items arising. It has therefore been assumed that the risk allowances in the forecast have not been required.

Net borrowings (a known number) were £210k lower than forecast. A further £8 million was paid off of the Asset Co. bank loans, leaving a balance of £40 million. The estimated gross working capital was £620k worse than forecast, due mainly to the lower expenditure - and therefore creditor - levels.

Results for November should be more solidly based, and correct on a cumulative basis. Any differences between the estimates used for October and the 'actuals' for the month will be reflected in the November results.

£000s		Month of October 2001			YTD (vs Budget)		
		Actual	Forecast	Variance	Actual	Budget	Variance
Revenue & Profit:	Revenue	10,700	10,390	310	76,522	71,208	5,314
	Profit Before Tax	1,470	1,428	42	10,412	9,397	1,015
Costs:	Cash Costs	7,650	8,108	458	52,119	58,464	6,345
	Net Interest Cost	117	179	62	1,016	1,353	337
Cash & Investment	Net Borrowings	14,114	14,324	210	14,114	26,674	12,560
	Capital Expenditure	75	75	0	561	3,745	3,184
	Project WIP	12,495	13,283	788	12,495	23,721	11,226
	Gross Working Capital	7,545	6,925	(620)	7,545	4,926	(2,619)

Month End Headcount:

	Actual	Forecast	Variance	Actual	Budget	Variance
Permanent	296	306	10	296	313	17
Non-Permanent	64	67	3	64	62	(2)

ICL Pathway	**Business Development Report**	Ref: PA/REP/071
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Business Development

1 MONTHLY SUMMARY

New Business signed to date now exceeds £10million. The major focus continues to be on closing the Network Banking contract by end December.

The two other main focus activities revolve around Contract Extension and ERA which is being resurrected with a more defined focus.

Post Office Ltd., having come into operational effect on 1st October, is starting to find its feet albeit with many issues of both overlap and underlap to sort out. This is being complicated by the cost cut pressures announced on 3 Oct 2001.

ERA is being resurrected with clear emphasis now on Mails, Stock Sales and Stock Management. This will provide more focus on potential deliverables and the benefits arising. We are about to re-engage with some resource calls starting asap.

It has been made very clear by Post Office Ltd. that Contract Extension should be on the agenda as soon as the Network Banking contract is out of the way. Alan Barrie will lead on this for Post Office Ltd. Peter Corbett, the new Finance Director for POL has made it very clear that the Horizon system costs more than the business can afford and we must focus on delivering more for less as we look to the future.

Three companies, Cap Gemini, Parity & Deloittes have been invited to undertake a 5 week study at their own cost looking at re-engineering of POL products.

2 PROGRESS

2.1 Network Banking:

Continued progress on Network Banking. The proposal is due in on 16th November. Corporate review takes place on 7th November. SRS continues to get closer to sign off.

Discussions continue with Escher and pressure is on them to deliver the promised information on the Web Framework.

2.2 ERA:

We are about to submit a CCN for resource to restart work on ERA. This will take us up to end March and will be worth in the region of £500K.

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2.3 YOUR GUIDE:

The pilot continues to go very well. Discussions continue between Post Office Ltd. and Government to progress national rollout. These discussions have not been going well and there is some loss of faith within Consignia. We have been working with the key people to help their influencing plans.

2.4 OTHER:

Relationships are being built with the Strategic Alliance team and MFU client teams within POL. The main objective being to ensure that we receive earlier insight of opportunities and that communication is shared. To this endevour marcom information is being produced with the planned target audiences being both Consignia and POL, these include monthly 'Horizon Update', monthly 'ICL Update' and case studies that are product specific.

- Discussed several new opportunities of product re-engineering and the use of MIS data

- Local Collect:
  Phase 2 go live scheduled for mid November.

- AP Barcode Extension:
  Withdrawn by PO, Escher are confirming if it is possible to extend the token display view. PO would ideally have liked this service available for 'Anglian Water' client being taken on in October with a longer barcode. Delivery date not possible.

- E-Top Ups:
  Initial scoping investigation in POL extended. The decision to proceed was expected late October!

- OBCS:
  OBCS entry to NI - this is planned for S10 release with a random migration. No change

- Asylum Seekers:
  Due to government announcements regarding the use of 'smart card' POL scoping has slowed. Meeting earlier Nov to discuss.

- TfL:
  Initial scoping within POL extended. Release date externally fixed for 01/01/03.

- Sips:
  Data Capture – EPOSS - Amendments to weekly pensions & allowances report and Horizon Counter Printer Till Roll Office Copy.

- CCNs approved by all parties, release date BI1 S11.

- Completed discussion paper on Bureau. Seems to have gone into a black hole.

- Issued EFTPoS SRS after incorporating 200 plus comments. Received a further 300 plus.

- Resolved issues on EFTPoS relating to MID / TID management, reconciliation and encryption.

- Organised and chaired visit from NatWest Streamline

- Successful relationship built up between Pathway (all) and PO Mails team wrt to Mails Label Printing (currently seen as responsive, helpful and cost effective). Implementation progressing well.

- Successful meeting with ParcelForce to promote Escher Mails Products, follow up meeting planned for 7th

- Continuing involvement with new ERA.

2.5   CONSIGNIA:

- P&PS Division IS/IT Consultancy /e-infrastructure.
  P & PS Security Helped Ian to pull together ideas for Microsoft Practice and Gerald Burnett/Jim McIntosh. Security consultant still on this assignment for Business Systems (£15k in Sept) and a new consultancy contract for MetaDirectories has been agreed (22 man days @ £1,100 per day).

- **ISD**
  Nothing to report other than some new bidding (se below) and outsourcing discussions.(Neil Bagshaw). All other activities ticking over eg WDM

- **MCD**
  Nothing to report.

- **e-Innovation**
  ViaCode. Pilot cancelled as Innovation Fund financing pulled
  Knowledge Management Further meeting to be held (Nov)
  KnowledgePool   £25k revenue reported in Sept.

2.6 BIDS

OJEC Proof of Delivery/ Receipted Mail Managed Service.

The business case is still being compiled and we may not hear anything until Dec. BUT there is a strong assumption that it will proceed.

Business Systems outsourcing.

Pre-OJEC. Warming up ISD who have 3 £1bn outsourcing opportunities on the go – hoping to get experienced Bid Director.

2.7 OTHER ACTIVITIES ACCOUNT TEAM

- ICL e-portal application opportunity now rests with POL as Tim Carroll has run into GroupT&IS/Purchasing difficulties in Consignia...."should we go out to tender?"

- Some Your Guide sales activities and, reluctantly, having to stay close to Jim Arnold's CSIP/Scorecarding activities. Also trying to clarify ICP and sub contractor relationship issues.

- "Horizon update" send out to Tim Carroll. And, if approved, it can go on the Strategic Supplier Database as a regular monthly feature

- Very good session with Vanessa Leeson + team (Mark Adlem IS/IT Director) resulting in request for immediate follow up from Mark.

- Home Shopping contact available (after Escher & Leeson meeting) and will fix up to meet during November.

- Organised and held a successful team visit to the Innov Lab (further work should be undertaken to move forward some of the ideas generated)

Consultancy
Services Report

Consultancy Services Report

1 MONTHLY SUMMARY

1.1 NETWORK BANKING

Tony Hayward has published version 0.10 of the SRS expecting it to be the baseline version, only to find 130 comments from POL in the first week – mostly around pinpads. Urgent action is now required at Programme level to insist on POL agreeing to put requirements under change control. The discussions on Acceptance seem to have gone into a temporary hold while POL consider their reaction to our proposal. We are working out how to accelerate the acceptance planning/negotiation activity.

2 PROGRESS

2.1 NEW DEVELOPMENTS

BI1 S11 release
At the last moment POL decided to go for a very much smaller change to the Cash Account and pull in some SIPS instead. They gave us a list of 5, in order of preference – then at the very last moment changed their choice. Good Pathway teamwork in seeking to delight the customer.

Euro project
Two workshops held this month, the first on cash account control and other process requirements for the actual conversion weekend, the second (which ICL did not attend) on internal POCL interface issues. We continue to demonstrate that we have a well thought out and viable Euro Strategy. The main output of the meetings is usually a list of POL actions, some to give us data, but mostly POL internal.

Release Planning
If there is to be a summer 2002 release independent of Network Banking then the planning needs to be addressed urgently; especially as we have the opportunity to lead POL's thinking. The Requirements team will take a brief from Development on constraints, options etc.

2.2 NEW OPPORTUNITIES

Citizen ID
Work done to establish who is leading in govt:

- Cabinet Office own the overall policy issue

- Home Office are the implementers, commencing with Entitlement Cards for Asylum Seekers.

There are three agencies who could logistically own a larger programme for citizen entitlement cards: DVLA, Passports Agency and Office for National Statistics (responsible for civil registrations). However there is as yet no declared consultation on anything beyond Asylum·Seekers and we assume the political speed is "extremely slow" due to widespread opposition to anything resembling an ID card. More importantly, Consignia/ POL need to raise their profile and level of interest in the topic – at present they are not on the govt radar.

Outsourcing (1)
Following the declaration that Consignia Business Systems Group will be outsourced I learn that Alan Shepherd is leading the team, on behalf of Les Graney, looking at all options – including what to do if the outsource fails. An OJEC is being prepared and could be in the journal very soon, with an expected 15 months to any contract going live. Consignia have declared a preference for a JV, retaining 51%, and raising capital for re-injection into Consignia. Ie effectively selling half of Business Systems. We expect more guidance soon from Jim Reed IT Procurement Director.

Outsourcing (2)
The option to split Horizon back-office systems from the Consignia Business Systems Group outsource is attractive to ICL and we are working out how to make it attractive to POL. We have requested the involvement of ISD, as the experts in bidding for outsourcing business, and they are allocating staff time to work with us. The initial objective is simply to scope what would make an attractive (to both ICL and POL) offer.

Travel - PCL/ITSO
The specification supplied by POL for contactless readers for the PINpad procurement shows that PCL are a major threat in this area. PCL even suggested supplying a terminal which includes a PINpad and can be used for network banking as well! Meeting arranged with ICL Transys team to start discussion on how to get best benefit for ICL. POL (Patrick Pallot) have made a direct approach to Transys – but then failed to turn up at the meeting.

APS
APS enhancement – if a design study can be completed to assess various opportunities for enhancing the generic capability of PS (principally additional data capture) this should allow us to offer POL the ability to enhance services such as the DVLA V11 transaction.

AP File server - The proposal document has been produced.

DVO
Discussions with PWC on how Horizon should feature in the current ICL / PWC bid to DVO. The main synergy seems to be in the area of electronic relicensing, this relies on National Insurance and MOT databases becoming available to act as an authorisation

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Viacode & Voice recognition.
Project cancelled by Viacode – attributed to cut back in innovation funding.

2.3 CURRENT SERVICES

2.3.1 APS

- **Talexus**

We have now been advised that POL wish to formally suspend Talexus. POL's spend will be approx £1M. It is expected that POL will issue a revised Schlumberger requirements specification in approx 4 weeks, after which we assess the impact of restarting the programme. The challenge for us if POL do wish to restart is to complete the development and testing during 2002 and hit the 'summer' release.

- **SPM**

POL will be withdrawing the SPM service. It seems that British Gas have chosen to withdraw this facility and will start removing consumers home units from early next year.

- **HAPS**

We have now received the draft Change Request advising us of the closure of the HAPS service.

- **Client Connections**

New client connections continue with DVLA, AON and EPS being introduced this year and in early Jan. National Savings will be coming on-line in March.

3. ISSUES

Usual need to tie down POL's antipathy to agreeing requirements.

Programme Report

ICL Pathway	**Programme Report**	Ref: PA/REP/071
		Version: 3.0
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Programme Report

1 MONTHLY SUMMARY

- The Your Guide Pilot has completed its second month of operational running, with four months to go.

- Talexus phase 1 has been suspended whilst POL resolve outstanding issues with Schlumberger.

- A baselined NWB Application Interface Specification with IBM has not been achieved, however ICL Pathway are progressing based on agreed assumptions.

- A NWB Pinpad supplier has been chosen based on least risk and work continues to make the price more acceptable.

- Work continues with Escher on agreeing the Framework AIS, Architecture and Requirements. Although good progress has been made, there is concern this will not conclude in time to include in NWB Release.

- Good progress continues on Infrastructure NWB Releases, BI1 and BI2, and these holding the original schedule.

- POL have reviewed and accepted the ICLP BI3 plan which shows Integration testing concluding October 2002 and a Live Pilot in January 2003 following an extended POL End to End test.

- Network upgrade options to support on-line authorisation have been presented to POL, but their drive for the lowest price does not balance with their service availability requirement.

- Most EFTPoS issues have been resolved, but it is not known if the increase in scope can be accommodated in POLs desired timescales.

2 PROGRESS

- AP Client NIE was migrated to Horizon during October. Client BT has still to be scheduled by POL, but their drive is to arrange this within the next 4 months so that their HAPS system can be de-commissioned. Preparation for New Clients Quantrill and DVLA has been completed on schedule and await an implementation date. A request has been received to connect another new Client, AON, in early 2002.

- ICL Pathway was informed during September that POL has no confidence in the design specification provided by Schlumberger and have formally invoked their suspension option during October. The Talexus project will be closed down by the end of November in a clean state ready for any re-start next year.

- POL has reduced the size of the Cash Account change for 2002/2003, therefore allowing the introduction of further change into S11, a Release in early 2002.

- Your Guide usage has slowly declined over the month, presumably due to the novelty effect wearing off. A local advertising campaign has however reversed this trend in the final week of October. Advertising and promotion campaigns are planned to continue during November and December.

- Your Guide availability has suffered from time to time during the month owing to network outages and printer problems. Both these areas have been corrected and availability is currently running at a high level.

- The programme to upgrade all Your Guide kiosks in the field with a higher capacity printer hopper is under way and running to schedule. An enhancement to the kiosk software build has been developed and is also currently being released to the field.

- The first draft of the study to assess the overall impact of a Your Guide National Rollout has been produced and is currently being costed and prioritised. However, the way forward on National Rollout remains uncertain, with no business case or customer funding currently in place.

- We have received a Statement of Requirements for the changes required to Horizon in order to support Your Guide National Rollout. We understand that the case for National Rollout is being vigorously pressed by the Post Office with Government, but at this stage, there is no commitment by Government to funding.

- We did not achieve an agreed IBM NBE AIS in October and have been working on how to mitigate that delay. Good progress was made towards the end of the month on the definition of transaction response and result codes and an agreed assumption position should be achieved in November. The TIS underwent a number of review cycles with IBM and version 0.4 is due to IBM early November.

- The NWB baseline was confirmed to be their Statement of Requirement v1.2 and three CRs. The SRS was updated to reflect these changes and re-issued Mid October and comments received are now being dealt with. The plan is to baseline this early November, but that is dependent on the POL review period.

- The SDS documents are now complete and are available under NDA for review by POL.

- ICLP has continued dialogue with Escher, working towards an agreed AIS for the Framework, an agreed Architectural position for the new Framework and an agreed Requirements baseline. Discussions have been positive, but it is questionable whether a schedule can be agreed that will ensure NWB is not impacted. ICLP still has a fallback, non-Framework, position that can be initiated during November, but mid November has to be the final decision point regarding the Frameworks inclusion for day 1 of NWB.

- The first Release of NWB, BI1, has completed early testing of the Tivoli upgrade and commences initial upgrade into Live in early November.

- The second Release of NWB, BI2, is progressing to schedule, with the latest WebRiposte performance drop undergoing validation.

- POL have accepted, following detailed review, that the ICLP BI3 plan duration cannot be reduced further and shows a completion of Integration testing in October 2002. Tescom have been employed by POL to review their testing strategy and they have supported an 8 week End to End test cycle, post ICLP testing. This has therefore confirmed that the Live Pilot will be in January 2003, just allowing migration to complete by the important April 2003 date.

- Work has continued to reduce the price of the NWB Network options and POL have been keen to pursue the cheapest option, a Hybrid mix of FRIACO nailed up and FRIACO dial on demand. However, Energis, and therefore ICLP, are unwilling to agree initial SLAs and have proposed that the service must be operational for a period of time before these can be set and agreed. POL views this as unacceptable and currently feel there is not a viable solution, with a viable price, on the table.

- Discussions have continued with the two main Pin Pad candidates, Ascom and Hypercom. Details on how these suppliers could meet the POL requirements were issued to POL who directed that price was of paramount importance. Based on that direction, we have negotiated the least risk supplier to an acceptable price and constructed an implementation plan around achieving a high installation level by April 2003. Specifications have been produced for the PIN pad engineer test. The design is being structured to also satisfy the requirements for asset management and security.

- Contract Schedule workshops are continuing between POL and ICLP and it has been agreed these will form the basis of Acceptance.

- There have been a number of issues regarding EFTPoS where POL have now directed a way forward. The next version of the SRS is in production, detailing these changes, and work has commenced on changes to the design for the SDS. The two main areas of discussion are regarding MID/TID management, where ICLP has been directed to have a MID per outlet and a TID per counter, and reconciliation. On 30th October we had our first technical meeting with NatWest Streamline, the Merchant Acquirer. On the positive side, many of our design assumptions have now been confirmed, on the negative side, ICLP is dependent on POL to ensure a quick turn-around on further clarifications requested during the meeting. It is not currently known if the increase in scope can be included in their desired timescales.

- The first phase of the revised ERA project has been specified, but the Product Initiation which was due to be delivered by the end of October has not been produced by POL.

- ERA Phase 1 is currently viewed as MAILS, Stock Management and Stock Sale. POL is now looking to fast track the production of the SRS and SDS documents to enable a business case to be produced by 20th December 2001, but ICLP do not believe this is achievable.

- Work has commenced on reviewing future capabilities and a first workshop on this topic was held in early October, with facilitation provided by an e-Innovations consultant. A number of topics for potential follow-up were identified and the output circulated amongst attendees and the management group. Resources are being reviewed to agree how this can be progressed further.

3   ISSUES

- Discussions between ICLP and Escher continue regarding the timescales and commercials for the re-architected Framework. Crucial milestones have been stated to Escher, but these have not yet been agreed. There is still a question regarding future capabilities of the Framework, with an expected mismatch between POL expectations and reality.

- The Network options for NWB are either outside the business case of POL or may not achieve their availability/response requirements.

- Now that POL have confirmed the scope of EFTPoS, it is not known if this work can be accommodated within the timescales of the NWB Release, their desired schedule.

- POL have made a request to produce ERA Phase 1 SRS/SDS documents by the end the year. This is not achievable, given the notice period and resources available.

- The requirement for a MAILS package is dependent on Escher developing their MAILS 4 product – the roadmap for this development is unclear.

Development Report

Development Report

1   MONTHLY SUMMARY

1.1   Non-banking

All S10 work is complete.

All work on the Laptop / PSTN solution is complete.

Development of the S11 release has started.

Talexus development is being 'wrapped up'.

1.2   Banking

BI2 and BI2 development and testing continue.

Work continues on BI3 design, planning and estimating.

2   PROGRESS

2.1   S10R and S11

Work on some late fixes and changes to S10 has been completed and these are ready to be released to Live in early November.

S11 content has been finalised, and comprises a minimal change to the Cash Account plus five other user-requested changes. Coding and test analysis has started.

2.2   Network Banking

BI1 (Tivoli) testing continues and remains on target to achieve the planned November – December implementation.

BI2 (infra-structure) main build / development work is completed, system testing is in progress and early integration testing has started.

BI3 (applications) – a lot of development resource effort continues in production of the SDS's. Early counter prototyping and design activity continues, as well as early proving of the current application with the new Escher deliverable (Web Riposte). Much planning and estimating has continued, and is now nearing completion. Work has started on defining the outline requirements for the NBE test harness. Definition of the solution for the network is still continuing.

Talexus Phase 1 coding and testing continue, to achieve a managed closure as formally requested by Post Office Ltd. This project will be 'suspended' as from mid November.

EFTPoS SDS production continues.

Development and testing of DVLA and Quantrill AP Client Migrations completed. YG Patch 4 work has been completed.

3 ISSUES

3.1 Resources

Continuing inability to recruit resources (freelance replacement and additional) means that the planned de-risking of NWB development is not in place, and that certain elements of the NWB plan are still not fully resourced.

RAR's have been submitted some time ago. Relaxation of the ban on external recruitment is being sought.

3.2 EFTPOS

There are a number of issues over the growing / changing scope of the requirements, the capability of the proposed interface to the bank, and therefore over our ability to deliver within the required timeframe.

Clarification of the issues is being actively pursued.

Customer
Service Report

ICL Pathway	**Customer Service Report**	Ref: PA/REP/071
		Version: 3.0
		Date: 08/11/2001

Customer Service Report

1 MONTHLY SUMMARY

Another steady month despite a less than sparkling performance from Energis.

1.1 VITAL STATISTICS

Live Base as at 31st October 2001: 17,561 Post Offices, 37,996 Counters

Cumulative Data is from 1st December 1999 to 31st October 2001 inclusive

Monthly Data is from 1st October 2001 to 31st October 2001 inclusive

OBCS	
Total number of transactions to date	864,688,520
Total number of transactions in October	58,466,294
Total value of payments to date	£68,185,650,168
Total value of payments in October	£4,701,796,197.15
EPOSS	
Total number of receipts to date	1,027,944,591
Total number of payments to date	178,804,983
Total number of zero value transactions to date	88,145,547
Total number of receipts in October	64,486,156
Total number of payments in October	8,846,995
Total number of zero-value transactions in October	6,194,629
Total value of receipts to date	£59,491,494,928
Total value of payments to date	£17,102,592,270
Total value of receipts in October	£3,917,050,574
Total value of payments in October	£875,528,482
APS	
Total number of transactions to date	383,430,554
Total number of transactions in October	30,231,477
Total value of receipts to date	£10,003,438,374
Total value of receipts in October	£774,871,783.00

NOTES:
- EPOSS zero-value transactions include issue of books, change of address, etc.

2 PROGRESS

2.1 OPERATIONS & SUPPORT

Excellent month with regard to data delivery SLA's with a day D figure of 99.7%

There have been a number of network incidents which have had significant service impacts. These are:

a) On 28/29th September, a Pathway software fault caused the Energis network to overload which resulted in Energis imposing call concurrency restrictions without informing Pathway.

b) On 5th October there was a fault on a MUX between Kirby and Kearsley. This affected YG and revealed a single point of failure on the YG network.

c) On the 11th October there was a single point of failure caused by a fault on a Primary Rate Controller Card. This again highlighted a potential lack of diversity within the network that affected HOT at Milton Keynes and PON at Huthwaite. This was caused by a faulty controller card at Kearsley.

These incidents are being reviewed with Energis.

Tania Reyonlds has been seconded into the Pathway CS BC Team to specifically work on the development of revised Disaster Recovery plan across Pathway. It is proposed that a model, similar to that used for in the production of BRA01 CS Disaster Recovery plans, will be adopted. Progress meeting have been arranged within Pathway. Currently making good progress.

There was a problem in the main Horizon solution in which the figures in the adjust stock screen for a limited number of post offices – those post offices which had rolled forward into a new balance period 12 months ago and attempted to do so again hit the bug. Some 400+ post offices were at risk. The ones that already had the problem were manually fixed by the SSC. The remainder were removed from the roll-out lists while a fix was being produced, and did not receive S10 until later than expected.

There have been some TIP file rejections during the month. These were resolved by Jim Anscomb / Garrett Simpson / Martin Harvey as errors in TIP reference data, which appears to have been loaded early for Christmas – thereafter rejecting transfers from valid CA periods. Files have been regenerated and resent.

APS Client Migrations/Connections: There are now 17 AP client interfaces of which 5 are new connections (not ex-HAPS), and the Giro interface supports 451 Clients. The outstanding HAPS migration is BT. NIE was migrated on 17th October and the link performs well, although the client had an issue requiring input from ICL Pathway re their procedures for taking files off the box. Plans are well advanced for DVLA (due 16th November) and Quantrill (due 5th November). AON and ESP are expected to be implemented in February 2002. Signs are also good for BT (expected to migrate just before Christmas).

The new CSR+ CTO service. Development within RDT continues well. Plan is being monitored via the APSORF. POL have been given a prototype of the capture tool and are now providing feedback. The service is forecast to be available before the end of January. The deadline is end Feb when the PON-SEMA HAPS contract terminates.

The LFS service. More information was provided on their pilot plans at the October LFSORF but the situation is still clearly fluid. POL have committed to provide written statements summarising the pilots. The DCOH (Daily Cash on Hand) anomaly appears to be considerably better since the introduction of S10. Weekly Stock on Hand fix is still scheduled for S11. Re LFS SLAs, after internal discussions re proposed changes, John Pope is now in dialogue with PON.

2.2   INFRASTRUCTURE SERVICES

A review with POL of System Service Remedies is scheduled for the first week of next month, this should bring both parties up to date and agree Q2 2001 (June – August) in line with the agreed process. Remedy information has been supplied to POL up to and including week ended 18 October. The pre-review remedy payment for September has now been confirmed at £429.22 with October's expected to be; circa £3300. An initial submission has been made to ISD to recover the extra charges from April 2000 to February 2001 incurred as a result of remedial reviews with POL re. previously settled system service calls. This amounts to approx. £97k. ISD are currently examining our data and expect to have a response within the next two weeks.

DFD SLA will surpass the rectification plan day D SLA for the month of October. Day J 100% could possibly be achieved for the month once we are aware of the status of some non polled outlets which could be removed from the SLA calculation. This achievement has been accomplished through efficiencies within the management of non polled outlets by both ISD and ICL Pathway.

Achievement for October 2001 is expected to reach conformance of 100% due to the lack of financial integrity incidents raised since the release of S06 / S10. This is the fourth consecutive month where 100% has been achieved. The team is working closely with POL Chesterfield to document and agree the incident management process re. Network Banking reconciliation and settlement. It is expected that the Reconciliation Report specification will be signed off by POL within the next month and this will allow a joint exercise to be completed by both MSU and POL to track 'pseudo' transactions through the reconciliation process and iron out any bugs prior to formal testing. We are still awaiting the outcome of the Case Law presentation to POL Commercial re. disputed manual error report charges from December 1999 to date. Hopefully, once a precedent has been set and any settlement between ICL Pathway and POL agreed, this will assist in the review process and avoid any operational disagreements.

The non polled team within Operational Services are now using the SMDB to assist in the investigation and reporting of non polled outlets to the Customer. This is resulting in greater accuracy reporting the status of non polled outlets. The team are also reviewing their input into the end to end non polling process by working closely with ISD to ensure the emphasis is given to those outlets where non polling has a significant effect on both SLA conformance and transaction delivery.

There are currently 26 OBC changes flowing through OCMS. No major problems with 24 of the changes from the user point of view.

The rollout tail is now down to 7 outlets for installation plus a further 2 outlets to be migrated.

Of these remaining outlets, Pathway have 4 scheduled with dates, the remainder having issues to be resolved by PON or awaiting planning permission.

By the end of October a total of 541 Site visits will have been competed by the FSM team.

SPoC 2 – It appears POL is still keen to make this happen within the next 6 months. A CR is on its way requesting a joint study on its feasibility. Given it is feasible, POL would like implementation in April 2002. The feasibility will be very much a commercial decision as technically it could be done.

HSRF – We proposed, and it was accepted, that the HSRF move to a more infrequent timetable. It was agreed with Don Grey to move the HSRF to every two months as clearly the Horizon product and the service delivery had now matured to a 'steady state'. Obviously if the need arises a meeting can be called at any time.

Scorecard – This was discussed at POL's ASF meeting. A concern was raised that other parts of ICL were already trying to do this. CSIP was mentioned, so we positioned Score carding in relation to this. It was agreed that the ASF would use the scorecard as a single entity and the focus would be on those services supplied to POL from ICL Pathway Customer Service – which is basically everything bar development and new business (Liam). The next action is for Liz and Paul to sit down and agree the detail of the scorecard before the next ASF which is later this month.

2.3 SECURITY MANAGEMENT

The S10 upgrade identified a number of issues with regard to the activation and installation of anti-virus software on the live estate. These have being corrected. Additional work has also been undertaken to rationalise the process for regular deliveries of anti-virus updates to all relevant platforms and revised documentation is being produced. The recent high profile series of virus attacks has highlighted the need to expand the scope of anti-virus delivery to accommodate a number of additional platforms. This is being supported by the introduction of a CP for manual virus scanning of datacentre platforms.

Discussions continue with both Group Security and ISD to identify and consolidate a list of Pathway dependent Domains together with their respective Owner and Administrator's. This will then be used to inform a new process to track and consolidate distribution and updating of any new a/v software deliveries.

Network Banking requirements are being consolidated to include security elements required for pin-pad initialisation and maintenance. Input was provided to security and liability related areas of the revised Codified Agreement.

Input continues to be provided as required to consolidate security requirements for the YG kiosks and contents hosting service. We are still awaiting recommendations from the CGEY/Consignia penetration testing activities.

Substantial input has been provided to the Triage Pilot activities and CM is currently reviewing a draft report detailing the security recommendations.

Three audit data extractions were completed in response to POL Security/Audit requests and an urgent police enquiry. Associated witness statements were provided where appropriate on a "without prejudice" until contractual agreement is reached. Work on attempting to restore the broken audit trail is underway but progression is dependent upon completion of the build and configuration of the pseudo audit server.

The Key Manager successfully processed all key requests received this month. Automated key expiry, under KMS control, ran throughout the month without interruption. The total number of outlets in the KMS key expiry exercise has now reached 6000. The results continue to indicate that at least 10% of outlets will either ignore prompts or fail to download new security data successfully. A manual Key Refresh process has been agreed with POL to manage non-compliant outlets. This is a short-term solution and an automated Tivoli process will be required to alert SMC to outlets that are not responding to prompts.

2.4 SERVICE INTRODUCTION

EMC discs to address the 'DVLA performance issue' have now been received and will now be implemented soonest.

Final costs are now being put to bed for network banking, we are looking to ISD to formally underwrite the quotes they have submitted.

S10-counter is going extremely well with around 40 outlets outstanding.

2.5 STAFFING

Paul Curley has now left. We will potentially be recruiting Francine Curry into an expanded role which will include contract renewal.

We are having difficulty finding a replacement for Kevin McKeown and must now start looking at external recruitment and extending Kevin for a short period.

2.6 FINANCE

CS Budget for OPEX 2001/02 is £56.3m after transfer of SMC to Development.
Business Model 050601 is £56.5m
Forecast (CSSep01) is £48.9m
The major forecast improvement from August actuals and forecast of £2.9m are;
£1m from removing of all risk adjustments from the forecast,
£305k transfer of SMC to Development,
£295k Tivoli Refresh moved to next year,
£224k Price increase on UKSS deferred to Jan02,
£200k forecast for CPs reduced,
£195k saving in the month taken through to the full year,
£165k HSH phone call cost reduced now using Consortium,
£150k removal for Q2 and Q3 contingency from CFM001,
£100k removal for 1st 1/3 of year contingency for SLAs,

3 ISSUES

Work is starting on mitigation actions against the network Banking risk register. Principle cause of concern is possible impact on data centre space if we need to upgrade current infrastructure as a result of potential undersizing. Also potential impact of YG. We are looking at what options are open to us re expansion

We have still not received formal response from PON re Rectification Plan. We are proceeding with kit purchase for pilot but need to push PON to formally respond.

Organisation & Personnel Report

ICL Pathway	**Organisation & Personnel Report**	Ref: PA/REP/071
		Version: 3.0
		Date: 08/11/2001

Organisation & Personnel Report

1   MONTHLY SUMMARY

- Appointments in October:

External Recruits	0
Transfers In	2
LINKwise	0
Freelance	0
Fixed Term Contracts	0
Adecco Temps	0
TOTAL:	2

- Known Joiners

External Recruits	1
Transfers In	2
LINKwise	0
Freelance	0
Fixed Term Contracts	0
Adecco Temps	0
TOTAL:	3

- October Leavers:

Permanent Staff	1
Freelance	2
Transfers Out	0
Linkwise assignee	0
Fixed term Contracts	0
Adecco Temps	0
TOTAL:	3

- Known Leavers

Permanent Staff	1
Freelance	0
Transfers Out	0
Linkwise assignee	0
P&PS	0
Fixed term Contracts	0
Adecco Temps	0
TOTAL:	1

Resource Management

The redeployment of people under the Company's PLUTO 2 programme continued during October, with the focus on EMEA resources, with two people transferring during November.

One person has transferred from P&PS in October and another is due to transfer in December. Two of the CS freelancers have now accepted permanent roles.

Additionally more resources are expected to move into Pathway with the devolvement of LPD HQ.

A new electronic RAR system has been introduced which has had a few teething problems, but has improved the speed of processing.

Freelancer Reduction and replacement

Update	31-Oct-01
Summary	No of Heads
Freelancers in Pathway 01/10/01	59
Freelancers in Pathway 31/10/01	59
Freelancers in Pathway 01/11/01	59
Current FC of Freelancers in Pathway on 31/03/02	47

As well as the roles that are currently filled by contract staff that are budgeted to be replaced by permanent staff, there is now an increase in permanent roles due mainly to Network Banking and the Contract Renewal team. A case is being put forward to obtain agreement to recruit externally.

APDU are in discussions about the feasibility of moving the Data Warehousing service to Manchester. These discussions are now between Pathway and EMEA directly, as the EMEA team will be transferring to FJ Consultancy and as such will want to charge for the service on a commercial basis.