

**ICL Pathway**  
*Bringing*  
**Technology**  
*to Post Office*  
**Counters**

**Monthly  
Progress  
Report**



**November 2000**





# ICL Pathway Monthly Progress Report

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ICL Pathway

# Programme Monthly Report

Ref: PA/REP/056  
Version: 1.0  
Date: 13/12/2000

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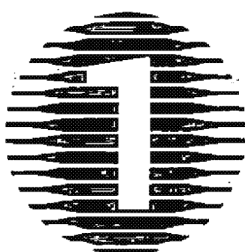
Document Title: ICL Pathway Monthly Report – November 2000

## Associated Documents:

	Reference	Vers	Date	Title	Source
[1]	PM/PRO/002	1.0	26/09/96	Pathway Programme - Project Planning, Reporting and Control	

## Approval Authorities:

Name	Position	Signature	Date
M. Stares	Managing Director		



# Managing Director's Summary



## Managing Director's Summary

## 1 PROGRESS AND ISSUES

### 1.1 BUSINESS PLAN

We are ahead of plan on revenue, costs, profit and cash. Forecasts for full year revenue, costs, profit, cash and headcount are all either on or ahead of budget. Risks are well understood. We are on schedule for the next £90M milestone in March 01.

CSR+ counter migration has been largely completed. Acceptance of CSR+ has triggered payment of the first £60M retention starting in January 2001 at £1.25M per month. The quality of CSR+ appears robust (as evidenced by help-desk calls). Work is underway to crystallise and achieve the requirements for the second £60M retention due in Q2 next year.

The Business Plan has been revised in line with this years experience of costs and progress and a lower risk plan produced with a reduced new business requirement (£36M Vs £62M) and a lower unallocated task. It includes a clear set of metrics (revenue, cost, task, risk etc) for next year and draft budgets have already gone through a second iteration with the line units to underpin the task and cost down requirements.

There are the first signs that PO are considering the implications of contract "renewal" as they go into their own business planning cycle.

### 1.2 PROGRESS AND ISSUES

Good progress is still being made. CSR+ migration has been achieved with only 140 (out of 15,200) still to go. Product quality is acceptable. M1 testing is progressing to plan and will be issued to the estate in February/March.

Rollout is on track and we have entered the Christmas break. We have migrated over 15200 post offices (>85% of the estate), about a week ahead of plan. We have trained in excess of 50000 Post Office staff. Solutions for Satellite and Mobile technology have now been agreed with PO, tested and the implementation of Satellite outlets started.

Weekly service performance remains a key issue. Although we are demonstrating consistent performance we are missing some of the very challenging SLA's and as expected PO have placed us in formal Breach of Contract (they can do this if we miss any three-quarters in 24 months). We are trying to negotiate a reduced SLA breach trigger for the future that also sweeps up the training occupancy issue. A proposal is currently being considered by the Post Office.

Headcount management remains a critical success factor. We have reduced by over 70 heads in the last three months and the downward trend continues through the rest of this year. We will finish the year with 150 less people than when we started. We have now entered a vulnerable phase where we are highly dependent on key skills and motivation but at the same time are in a heavy cost down program, particularly amongst freelance staff. Freelance headcount is planned to reduce by 100 in the year. With regard to new business opportunities, we are in a fluid scenario that makes resource planning very difficult. We are planning to transfer 91 e-Apps core heads to Pathway on 1<sup>st</sup> January. This will result in a more stable and motivated workforce.

### **1.3 NEW BUSINESS**

The outlook for this years incremental revenue (£3M target) has improved with the achievement of a £1M order for 12 consultants to be dedicated to ERA through until February. This is important and will help to pump prime this strategic business for the future. We are still engaged in joint working groups on Network Banking and now EFTPOS.

We were unsuccessful in ICL's bid to be short-listed for the six e-Business work package areas, as were IBM, Andersens, CapGemini, Microsoft and PWC!! However PO have made it clear that e-Business work around existing contracts will be done by the existing contractors (e.g. Pathway for Horizon)

Post Office has selected CGEY as their preferred supplier of GGP and we intend to engage with them to evaluate opportunities to utilise Horizon, probably post pilot.

#### **1.3.1 NETWORK BANKING**

Post Office has been struggling with its business case and with conflicting pressures from government, the banks and their own objectives and also internal PO differences of opinion on the technical solution (web based or not). We are now engaged in 7 chargeable work packages to provide a level of detail on the requirements and on the implications to the Horizon system. Negotiations with Escher are at a critical point and a firm decision on web or non-web approach is planned for next week. This has key financial and strategic implications for Escher and for our relationship with them in the future.

#### **1.3.2 RE-ENGINEERING/ERA**

As with Network Banking, this initiative has run into some difficulty as Post Office plan their investment priorities. There are difficult decisions facing PO as they balance cost reduction requirements with the investment needs of ERA. They have authorised further spend (£1M) to extend the consultancy contract that places us at the heart of this initiative. Their next key investment committee decision is in March.

ICL Pathway

## Development Report

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### EFTPOS

PO wants to fast track this development and have indicated their preference for an increased operating fee to pay for it. Revenue estimate is circa £3M.

### Quantum Step

We plan to hold our first internal workshop next week to consider options to move the goal posts with Horizon and develop into significant additional areas.

## 1.4 NATIONAL AUDIT OFFICE

We understand that the PAC will review the Benefit Card/Horizon situation in the New Year. John Bennett will front this for us.



# Development Report

## Development Report

## 1 MONTHLY SUMMARY

- CSR+ in general continues to perform well. Problems have been experienced with slow running counters in circa 50 offices. This along with other issues is generating a large support load on the TDA.
- Migration of counters from CSR to CSR+ has continued apace. The majority will be migrated by Christmas although the tail left outstanding may be larger than the 100 target.
- Testing of the M1 maintenance release has completed Cycle 4 on time. Although progressing well the level of issues identified is too great to enable them to be resolved prior to the start of cycle 5.
- The amount of activity on New Business has increased, whilst this is welcome the ad hoc nature by which PON identify work packages coupled with the short or no notice given makes it impossible to plan effectively. This is stretching the resources available particularly in the TDA.
- The ISO pre-assessment in November was successful in that there were only a small number of observations and a few minor non-conformities.

## 2 PROGRESS

- RTR is now live in all Directorates with the exception of Implementation which is scheduled for December.
- The new Change Order process (required to manage the progress of CCN's to enable effective changing to PON) has gone live after a training programme. Focus is now being given to Management reporting.
- A cross Directorate ZBB (Zero Based Budgeting) exercise for post M1 has started. The intention is to ensure the "core" requirements for resources have been correctly identified and balanced. First output will be available at 18<sup>th</sup> December Finance Review.
- AP Client Migration is making good progress with DITs completed for Hampshire, Mid-Kent, Girobank and Knowsley.

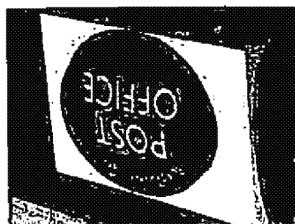


- The Maintenance Release (M1) has completed the third and fourth cycles of conformance testing. Cycle 4 exercised 48% of M1 CP's for the first time. Problems were found across all areas such that code changes will not be ready for the start of cycle 5. It will, therefore, be necessary to introduce an additional cycle. This can be achieved without impacting the dates given to PON for Data Centre Migration. In addition, the release rig has completed its first 2 test cycles and has trialled the TDA M1 Migration Strategy.
- The changes to the Data Warehouse to support Schedule A12 Invoicing Requirements completed testing and were implemented into live.
- Directorate Project Managers for the major elements of new business, (i.e. Network Banking/EFTPoS and ERA) have been identified and will be fully in place for 1<sup>st</sup> January 2001.
- Progress is being made towards the targets for the end of the company year covering both cost down and freelancer replacement with a significant reduction occurring prior to the end of November that were in excess of the Directorate target.

### 3 ISSUES

- The current live support load being generated for the TDA is starting to impact their ability to support M1 testing and new business activities.
- The ad hoc way PON identify with short or no notice new business work packages make them impossible to plan effectively. New processes for the early stages of the life cycle (covering Business Development and the TDA) need defining as those currently in place are not

# Commercial & Financial Report



## Commercial &amp; Financial Report

## 1 MONTHLY SUMMARY

- Financial performance to end October has continued to track better than Plan, Budget and forecast, albeit November fell slightly short on revenue reflecting the recent slowdown on rollout. This will not be an issue unless the trend continues.
- Work and negotiations continue to resolve the breach condition on SLA performance.
- The training course CCNs have now all been agreed 'without prejudice' to who pays for the shortfall. The expectation is that most of the cost will be borne by Pathway as part of the SLA 'deal'. Meanwhile, the new measures are beginning to bear fruit and the cost projection is slowly improving against prior forecasts. We are now actively pursuing Energis and KPL for recompense for their failures in roll out which have impacted training course occupancy.
- Improvement of the management processes at the TIP interface (specifically solving POCL's client settlement problems) has also moved forward. Again on a without prejudice basis related to the SLA 'deal', we have started work on two agreed sets of change (CCNs 728 and 729) on the basis that a related work request (CCN 730) will instead be done by TIP in a different (and better) way.
- We have agreed in principle the contractual interpretation of the criteria we need to meet to secure the second £60m retention. These are based on TRT targets and not the more stringent MAT targets which are the basis of the SLA problem.
- Agreement has been reached with ntl: regarding their £800k claim. The outcome is circa £350k. This is very close to the latest (tasked) forecast.
- Departmental Budgets for 2001/02 continue to converge on where they need to be for next year. CS and Implementation are both now very close. A combination of a new man-rate database and the ZBB work in Development is expected to resolve the gap which currently exists in Development. Risk has been reduced with successful CSR+ roll out, and task has all been 'subscribed to' within the units leaving none unallocated for next year. Budgets should be all but fixed at the Finance reviews next week.
- The 'new business' revenue plan for next year has been de-risked to £7m. Overall profit for 2001/02 has been maintained by increasing the recognition margin from 13% to 13.5% compared with 11% this year and 9% last, and 15% beyond next year. If the SLA issue is resolved satisfactorily and roll out substantially completed by year end, and if risk and unallocated task continue to reduce and new business continues to take shape, there will be a strong argument for increasing this year's margin also.

- Qualifying the web based Network Banking proposition such that a decision is taken by POCL next Tuesday on whether to go ahead on this basis is taking up a considerable amount of [many people's] time and attention. The decision is strategic for Escher. There is a difficult to define but significant business risk for us if it goes against them. There is also a significant performance risk for us if we go ahead without a proper appreciation of the issues. We have to steer a careful path down the middle of these two risks such as to avoid both.
- Propel and OPA/ Oracle Gold Build are not going to meet our immediate business needs: we are looking at 12 months away for both. Interim solutions are now well advanced to plug the gap and reduce dependency. We remain actively involved in trying to shape both long term solutions.
- Work on the DTI audit of the £8m interim government funding of April/May last year is in train.

## 2 PROGRESS

- New business is definitely picking up. POCL have asked us to fund the development of EFTPOS (circa £3m) with recovery of costs plus interest at 15% through transaction charges with a guaranteed minimum. This has significant attractions but is not factored into the current Business Plan.
- We await customer response as to whether they find our proposals on the SLA 'package' acceptable. They are taking their time to consider it, which is probably a good sign but it is unlikely that they will settle for our offer without some further concessions on our part.

## 3 RISKS

- SLA rectification will require a second (albeit smaller) maintenance release. This is factored into the Budget plan but maybe not at a sufficient level of cost. The on-going costs of operation may also be insufficiently comprehended.
- The Web Riposte decision (Network Banking) as above.
- POCL demand for instant work delivery after months of indecision: risks to expectations and satisfaction, to utilisation during the fallow periods, and potentially performance relative to new commitments undertaken. We have proposed a retainer scheme as part of the SLA deal proposition.

## 4 ISSUES

- As risks above.

ICL Pathway

## Commercial &amp; Financial Report

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## 5 FINANCIAL PERFORMANCE

ICL Pathway Financial Summary  
NOVEMBER 2000

## Rollout Key Metrics (Revenue Drivers):

## Outlets installed and migrated:-

During month (4 weeks) / YTD

At end of month (27/10/00)

Month of November 2000			Year to Date (8 Months)		
Actual	Forecast	Variance vs. Forecast	Actual	Budget	Variance vs. Budget
1,089	1,114	(25)	10,152	10,305	(153)
14,747	14,772	(25)	14,747	14,900	(153)

At 31 March 2001

At 31 March 2001		
Forecast	Budget	Variance
17,650	17,910	(260)

(Values in £000s)

## Revenue:-

Rollout Milestone Accruals

Implementation Contributions

CCNs (incl. New Business)

OBC

Other Revenue

## Total Revenue

## Cash Costs

## Interest Costs

## Profit Recognised

## Fixed Asset Additions

## Closing Cash/(Borrowings):-

Cash at Bank

Asset Co Borrowings

Total Net Borrowings

Month of November 2000			Year to Date (8 Months)		
Actual	Forecast	Variance vs. Forecast	Actual	Budget	Variance vs. Budget
12,935	13,231	(296)	160,040	161,070	(1,030)
300	246	54	3,776	3,326	450
220	155	65	1,065	1,202	(137)
52	30	22	232	268	(36)
			28	15	13
13,507	13,662	(155)	165,141	165,881	(740)
8,238	10,720	2,482	89,717	99,598	9,881
794	781	(13)	5,622	6,939	1,317
1,485	1,503	(18)	18,161	17,846	315
11.0%	11.0%		11.0%	10.76%	
7,556	4,500	(3,056)	37,381	36,862	(519)
54,195	50,351	3,844			
(90,000)	(90,000)	0			
(35,805)	(39,649)	3,844			

## Headcount:-

Permanent/Shared Service

Freelancer

ICL Contractors

Temps/ITs

TOTAL HEADS

Actual	Forecast	Budget
208	204	230
149	147	162
139	127	104
19	20	10
515	498	506

## HIGHLIGHTS:

Although revenue was £0.16m lower than forecast, due to the 25 outlet shortfall in the rollout, costs were well below forecast.

The favourable variances arose mainly in Customer Services and Implementation, and included several timing differences. However, there were 'real' gains of £300k on exchange variances and a further £200k on the release of accrued legal costs. This offset the provision of £200k for advance Escher licence fees which may prove to be irrecoverable.

Borrowings were again well below forecast on the last day of the month, but this was largely due to delayed supplier payments - most of which were settled in the early days of December



## Customer Requirements Report

## 1. MONTHLY SUMMARY

Good progress has occurred this month on all new business streams. Within Network Banking work has recommenced in earnest, although there are now resource issues to be resolved to meet delivery requirements set by POCL.

Work on EFTPoS has advanced significantly during the month with delivery to POCL of alternative implementation proposals and subsequent positive feedback on the preferred functional capability.

The work on ERA also continues to plan with 11 Pathway staff currently involved. All staff were briefed on the organisational changes associated with Requirements work transfer to Business Development unit. This is intended to be the final free-standing Customer Requirements report; future reporting will be consolidated into the Business Development report.

This summary report was compiled in John's absence and all Customer Requirements staff wish John a speedy recovery from his current hospitalisation.

### 1.1 DETAILED PLAN ACTIVITIES

#### 1.1.1 NEW BUSINESS REQUIREMENTS

##### *Network Banking Workpackages*

Work has recommenced in earnest on Network Banking, and PONU have commissioned 11 Work Packages intended to define the end to end Network Banking requirements and top level solution. Tony Hayward has prepared and circulated Product Descriptions for 4 of these Work Packages.

1. Covering the top level design of transaction states and message flows.
2. Covering review of operation considerations (co-location of the Network Banking Engine on Pathway campus, helpdesk, resilience, performance, security and system management issues).
3. Performance modelling.
5. Requirements and solution workshops covering fallback, reconciliation & settlement, MIS and reference data.

Work package descriptions for 7a & 7b have been produced by POCL, and require Pathway work and Escher/ IBM involvement as a subcontractor.

- 7a Web Riposte and IBM CBTF integration for the desktop and counter application.
- 7b Web Riposte integration & deployment into the Horizon estate

Workpackages 4 and 6 involve POCL only and are concerned with defining business rules and the scope of applicability to the pilot and extended trial.

Workpackage 9 has been produced by POCL and is to examine the impact of other requirements on the Network Banking programme, particularly those arising from EFTPOS and Universal Bank. Pathway resources will be needed on this work package, although a start may be deferred for a few weeks.

Workpackage 10 (review of contract & SLA issues) has also been produced by POCL and will involve effort by Pathway and Masons.

A first internal review was held to identify work package resourcing and interdependencies. Further work is needed in this area since there are significant resource commitments required and limited resources (TDA, CR and others) given other commitments and leave entitlements. Planning are involved and RTR assignment codes and recording are in place.

Although work has been proceeding satisfactorily we are still waiting the formal CRs from POCL and this remains a potential exposure.

#### *Network Banking Outputs*

Workshops have been held with PONU and IBM concentrating on Work Package 1 (Transaction States and Data Flows), for which an initial specification has been delivered.

Workshop meetings have also been held covering fallback, reconciliation & settlement (a major part of Workpackage 5)

Workpackage 7a has been proceeding on the basis of meetings between Escher, IBM and POCL. Tony Hayward has visited Escher (in Dublin) to review progress with Fionnuala Higgins and Steve Taylor (NBU). A Web Riposte application framework interim report has been produced and this was presented to a wider Pathway audience at a 2 day workshop last week.

This has also provided the opportunity to review with Escher the main implications this would have on the Horizon infrastructure. Systems management would require some significant extensions since Java code objects and associated DTDs would require distribution via Riposte replication, whereas at present code is distributed by Tivoli. There are also several loose ends to tie down in the operation of the application framework. Further interaction with Escher is planned on these topics.

Work is also in progress on Workpackage 10, which is being driven by Finance & Commercial, with support where necessary from CR.

### ERA

After some doubts about the funding of ERA the project is still progressing at full speed and appears funded to the end of March.

There are 35 to 40 people now working on ERA (11 from Pathway) and these are divided into 11 workgroups covering all aspects of re-engineering the Post Office processes. The aim, by March, is to have updated the ERA Vision and Blueprint, produced a cost benefits statement, defined the Migration Strategy and produced detailed design documents for the components of the first development stage (as proposed by the Migration Strategy). All this will be presented to the investment board in order to gain ongoing funding.

The majority of Pathway Staff are producing detailed functional specs for the a new counter architecture and continuing on to produce detailed design specs for one component, Stock Sale. From all the other work being carried out on ERA, a new EPOSS service is the lowest priority so the work may (should) change direction.

There are two areas of concern, one for ERA in general and one for Pathway.

- For ERA, it is not clear how the proposals fit in with the Service Development plan. If all requirements of the SDP are met then it would meet a lot of the services required by ERA without a major redesign of the front end (although it would not have adopted the "generics product" principles).
- For Pathway, the detail specs that the ICL team produce will give the Post Office all the detail required to allow other vendors to bid for the contract renewal. Some safeguards need to be initiated or re-emphasised.

### GGP

Work in Pathway has now tailed off; a small contingent from Requirements and Client Management met with POCL to review a specific, but limited, opportunity for early work in Scotland – outside the main work plan being handled by CGEY. This proved of limited interest unless further funding were available in 2001/2002; this is being followed through within POCL to ascertain whether this is feasible.

Following this meeting contact was made with CGEY and further interaction is expected at some time over possible implications on the Horizon infrastructure.

### **EFTPOS**

Major progress has been achieved during the month with a substantial response to the consultancy assignment produced and sent to PONU for review. This includes two levels of implementation approach with indicative development and operating costs. Both John Coakes and Dave Cooke have been heavily involved.

Several review meetings were held with PONU and Nat West representatives in an attempt to identify the EFTPOS requirements, which were continually changing up to and after the delivery of the indicative development and operating cost paper (CR/REP/025).

Following delivery of the report the customer held a business case review meeting and feedback indicated that this resulted in a positive response from PONU management to move forward and progress EFTPOS. For ICL Pathway it is not yet clear what this will entail though the next logical activity should be to generate a complete requirements specification (PONU with ICL Pathway assistance) that can then lead to a costed outline design.

Throughout the exercise it became clear that the current Horizon architecture will need to migrate to accommodate the EFTPOS real time requirement. This also has considerable impact on the reconciliation model where new, more comprehensive and potentially costly PONU requirements are evolving. Both aspects have some relationship to similar requirements within Network Banking and there is a possibility of adopting a common approach for reconciliation. Recent workshops have been positive, although time to market will be a big factor.

EFTPOS fallback is another area that needs careful thought.

### **1.1.2 CSR+**

#### **APS**

##### *AP Client Migration*

AP Client Specs for Welsh Water, NIE, SWALEC, and now RSA have been approved. The CCN associated with DVLNI has been rejected principally on the basis of cost, and so the Client spec is not approved.

The interface for BT is now expected to be handled via the POCL DPC and so a DPC Client Spec has been produced and is in review.

Yorkshire have agreed to amend their systems to accept the standard AIS.

#### *APS Other*

Siemens have advised that they will again not be ready to support the Quantum end to end testing, so Quantum introduction will again be delayed.

POCL have asked us at very short notice to support a testing exercise (starting 11th Dec) to verify that data files sent to us from HAPS are error-free. We cannot make the testing environment available that quickly, but can in early January.

A CR has been received to introduce a new AP Client - Standard Life -who will be supporting the government Stakeholder Pensions initiative. We will need to have resolved our pricing disagreements that surfaced with DVLNI before responding on this one.

A CR will be sent to us soon requesting that Pathway write the business requirements specification for Talexus, the smart key system operated by Schlumberger.

The E-topup opportunity associated with a pre-payment service for mobile phones continues in the background. We are reviewing the NDA prior to getting more fully involved.

#### *TIP Interface*

CCNs 728, 729 & 730 were generated. These are all concerned with changes to the sending of exception files, and the re-sending of rejected files, to TIP. POCL need enhancements to facilitate AP client settlement reconciliation. Generation of the CCNs has involved considerable design effort, as they are fairly complex changes. John Pope continues to follow through with the aim of getting resolution of the issue. POCL (through Keith Baines) has now confirmed that CCNs 728 & 729 are what they want and although funding responsibilities remains an issue, Pathway will proceed with this work on a no-prejudice basis. CCN 730 remains under review within POCL, but the Pathway recommendation is that this work is not taken up and alternative implementation approaches within the TIP domain be followed.

#### *SADD 6.0*

This has been submitted to POCL for approval, and we have been advised that such approval is anticipated in the near future.



### 1.1.3 OTHER ACTIVITIES

#### *PINICLS*

Progress continues; nothing exceptional to report this month.

#### *Contractual Failure to Meet Minimum Acceptable Thresholds (MAT)*

Tony Hayward has continued his involvement to support work designed to address the failure to meet Day D inward data file deliveries from 100% of outlets.

This includes a Workshop called by Simon Fawkes to review the development activities being scheduled for post M1 in this area.

#### *Process Review Forum*

Work on quality activities has taken a back seat. There has been a Customer Requirements Process Review Forum held in addition to the ongoing project Process Review Forum activities. Actions arising from this relate mainly to interpretation and adoption of the CSLC Stages 1-6 model and its impact on our existing standards and procedures. The New Product/Service Introduction (NPI) process is to be evaluated against CSLC. Even though there are recent organisation changes these CSLC/NPI review activities are likely to be relevant to the new organisation under Business development though such needs have yet to be discussed.

## 2 CURRENT CRITICAL PROBLEMS

None.

## 3 ISSUES

None, other than those noted earlier - outstanding CRs for Network Banking work and the availability of appropriate resources.



# Customer Service Report

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## Customer Service Report

## 1 SUMMARY

- There have been 3 operational problems this month with regard to Data Delivery SLA achievement. One problem caused a small number of TIP files not to be transferred by the 03:00 deadline. This will cost us approx. £20k in penalties. The 2 other problems should have no SLA impact.
- Severe congestion of the Energis network has been identified around 18:00. A fix has now been distributed and results are being analysed.
- AP Client take-on service provided by RDT will stop unless we have a clear view of the CSR+ requirement from POCL. This has been escalated within POCL.
- The live FTMS gateway has been installed and accepted by Mid-Kent and the Girobank DIT has been successfully completed.
- As at 8<sup>th</sup> December, 13,095 Outlets had been successfully migrated to CI\_4. A number of sites are reporting perceived slow running of CI\_4. This is taking a variety of different forms and 3 sites have been visited to gather information.
- APS Reconciliation is still giving problems. We are confident we are sending the correct transactions to HAPS and APS clients, however TIP are unable to reconcile the APS content of the files they receive. Both PON and Pathway have completed a significant amount of work to attempt to identify where the process is falling down.
- We are currently on target to achieve the BIMS SLA of 100% this month for the first time.
- Service Review Book for October SLA conformance was completed and sent out to PON in accordance with agreed timescales. Most SLAs have shown an improvement over the previous month.
- The BSI / ISO9001 pre-assessment carried out within CS was deemed to be very successful. There were no non-conformances within CS and just a couple of observations.
- There was a big increase during the month in complaints regarding the CI\_4 upgrade and the CI\_4 team has been alerted to these.
- To 25<sup>th</sup> November, 114 site visits have been completed, with a further 12 planned for the next fortnight. There are concerns about the electrical supply to some offices and the possibility of external radio interference causing system crashes and screen freezes.

## 1.1 VITAL STATISTICS

Live Base as at 30<sup>th</sup> November '00: 14,841 Post Offices, 32,727 Counters

Cumulative Data is from 1<sup>st</sup> December 99 to 30<sup>th</sup> November 2000 inclusive

Monthly Data is from 1<sup>st</sup> November '00 to 30<sup>th</sup> November '00 inclusive

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### OBCS

Total number of transactions to date	263,456,056
Total number of transactions in November	46,694,560
Total value of payments to date	£20,091,038,419
Total value of payments in November	£3,558,846,409

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### EPOSS

Total number of receipts to date	366,403,099
Total number of payments to date	85,506,022
Total number of zero value transactions to date	29,128,399
Total number of receipts in November	60,096,103
Total number of in payments November	10,141,617
Total number of zero value transactions in November	4,926,138
Total value of receipts to date	£20,392,002,992
Total value of payments to date	£8,096,933,117
Total value of receipts in November	£3,087,878,580
Total value of payments in November	£1,175,663,727

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### APS

Total number of transactions to date	118,680,316
Total number of transactions in November	19,831,825
Total value of receipts to date	£3,173,283,609
Total value of receipts in November	£487,596,762

### NOTES:

- OBCS transactions include non-monetary transactions - issue of books, change of address etc.
- Cumulative Data from May 1999 will be published once analysis of archived Data Warehouse data is complete.
- Weekly data is now available on the Customer Service web site.

## 2 PROGRESS

### 2.1 OPERATIONS

- There have been 3 operational problems this month with regard to Data Delivery SLA achievement. There were problems running under the back-up data centre at Wigan. On reverting to Bootle, a small number of TIP files were not transferred by the 03:00 deadline. This will cost us approx. £20k in penalties. The root cause of the problem was a time zone variable being set incorrectly in Wigan by ISD.
- The second problem is the increase in the number of post-offices remaining on the non-pollled list. This is mainly due to problems in SMC staffing due to sickness and time spent on counter migration activity. A number of mitigation measures have been put in place.
- The third problem was the APS processing failing due to a duplicate transaction. This was fixed and the files sent by 23:30 the following night. As the SLA is 23:59 there should be no SLA impact.
- Severe congestion of the Energis network has been identified around 18:00. A fix has now been distributed and results are being analysed.
- Activity on Day D SLA non-conformance remains a high priority. The main development CP, CP2840 is now with PCCB. A CP is being raised for an AP transaction recovery facility. On this basis the future of BT satelan solution for marooned transactions remains unclear.
- AP Client take-on service provided by RDT will stop unless we have a clear view of the CSR+ requirement from POCL. This has been escalated within POCL.
- Quality of Reference Data from POCL and time taken to resolve the problem remains a concern. This has been escalated within POCL.
- The live FTMS gateway has been installed and accepted by Mid-Kent. The Girobank DIT has now been successfully completed.

### 2.2 SUPPORT SERVICES

#### 2.2.1 GENERAL

- There have been a number of issues on a small proportion of Counters as they migrate from CI\_3 to CI\_4, which has resulted in a high urgent workload for SSC staff.



- Severe congestion of the Energis network is being experienced, particularly around 18:00. This is a significant operational threat. The problem is caused by excess events being generated at End of Day. A code fix to alleviate the situation is being committed to the estate.
- A fix to speed up APS harvesting has been applied to the Data Centre. However, APS harvesting has failed twice, having hit a duplicate record. The problem was overcome but the underlying fault will need to be established and resolved.
- A number of CI\_4 Outlets are reporting a variety of aspects of perceived slow running. This overall issue is being managed by Deirdre Conniss but SSC technical resource is also being applied, primarily by Kath Greenwood, but also by other team members. Pat Carroll was involved in a site visit to Guiseley.
- An updated version of CS/POL/004, which covers the interface between PON and Pathway CS on Fast Track Maintenance, has been issued.
- The OTI link from PinICL to PowerHelp (and from Dispatch 1 to PowerHelp) was not working for a number of days. The problem was put to Alert status and the situation has improved.

### 2.2.2 MAJOR RELEASE IMPLEMENTATION

- As at 8th December, 13,095 Outlets have been successfully migrated to CI\_4.
- The KMA server gave problems that caused POLO login at Outlets to fail and meant that the customer had to redo the POLO login. The cause has now been identified and the fix will be applied in the M1 release.
- Some Outlets occurred twice in the migration schedule. This caused affected (already migrated) Outlets to receive a letter giving them a new date for migration and created much confusion.

### 2.2.3 METRICS

Totals for the month of November 2000.

Release Notes raised by Release Management	98
Release Notes applied to live	43
Release Notes withdrawn	23
Release Notes cleared by OTT	53
Total Calls received by SSC	1244
Total Calls closed by SSC *	1411

- Of the total calls closed, 684 were in categories (e.g. Advice and Guidance, Published Known Error) which should have been closed by SMC.

## 2.3 INFRASTRUCTURE SERVICES

### 2.3.1 MANAGEMENT SUPPORT UNIT

- APS Reconciliation is still giving problems. We are confident we are sending the correct transactions to HAPS and APS clients, however TIP are unable to reconcile the APS content of the files they receive. Both PON and Pathway have completed a significant amount of work to attempt to identify where the process is falling down.
- Business incidents are being received in accordance with expected volumes. We are currently on target to achieve the BIMS SLA of 100% this month for the first time. Some new bugs have been found with CI\_4 Counters (APS) and they are being investigated.
- Non-polling is still a drain on resource. The sheer size of the reporting obligation is preventing the incident managers from chasing the support areas.
- Service Review Book for October SLA conformance was completed and sent out to PON in accordance with agreed timescales. Most SLAs have shown an improvement over the previous month, especially the System Service where all 'priority A' calls have been cleared according to SLA timescales.
- Remedial invoices for Q2 2000 have now been issued to PON for agreement.

### 2.3.2 BUSINESS EFFECTIVENESS

- The pre-assessment carried out within CS was deemed to be very successful. There were no non-conformances within CS and just a couple of observations. The success was a just reward for the work Alex put in to prepare CS for the assessment and the professional approach he adopted on the day of the assessment. The CS staff interviewed by the BSI assessor also made major contributions. Work has started to build on the pre-assessment and prepare for February.

### 2.3.3 STRATEGIC SERVICES UNIT

#### 2.3.3.1 OPERATIONAL BUSINESS CHANGE

- The following tables show actual deliveries for November and firm orders for changes up to the end of March 2001.

## Opening/Relocation/Refurbishment (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
November	93	19.05	73.95

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
December	41	20.05	20.95
January	106	21.07	84.93
February	18	22.53	Not yet exceeded contract
March	2	23.60	Not yet exceeded contract

## Closures (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
November	29	11.90	17.10

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
December	14	12.53	1.47
January	0	13.17	Not yet exceeded contract
February	0	14.08	Not yet exceeded contract
March	0	14.75	Not yet exceeded contract

## 2.3.3.2 CUSTOMER COMPLAINTS

- We have responded to 74 NBSC complaints - 53 justified and 21 not justified during the month. There was a big increase during the month in complaints regarding the CI\_4 upgrade and the CI\_4 team has been alerted to these. Currently there are 16 complaints outstanding awaiting responses, 6 of these are with the Field Service Managers for visits.

### 2.3.4 FIELD SERVICE MANAGEMENT

- To 25<sup>th</sup> November, 114 site visits have been completed, with a further 12 planned for the next fortnight. This slow down reflects PON's wish to avoid disrupting offices during their busiest period.
- **Environmental Issues** - A site in Liverpool has required constant attendance to manage. The system crashes repeatedly and finally appeared to fail completely on Friday 24<sup>th</sup> November. There are concerns about the electrical supply to the office, and the possibility of external radio interference. Guiseley continues to experience intermittent screen cursor freezes, approximately once every three days. Again, environmental EMC factors may be to blame. A proposal has been received from Celestica for a service to identify and resolve EMC issues.
- **CI\_4 Slow Running** - A number of sites are reporting slow running of CI\_4. This is taking many different forms. Two sites, Bulwell and Hollybush Lane, were visited and timings and other information gathered. A third visit, to Guiseley, took place on 27<sup>th</sup> November



# Quality & Risk Report

## Quality &amp; Risk Report

## 1 MONTHLY SUMMARY

- Security. 10,000 live keys have been produced to schedule. The resolution of specific key issues has been supported. Compliance software has been evaluated. The implementation will be managed with anti-virus and vulnerability software.
- Quality. ISO9001. The informal assessment was conducted by BSi. Overall feedback was positive on areas covered. Two non-conformances were raised, which could prove to be major (record retention and document management). Both are now receiving close attention and corrective actions in place. The Pathway version of CSLC for the 'Sales Cycle' has been drafted and is under review.
- Audit. A new Audit manager started, 4<sup>th</sup> December. The programme for Q1-Q2 2001 is being developed.

## 2 PROGRESS

### 2.1 SYSTEM SECURITY

#### 2.1.1 GENERAL

- CP2292 et.al (Anti-Virus software on the Live-Estate). The agreed solution for the delivery of anti-virus software to remote FTMS gateway PCs will now be taken forward under formalised project management. Terms of Reference have been produced and a Project manager identified. The draft strategy paper will be used by the PM to prepare a CP.
- Work is nearing completion on the evaluation of various compliance toolkits to facilitate remote checking of security policy compliance across the live estate. Implementation will be progressed via CP - possibly in conjunction with work on anti-virus because of similarities in the implementation process.
- Work has been completed on providing configuration for the delivery of anti-virus software to the remote AP Client gateways outlined in CPs 2798/2799.
- DPA. The existing Subject Access Request procedure is being amended to reflect Pathway's data ownership responsibilities under the new Act. Urgent discussions are still required with PONU to get their agreement on the ownership of other data processed by the Horizon system before the issue can be progressed.
- Security documentation continues to be reviewed as part of the ISO 9001 plan. A project plan has been prepared to track completion. Work is also underway on incorporating measures for process improvement.



- Terms of reference for the proposed process compliance review of Datacentre operations has been prepared and circulated. The review will be undertaken as soon as resources can be brought together and the required auditing tools have been tested.
- Firewall connectivity of various CS systems to the Datacentres have been rationalised.

### 2.1.2 CSR+

- The Key Manager successfully processed key requests for around 10,000 outlets and kept pace with the agreed CI4 POCL schedule. The demand for keys in the first weeks of the month was particularly heavy. Keys have now been generated for all of this year's known migrations/rollouts.
- Last month's KMA database corruption resulted in about a hundred outlets being left in a partially migrated state. Each of these was resolved by the Key Manager with close co-operation and support from KMS Development. In addition, several days were spent helping to recover from disruption caused by the CAW archive corruption.
- Twenty PinICLs were processed this month, including six priority 'A's and ten 'B's. There are still several outlets sharing similar faults and these are being tackled as groups. When successfully resolved, other individual outlet failures will be analysed in more detail.
- The KMS Key Manager continues to consolidate knowledge of the KMS system and is performing a daily analysis of migration/rollout activities to inform the programme. The KMS User Guide is being baselined prior to M1.

## 2.2 QUALITY

- ISO9001 Programme.
  - The BSI pre-assessment took place 14 / 15 November with two assessors, one of whom is TickIT qualified. Areas covered included CS / Development / Program Office / Implementation / Quality.
  - Overall feedback was positive on areas covered, but areas of ongoing work were not subject to pre-assessment.
  - 6 Minor Non-conformances and 18 Observations were identified. Two of the Non-conformances, Record Retention and Document Control, have the potential to become Major Non-conformances if similar findings are widespread throughout Pathway.
    - Record retention definition is being followed up in the Process Review Forums.
    - Document Control has been escalated as an urgent issue (not only for ISO9001 purposes, but also for maintainability of the system). Less than 50% of the documents registered in CSR+ and N\_A worksets have been formally approved. This is now being driven by the Programme Office with each Directorate.

- An Action Plan (IA/PLA/020) has been drafted and circulated for review. It is to be submitted to BSI by 15/12/00.
- QMS Documentation. QMS Policy PA/POL/002 and Process Control Policy PA/POL/005 are approved and visible in PVCS and on the BMS site. Revision of PA/PRO/038 is in hand: to incorporate the Process Maturity Matrix and the related Criteria definitions.
- Process Review Forums for each directorate continue regularly, to review process development, records, implementation of measures.
- Process Development update:
  - Documentation of processes for most Directorates is nearly complete.
  - C&F process documentation. Progress is being made to plan.
  - Management Plans for all Directorates are being produced. These will form the basis of a high level review to identify gaps and overlaps. A Pathway Management Plan will then be defined.
- Business Management System (BMS). Definition of the site management process is in hand, based on minimal documentation plus on-screen notes.
- CSLC. A first draft of the Pathway 'Sales Cycle' has been produced and is being reviewed.

## 2.3. AUDIT

- A new Audit Manager, Bharat Thakrar has been recruited to start from beginning December. A new Audit Plan for Q1 and Q2 of the calendar year is being developed.

## 3 ISSUES

- There is an emerging key related security issue concerning the removal of CI4 counters for analysis by SSC. Procedures will be developed to mitigate the risk.
- Some corrections to the KMA Server and database are still outstanding.
- Requests for audit extractions continue to increase and there have been problems arising from potential misuse of the ad-hoc request procedure operated by MSU. A meeting has been arranged with PONU to discuss this and associated issues.
- There is a potential corruption of some Legato archiving tapes at both Wigan and Bootle. ISD are investigating.

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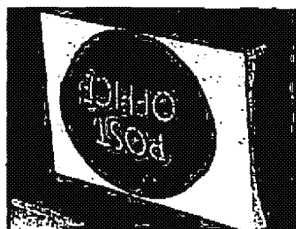
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# Business Development Report



## Business Development Report

## 1. SUMMARY

- A changed picture, I am pleased to say. The issue is now resourcing all the activity that Post Office suddenly require. We have been forewarning them that this would lead to a clash of resources but.....
- Additional commitment to revenues of over £1.5m are in place. This comprises £900K of ERA work and the remainder on Network Banking and EFTPOS.
- The Requirements team have now transferred to Business Development. This will provide more focus on the front end of our process. I am also insistent that we take a more proactive customer facing approach.

### Network Banking:

- Work is now progressing on the 11 work packages. There have been a number of successful workshops, involving both IBM and Post Office. Areas such as Reconciliation have been discussed and broad agreement is in place.
- Escher have placed some strong demands on Post Office to come to a decision on Web Riposte before Christmas. This will involve up front payments and an on-going commitment to the Web approach. This has caused a flurry of activity on several fronts over the past two weeks. This will culminate in a top level meeting on 19<sup>th</sup> Dec. My over-riding concern is what these discussions have done to the overall relationship between the parties where there is an unfortunate level of politics even within the Post Office. Our approach must be to stay factual and ensure that we are fully informed in terms of any decisions to which we are asked to commit.
- Discussions with the Banks and Government on Universal Banking continue. There is still no sign of a let from the banks. Descriptions of the Universal Banking requirements from Post Office are reminiscent of the Benefit Payment Card system! We have met Graham Halliday, Post Office's new Director of Retail Banking to forewarn him of some of the pitfalls of going down this track again. The major concern is that Post Office will be left 'holding the baby' and have to implement the vagaries of the Benefit system.

### ERA:

- We have now 12 resources fully employed and contracted for on the ERA project. Harvey Potts has recently joined the team allowing John Hunt to focus on offering strategic help to the Post Office Project Manager.
- There remains overall commitment to the ERA project within Post Office. Dave Miller and his team have confirmed that without ERA, their business is dead.

**Government Gateway:**

- Post Office have just received commitment from Dti to a funding programme for GGP and some early pilots. These are likely to be stand-alone in a particular part of the country. Post Office and CGEY are trying to narrow down the potential pilots from 16 to 4.
- Alan Ward from Escher is now engaged as a technical consultant on GGP working directly to the Post Office.

**NAO Report:**

- It seems likely that the PAC (Public Accounts Committee) will investigate the cancellation of the Benefit Payment Card following the NAO report. This is likely to take place in late January. All interested parties are aware.

## **2. PROGRESS**

**Business Development:**

- **EFTPOS:** Post Office are about to ask us to undertake a requirements definition work package. We have been attempting for some time to clarify requirements through several meetings without any success. This is now focussed on getting requirements clarified with them asap such that we can then quote for development and propose an overall timescale.
- **Mails:** Has had to take a back step while the work on Network Banking is on-going. This will be re-invigorated in January.
- **Service Improvements:** Still awaiting input from Post Office. There is no business thrust behind these potential improvements and therefore no funding either.

**Horizon Communications**

- Positive case studies appeared in Computer Weekly (9/11/00) and Banking Technology (Nov edition).
- Listeners to the Archers will be getting to know more about Horizon over the next few months as it is being installed in their Post Office outlet. At present the postmistress is attending her training. ICL Pathway, KnowledgePool and the Post Office have all been helping the scriptwriters with facts and history that they require. Their latest request is that they would like a set of equipment - although they are obviously radio, they would like the system so that they know what sound it makes!



- The DTI issued a full progress report on the Post Office (14/11/00). It expresses concern over the feasibility of Universal Bank, and is relieved that Horizon is proceeding well though seeks reassurance that it will be technically resilient enough for PO's plans. It criticises the speed of installation of the planned 3000 ATMs.

### **3. ISSUES**

None



# Implementation Report



## Implementation Report

## 1 MONTHLY SUMMARY

A total of 15,282 Post Office outlets have had the Horizon system installed, as at close of business 8<sup>th</sup> December 2000. This represents 85% of the current agreed number of open outlets (18,043). It is anticipated that this will fall to less than 18,000 outlets by the end of rollout. The 8<sup>th</sup> December 2000 was the last scheduled day for installations this year such that outlets are not disrupted during the busy Christmas period. However, there will be approximately 10 installations in the week commencing 11<sup>th</sup> December to complete installs aborted in the previous week.

Rollout is on schedule to achieve the next payment milestone (17,157 outlets by 9<sup>th</sup> March 2001) with headroom of 300 outlets available beyond that. We are also on target to achieve the current outlet revenue forecast of 17,650 outlets by 30<sup>th</sup> March 2001. Recent commercial negotiations with PONU have successfully reset the payment milestone target to the lower figure above to take account of attrition over which Pathway has no control. The target for the rollout payment milestone is reassessed each month, in accordance with approved CCN 655a, to take allowance of PON suspended or outlets closed during the previous month.

During the reporting period, weekly rollout performance was again consistently below the planned levels. There has however been an improvement in the performance of Energis with a reduction in the number of ISDN issues. Current shortfalls are attributed to a generally higher attrition rate since we entered the tail end of the programme and insufficient scheduled outlets. Significant rescheduling has taken place for all rollout weeks next year to allow for higher rates of transition. Rollout volumes have also been increased for next year to allow for the lower level of achievement of late. It is therefore anticipated that rollout we return to a trend of achieving target levels when we recommence on the 8<sup>th</sup> January 2001.

Implementation closedown plans continue to be implemented with a small number of staff leaving the team at the end of December. Implementation headcount, including staff working on other projects, at the end of December will be 86 compared to a peak of 110 in August this year. Back to back plans with Pathway Customer Services are in place and CS will take over responsibility for infrastructure activity from the beginning of January 2001. Implementation will conclude existing infrastructure activity during December and early January and will hand-over installations to CS from mid-May 2001.

## 2 PROGRESS

### *Infrastructure Preparation*

Implementation-led activity in the infrastructure programme is in the final stages and consequently is focussed on completing those outlets where the infrastructure work has been more challenging. It is anticipated that, for outlets released by the Post Office prior to the 10<sup>th</sup> November 2000 deadline, the majority of infrastructure activity will be complete before Christmas. There will be approximately 120 infrastructure activities to be complete after Christmas.

For outlets still in suspension, considered to be less than 100 in total, these will be reviewed on 8<sup>th</sup> January 2001 and will be either released into the programme or confirmed as closed by the Post Office. It is possible that a small number will remain suspended beyond the review date since PONU have the contractual right to release outlets up until the end of June 2001. As part of the Implementation closedown strategy, any outlets released from the 8<sup>th</sup> January to the end of June 2001 will have their infrastructure activity managed and completed by Pathway Customer Services, rather than Implementation. Through joint workshops between CS and Implementation, process reviews and preparations are at an advanced stage ready for the hand-over of responsibility.

As of the 11<sup>th</sup> December 2000, the status of the remaining infrastructure to be completed by Implementation includes 122 activities to be complete after Christmas and 112 before Christmas (already scheduled). The majority of this activity is at sites where standard solutions were not possible and required Post Office intervention, or are sites designated for the mobile solution or are snagging items. Within these totals there are only 10 surveys and 30 preparations remaining to be completed.

In addition to the above planned activity, Pathway have received a request from the Post Office to prepare and install head office counter positions at 46 new geographic locations. This is currently being processed but will be undertaken by Implementation and will require the Implementation infrastructure team and our supplier, Pearce Security, to remain in place for another two months. The request is a contractual obligation and is being done by Implementation because other parts of Pathway do not have sufficient levels of resource. Future requests will not be undertaken by Implementation.

The Implementation infrastructure team will be disbanded following the completion of all of the above activity and the transfer of responsibility, as part of the Implementation Closedown Strategy.

*Installation Activity*

Rollout, now 85% complete and well into Phase Y the second sweep of the country, remains approximately 300 sites ahead of the contract plan. We have continued to see weekly targets not being achieved in the last 4 weeks, a continuation of the trend reported last month. The rate of attrition from the installation schedule and the rate of on the day aborts has risen above that observed in the majority of rollout weeks. The rise in attrition levels is attributed to having entered the tail end of the programme. In the tail, outlets tend to be minority solutions such as satellite communication sites and sites where infrastructure preparation or installation preparation activity has been problematic. This gives rise to higher levels of attrition.

Having achieved the last rollout milestone earlier this year, the remaining goals are:

- To achieve the final rollout payment milestone in March (99% of Rollout Part A). This has a value of £90M.
- To achieve and exceed the target of 17,650 outlets installed by 30<sup>th</sup> March 2001 thereby meeting budget expectations for revenue and profit for 2000/2001.
- To complete Rollout Part B, less 40 CS outlets, by mid-May 2001 and close down the Implementation team.

Despite the higher level of attrition observed in the rollout tail, we are confident that these goals will be achieved. Detailed planning and rescheduling has been completed to support these objectives with a higher margin of attrition having been created to account for the higher levels of attrition in the tail. Additionally, the granularity of tracking and control for rollout has been increased to ensure trends can be identified early and resolved quickly. Resolution of rollout process issues that may be responsible for some of the attrition is also underway and the Christmas break will be used to complete this work. We have also put in place new procedures to enable out-of-geography installations where outlets are installed away from the main rollout geographical centre. This will provide additional volumes in order to support the rollout targets with only minimal additional cost.

Installations at sites requiring satellite communications as the alternative to ISDN are now well established with 28 complete and a further 12 communication systems installed awaiting Horizon installation. Satellite surveys are also largely complete and it is expected the total number of satellite sites will be approximately 250.

The mobiles production programme is also making satisfactory progress and is on track to achieve the first mobile installations from 29<sup>th</sup> January 2001.

Installations at ECCO sites, previously planned to be complete by Christmas, will now be completed by the end of January 2001.

### *Implementation Closedown Strategy*

A strategy to complete rollout and disband the Pathway Implementation team is now in place with detailed plans having been agreed between Implementation, Customer Services (who will take-over any remaining small scale activity) and the Customer implementation unit.

Key milestone dates, supporting assumptions and high level plans have been defined by agreement and detailed working plans to achieve that strategy are now being developed. These typically include the review and refinement of existing plans and processes for use during the final stages of rollout. Customer Services and Implementation representatives meet once a fortnight to progress these plans and meet once a month with the customer to seek their agreement. The infrastructure programme will closedown in Implementation and pass to Customer services from 8<sup>th</sup> January 2001 and the installation programme from 12<sup>th</sup> May 2001.

The table below summarises the programme status, as recorded by the rollout database. Information on infrastructure activity tends to take 5-10 days to reach the RODB and hence appears inconsistent with that reported earlier.

ACTIVITY	ANGE	ULATIVE
Number of Open Post Office Outlets	-52	18,043
<b>INFRASTRUCTURE PROGRAMME</b>		
Sites Entered Into the Programme	-47	18,037
Sites Remaining to be Surveyed	-16	318
Sites Remaining to be Prepared	-210	431
<b>INSTALLATION PROGRAMME</b>		
Sites Migrated and Live	+1,345	15,282
Percentage of Open Sites Live	+8%	85%
Counters Live	+3,221	34,735

The training of postmasters has now stopped for the Christmas period and will restart on 2<sup>nd</sup> January 2001. Training quality remains high and there are no significant training scheduling issues.

## **3 CURRENT CRITICAL PROBLEMS**

No new critical issues have arisen. Positive progress has been made on two issues, previously reported as critical. These are the dispute with ntl; over an £800K invoice for weekly shortfall charges and the projected shortfall in training courses.



Pathway and ntl: were in dispute over the ntl: claim for £800k of shortfall charges. Having received clarification of ntl:'s commercial position, it has been recognised that although the original basis for the claim was flawed, Pathway have exceeded the allowance for reductions in outlets released to ntl:. The total exposure to Pathway arising from this would equate to a sum of £350k. Following further negotiation with ntl:, an acceptable proposal to settle the claim for a net cost to ICL of £350k has been tabled. It is likely that the offer will be accepted in writing during December and represents a considerable improvement from the original offer of £530k.

Pathway are continuing to predict that an additional 1,000+ training courses will be required beyond that specified in the Codified Agreement as a result of low course occupancy. Although Pathway believe PONU are responsible for greater than 50% of this, it has been difficult to substantiate due to the dynamic nature of the rollout-training schedule. It is likely that a settlement on this issue will be included as part of an overall negotiation with SLAs for Customer Services. An offer has been made on this basis whereby Pathway pay the first £1M of additional training courses and any additional costs are shared equally, thereby motivating all parties to manage the remaining risk. The total exposure had previously been estimated to be £1.3M but improvements in occupancy in the last 2-3 months have seen a gradual improvement. The exposure is currently estimated as £1.1M. Further measures have been introduced recently to improve occupancy further. It is therefore possible that the shortfall will reduce further although since we are entering the rollout tail where attrition is higher there are elements of the programme which are complex to predict. On balance it is envisaged that the training shortfall will be no worse than £1.1m and whatever settlement is agreed with the Post Office any reductions will be to Pathway's benefit. The full exposure is already within the financial forecast and budget.

## 4 ISSUES

We continue to have concerns over Energis ability to deliver a sustained acceptable level of performance in the ordering and installation of ISDN lines for the Horizon installation programme. This has created considerable extra work for Pathway and has resulted in additional costs due to aborted installations. Escalation to management level on a number of occasions has proved unsuccessful and therefore the concerns were raised with the UK MD of Energis. The performance deficiencies have been recognised by Energis and positive steps to increase the size of the team, improve processes and introduce a more effective management team have been taken. Bob Taylor, the Energis MD, has supported this. Performance has started to improve and measurement of sustained performance is underway. Energis have now offered £50K as a gesture towards their under-performance although our estimates are that their responsibility is much greater. The contract with Energis does not provide scope for installation under-performance, only SLAs post installation. Despite this, we will continue to pursue Energis for an improved offer of compensation in addition to an improvement in performance.

Obtaining satellite installation planning permission continues to be a troublesome process with more than 50% of planned Horizon installs having been suspended due to planning permission not being available. Process improvements are being introduced for installations in the New Year to moderate this and a greater understanding of factors causing delays has been achieved. It is expected however that there will be some continued impact due to the variable time required for planning permission. As early suspended sites are completed there are being reintroduced to the programme and therefore helping to moderate the ongoing impact.

## 5 COSTS

The Implementation forecast remains within budget and is on schedule to achieve the task and revenue targets for the year.

Improvements to the forecast have been achieved following successful conclusion of the negotiations with ntl: over the weekly shortfall claim and improvements in training course occupancy.

The costs of satellite and mobile installations have now been agreed with suppliers and have resulted in some further cost reductions in the forecast. This has been used to achieve the remaining task reduction in the budget for this year.

Management of business case risk is progressing well with all identified risks reducing in terms of probability and potential impact. Contingency funding in this area is therefore being gradually reduced.



# Organisation & Personnel Report

10/10/2010 10:10:10

## Organisation &amp; Personnel Report

## 1 MONTHLY SUMMARY

Recruitment activity is now almost entirely focussed on the freelancer replacement programme with only a low level of new positions/replacements for leavers being currently required. Steady progress is being made towards our end of year target.

Work took place to identify which people would transfer from e-Apps into Pathway. The aim is to finalise the list in December, on completion of the Zero Based Budgeting exercise.

## PROGRESS

- Appointments in November:
 

External Recruits	1
Transfers In	1
E-Apps	10
LINKwise	1
Freelance	0
Fixed Term Contracts	0
Adecco Temps	3
<b>TOTAL:</b>	<b>16</b>
- Known Joiners:
 

External Recruits	1
Transfers In	1
e-Apps	2
LINKwise	1
Freelance	0
Fixed Term Contracts	0
Adecco Temps	3
<b>TOTAL:</b>	<b>8</b>
- November Leavers:
 

Permanent Staff	3
Freelance	11
Transfers Out	1
Linkwise assignee	0
e-Apps	2
Fixed term Contracts	1
Adecco Temps	2
<b>TOTAL:</b>	<b>20</b>

- Known Leavers:

Permanent Staff	2
Freelance	5
Transfers Out	0
Linkwise assignee	0
e-Apps	1
Fixed term Contracts	0
Adecco Temps	0
<b>TOTAL:</b>	<b>8</b>
- There were only a small number of planned leavers from the Implementation team in November but there was one unplanned resignation which necessitated some replanning of resources. In addition the destinations of the planned leavers for the end of December were agreed. Unfortunately none of the candidates put forward to e-Apps to be considered for assignment working was found suitable and therefore they will be transferred to LINKwise.
- 7 appointments against vacancies were made in November. The number of live vacant requirements has decreased from 10 at the end of October to 3 at the end of November.
- The freelancer replacement programme continued to be given high priority. Approximately 40 CVs were forwarded to our Development managers for consideration and of these one third were invited to interview. 4 people were appointed in November against freelancer replacement plan/opportunity and 1 further offer was made for a January 2001 starter. One more freelancer (in addition to that reported last month) has volunteered and been accepted for conversion to permanent status. All freelancer replacement activity this month relates to the area of Development.
- 2 Technical Support Product Specialist vacancies were filled this month by existing ICL staff, a considerable achievement given the difficulties experienced to date in finding the right people for these types of roles.
- A meeting with Consultants from Computer People took place at month end to ensure external recruitment plans would succeed in respect of the Freelancer Replacement Programme.
- Personnel and Resourcing continued to liaise with members from the Quality Department to ensure good progress in respect of ISO 9001 accreditation.

#### New Business

- ERA, now fully resourced, all fee earning. No further requirements until after March 2001.
- Network Banking, currently there is requirement for up to 5 Business Analysts by Liam Foley. 2 CVs submitted to be used as benchmarks to find these resources. Resource Planning is currently waiting details of further requirements.

- Eftpos, GGP and Service Delivery, to date there have been no requirements placed on resourcing.

#### Transfer of Resources from e-Applications to Pathway

- Initial view, 92 resources identified to e-Applications for transfer to Pathway.
- Plan, HR is taking the lead on making the transfer happen. Resource Planning will confirm final list for transfer by 18/12/00, on the completion of the Zero Based Budgeting exercise. Transfer to be completed by 01/01/01, the drop dead date being 10/01/01 when payroll closes its' books for January salary run.
- On going activity, Resource Planning Manager will represent Pathway at the Group Resource Planning meeting. Format of meetings etc still to be clarified

#### Freelancer Replacement Progress to date

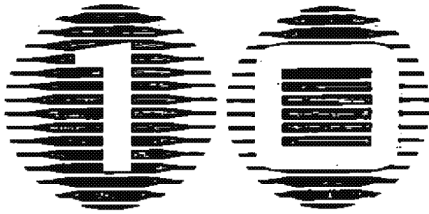
Freelancer Status	
Update	03-Dec-00
Summary	No of Heads
Freelancers in Pathway 30/11/2000	148
Freelancers in Pathway 01/12/2000	142
Opportunity for Freelancer replacement by 01/04/01	28
Resource planning Freelancer Forecast for 01/04/01	89

- The task we set for 01/04/01 was to have no more than 89 Freelancers in the business by 01/04/01. This now looks to be achievable and the Line Managers and the Finance Controllers should reflect that in their January Forecasts. The early stages of Zero Based Budgeting have opened up opportunities to free up ICL resource currently on the project which will allow us to improve on the 89 target and give us a head start into Fiscal Year 2001/2002, in terms of replacing Freelancers.
- The accommodation plan was reviewed and further progress has been made. In Feltham area F1 was cleared early in the month and has been returned to site facilities. In Bracknell it was agreed to surrender all space in area G31. The staff currently occupying this area will be consolidated into areas G74 and G56 and the resulting free space will be released to site facilities in December. Further opportunities for consolidation as headcount reduces have been identified and will be implemented in 2001.



## **ISSUES**

- Recruitment, feedback from Computer People (one of the recruitment agencies used by ICL) is that there is a severe shortage of some skill types in the market and this, coupled with salary competition is inhibiting their ability to supply suitable external candidates. The main problem areas are developers with C++ skills, testers and high level designers.
- e-Apps have not been able to accept some members of the Implementation team following the end of their jobs on the Rollout programme because they are not considered suitable for assignment working. This will potentially have an effect on team morale during the remainder of the programme and has to be understood and carefully managed.



# Post Office Client Report

## The Post Office - Client Director's Report

## 1 MONTHLY SUMMARY

The Consultancy Framework ITT is expected in January.

## 2 PROGRESS

### SPICE (Business) KnowledgePool..

KnowledgePool has picked up the SPICE internal training contract (Mark Horne) which is confirmed as Phase 1 Business SPICE, Phase 2 Consumer SPICE will follow next year with Mark being told he'll get this business as well.

Phase 1 - Work Packages 1 & 2 contracted	value £200k delivery this co year.
Work Packages 3 & 4 to follow	value £500k delivery mid 2001
Work Package 5 to follow	value £270k

Siebel kicked up a fuss as ICL is no longer a Siebel Alliance Partner and complained to Deloitte and the PO. KnowledgePool rebuffed these comments and are trying to work closer with Deloitte, and will start talking to SAP too about training.

### SMPP

ISD are still struggling to complete the trial/interim Peregrine-based asset management service. Peregrine as an overall supplier to ICL is on red alert.

Despite the very slow progress, PO are preparing to licence further use of Peregrine from ICL with support services – they have little choice. Value expected to be about £200k including licences.

e-Infrastructure - The good news is that P&PS Technology (was IT Consultancy) is now being used on a limited basis to help Paul Jopp in PO Business Systems get to grips with Platform 2000, including an ICL Health Check on the W2K build - the bad news is that our involvement is severely limited by PO - ideally we would take them back to basics and re-design, plan the migration properly and follow up with a workable rollout plan. There appears to be very little understanding of "programme management". Consultancy value £20k but another step forward into potentially high value infrastructure services business. Good work led by John Bell.

### e-Business

Feedback from the ITT process is that no decisions have been announced and the (internal) conclusions may be under question. We learn that seven large current PO suppliers (IBM, CapGemini, Microsoft, Andersen, PwC, SAP, ICL) all failed to achieve shortlist in any of the 6 categories being evaluated. We are now exploring the hint that "existing contracts can of course be used for eBusiness where appropriate".

OSS – One Stop Shop. Having declined to respond to the PO RFP for a single supplier, MC have been notified their existing contract will not be renewed in April (this is in fact a one year extension to the original contract) – too early to forecast any end-of-year spend that MC may pick up.

GGP The debrief from D Waltho emphasised that although we “passed” and they could happily have done business with us, CGEY made a better offer related to the longer term. As yet PO have not got their business case agreed by DTI and therefore no funds have been committed to PO. CGEY are on an “interim contract”.

Consultancy Framework Initial OJEC response submitted 13 October for a wide range of IT consultancy services in 13 categories. ITT expected January.

SmartCard Mike Jenkins driving ICL Smartcard Group have achieved an agreement with Post Office Research Group for a PO-wide Smartcard seminar for February, supported by ICL and Microsoft. The agreed clear intention is to promote the business benefits of smartcards within and without PO, using ICL skills and services. PO will pay ICL £20k for seminar services including a tailored SmartCity demo.

### 3 CURRENT CRITICAL PROBLEMS

#### SMPP

The SRT gateway is working in a live environment, but as yet SMS still has functional deficiencies despite heroic efforts by Andy Luckett who is the only ISD person on-site. The fragility and complexity of this link between SMS collected data and Peregrine will lead to support and warranty issues unless these are clearly-defined.

WDM Worldwide Despatch Manager - is on Red Alert but progress remains very slow. SLAs on both installation and maintenance continue to be missed.

### 4 ISSUES

Following Kate Robinson's departure, the gap has been filled by Alex Garforth dividing her time between Pathway business development and Post Office Client team – thus resolving a resourcing issue.