

ICL Pathway
Bringing
Technology
to Post Office
Counters

Monthly
Progress
Report



May 2000





ICL Pathway Monthly Progress Report

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Managing Director's Summary

ICL Pathway

Programme Monthly Report

Ref: PA/REP/050
Version: 1.0
Date: 07/06/2000

Document Title: ICL Pathway Monthly Report – May 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

June 2000

PROGRESS AND ISSUES SINCE LAST MONTH

As reported last month, generally good progress is being made, although there are still significant pressure points as we approach crunch time on CSR+ and as we stress our systems and processes with the ever increasing number of live Post Offices.

Tough Budgets have now been set at line unit level which reflect the requirements of the Business Plan at this stage. These include a large cost down element and incremental business growth, as well as very significant risk management.

Rollout is on track. We have now migrated 7600 post offices and are achieving in excess of 320 implementations per week. We are now ahead of plan. We have trained in excess of 26000 Post Office staff. This performance is recognised by PO and relationships are developing positively. Training scheduling remains a problem area but urgent corrective action has been taken to respond to complaints from PO Directors. The Pathway team is now also working with the PFI projects to manage other rollout programs.

Weekly service performance is a key issue and recent problems with Help Desk service have significantly dented PO confidence. March and April were disastrous months on OSD service levels, driven by major resource issues (staffing levels) on the Horizon System Help Desk. Nearly all of the SLA's have been missed and significant penalties incurred. This is an own goal and should have been prevented. As reported last month, it is on Red Alert and OSD have reacted decisively and professionally to implement corrective action. Their management has been changed and over 40 new help desk staff recruited along with a plan to recruit at a pace to handle the weekly increase in Post Offices and to cover for attrition. This has driven a dramatic improvement and this week we are now back on target with 7 of the 10 key SLA's. The sensitivity of this situation cannot be overstated. It is highly visible and has brought firm reaction from PO Directors. It will take week on week, month on month good performance to recover our position.

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CI3/VPN has been rolled out successfully. CSR+ is behind where we would like it to be and is being tightly managed through this critical phase. This is a major end to end software release with big functionality additions such as Smart Card and stock replenishment. Latest B&TC test results show that we are on a knife-edge. PO decision to proceed with user confidence test (UCT) is planned for 16th June. This is a 6-week program leading to CSR+ pilot, which is currently scheduled for 14th August in 300 offices. PO decision on roll out is planned for 6th September. We will delay the product rather than risk significant service issues.

Headcount management remains a big issue and is getting considerable attention. A lot of progress has been made in retaining key staff. We have now entered a vulnerable phase where we are highly dependent on key skills and motivation but at the same time need to manage the start of a heavy cost down program, particularly amongst freelance staff. We are also in a rapidly developing scenario regarding new business opportunities including Network Banking, EFTPOS, Project ERA and Client Reengineering. These opportunities will demand a range of skills and resources. Forward projection shows significant TDA, Development and Testing resource peaks over the next two years and we are now working very closely with Clive Fentons Major Projects unit to try and smooth these issues.

The long awaited PIU report on the future of the Post Office network is due out shortly and we know that its imminent release is causing considerable last minute debate in Government. Indications are that it will support implementation of e-Government services from Post Offices to replace some of the £400M revenue stream being lost through ACT. This should provide us with additional opportunities.

NEW BUSINESS

As indicated above, we are engaged in joint working groups/discussions on Network Banking, EFTPOS, ERA and Client Reengineering. There are serious issues of managing the required resource profile and securing the required commercial commitments from PO. However we remain resolute on this and are now on the verge of securing consultancy contracts worth in excess of £1M.

We await the decision on the Government Gateway bid.

Progress on significant e-commerce initiatives proves difficult with lack of momentum in the PO. We have now met with Wheelhouse and Dykes/Sweetman. They all acknowledge the need for fast co-ordinated action but are awaiting the initial recommendation from the two newly appointed MD's before committing to any real action. We continue to promote Crimson.

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We held a further joint Director team planning day with PONU, which resulted in good relationship development and a number of key actions for jointly progressing business development.

NETWORK BANKING

ICL FS has been shortlisted for the backend ITT (5 suppliers in total) which is due out this month. Pathway is the nominated contractor for the Counter and we are evaluating technical options with PONU and PO Network Banking Unit. We hope to secure a £500K feasibility study imminently. There are considerable tensions between the two PO units and we are treading a delicate line in the middle. We have signed confidentiality agreements, which introduce Chinese Walls between Pathway and FS and will need careful management.

It is clear that the political environment has reinforced the climate for a Social Bank. PO current view is that this will be a JV partly owned by PO, available after 2002.

RE-ENGINEERING/ERA

As with Network Banking, joint activities have been proceeding at a pace and Post Office seem keen to move this forward with us. Initial scoping suggests a £20M plus opportunity for Pathway in a 2001/02 timeframe. This would underpin Release 4 in the Business Plan. However, there are some difficult decisions facing PO as they balance cost reduction requirements with the investment needs of ERA. Their June Investment Board has authorised the next phase of this project to March 2001.

EFTPOS

Indications are positive that this will get the go ahead soon. We are currently scoping this development.

NATIONAL AUDIT REPORT

Latest NAO draft report is in much better shape and is acceptable to us. We would expect a formal copy to be issued to Keith Todd for comment within the next few days.

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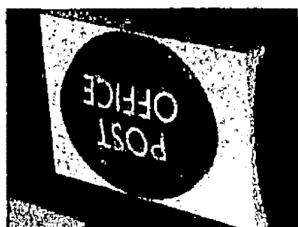
PRESS/INTERNAL IMAGE

A new initiative has been kicked off to rapidly improve the internal and external image and promotion of Horizon. We are already seeing more positive press comment and PONU are supportive of raising the image within Post Office. We are also looking at how we can promote Horizon in an e-business context. We are seeking PO Director level agreement to a joint press release in October.

FINANCE/COMMERCIAL/BUSINESS PLAN

Please see separate report.

Development Report



Development Report

MONTHLY SUMMARY

- We encountered several incidents in the live system regarding the imbalance of receipts and payments which are proving very difficult to isolate. We are obligated to use best endeavours to resolve these quickly and satisfactorily and although there are no penalties associated with our performance, their presence does undermine our credibility with respect to maintaining the financial integrity of the system.
- The correspondence server upgrade in the data centres designed to provide extra capacity is progressing according to plan, several critical stages have been completed but the exercise is not scheduled to be finished until the end of July.
- The fourth cycle of the Business and Technical Conformance testing completed on the 10th May and the fifth cycle is now in progress. The fourth cycle achieved a pass rate of 93% against 21101 scripts, which equates to an 86% coverage. The fifth cycle will be longer than originally planned to enable the software baseline to stabilise before entering the User Confidence Test on 23rd June. The sixth and final cycle (the audit pass) will now run in parallel with UCT but is still planned to be completed before the customer UCT2 decision point on 14th July.
- Horizon completed the second and third cycles of their end to end testing in May as planned. A target test to demonstrate a few important fixes is scheduled to take place between 7th - 12th June followed by the full User Confidence Test 23rd June - 21st July.
- We are experiencing a number of difficulties with the CSR to CSR+ migration process on the counter software baseline. In addition, the number of fixes being delivered into the UCT baseline is causing some destabilisation in the test environments.
- We have been very successful in retaining many of our key staff for the immediate future but the issue will return within the next few months if there is no new development work.

PROGRESS

- The fourth B&TC testing cycle exercised 86% of the scripts and achieved a 93% success rate. The tests deferred were related to the Quantum and SPM smart cards and the special 20 counter rig which repeats certain test scripts against a very large message store. The latter was caused by environmental difficulties not application faults. Horizon have told us informally that the Quantum and SPM smart cards will not be included in the live pilot due to the problems with their 'back-end' systems. We expect formal written confirmation of this during June.
- The fifth B&TC cycle started on the 12th May and has been extended until 19th June. The final audit pass is now scheduled to occur between 20th June and the 11th July and will provide additional input to the UCT2 decision 14th July.

- The functional elements, which we were monitoring very carefully, have performed well. Audit has only experienced a few minor problems, the Fix State of the Data Warehouse has moved on considerably and we expect a major improvement in cycle five. We have seen very significant performance improvements in the EPOSS stock unit rollover and cash flow reports and believe we have isolated the problem with the adjust stock function. There are still a few issues remaining but we are confident that we will be able to resolve them. Although the AP Host suite has improved, we are still encountering too many niggling issues.
- The Customer PET cycles are now complete and a target test phase enabling essential fixes to be applied prior to the User Confidence Test (23rd June – 21st July) has been scheduled for 7th – 12th June. Horizon will determine whether it is necessary to lunch a further run of the UCT on 14th July. If after reviewing all the test results they insist on this second run, it will take place between 7th August – 1st September and delay the release of CSR+ from 11th September to 16th October.
- The CSR (CI3) to CSR+ (CI4) migration process is complex and time consuming and therefore carries high risk and is consequently receiving considerable management attention. Recent technical issues have forced us to review the current upgrade plan which may take longer than originally anticipated. The full impact of this has yet to be established.
- Progress on the mobile and satellite technical solutions continues according to plan but the contractual and commercial arrangements with our suppliers and the customer as yet to be finalised.
- A set of management and corrective action plans have been produced in preparation for the ISO9001 accreditation by September 2000.

COST DOWN

- No new initiatives have emerged this month.

CURRENT CRITICAL PROBLEMS

- The mechanism for upgrading Microsoft Explorer remotely has seriously impacted the CSR to CSR+ upgrade plan. The size of the data/software package to be distributed has been increased significantly and three extra reboots are required. This will impinge on all other activities planned to occur before Christmas e.g. Infrastructure update.
- The target test may not be successful resulting in the need to rerun certain scripts and delay the start of UCT.
- The number of unresolved incidents reported from our final audit pass may cause the customer to insist upon a further run of UCT i.e. UCT2

- We are struggling to meet the deadlines associated with delivering the automated Tivoli migration process. This was planned to occur in the early stages of the UCT but further testing is required. An alternative approach is being discussed with Horizon Management.
- We must ensure that the results from the Performance and Integration testing are positive and available before the 14th July UCT2 decision.

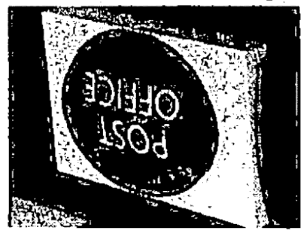
ISSUES

- The delivery plans and financial forecasts for 2000/01 are currently under review to establish the impact of introducing a number of new developments e.g. network banking, re-engineering, EFTPOS etc. The existing forecast assumes a significant reduction in staff during the next few months. Discussions with Horizon, PONU and NBU continue.
- The ISDN element of the OBCS foreign response time is non-compliant with the contracted requirement. The solution has been defined and the changes are being scheduled into the future release plan.
- The Operational Change Management System (OCMS) which supports Customer Services in responding to Post Office changes (e.g. closed & new outlets) which occur in the live network during and after rollout is running late. It has been subject to several delays caused by the work required on the RODB and SME and we have now encountered a major functional shortfall. The schedule and cost implications of the options available to address this issue are currently being evaluated. In the meantime, CS continues to provide this service via manual processes but this will be unsustainable in the not too distant future.
- When a Post Office is temporary closed for more than 3 weeks, we have difficulty reinstating the business because much of the relevant data has been archived. Fortunately, this has not yet occurred but we are certain that it will before rollout finishes. Workshops have been held to determine the best way forward and a change proposal is being impacted.

COSTS

The development activities continue to progress in accordance with the forecasts and remain under tight control and subject to regular financial reviews.

Commercial & Financial Report



Commercial & Financial Report

MONTHLY SUMMARY

- Financial results continue better than Forecast and Budget. The second milestone payment was received from POCL on 31st May, the due date, and one day earlier than Budget. As a result, the month end cash position was some £110m better than Budget.
- Departmental Budgets were finalised as planned last month. There is generally a good match between the 'negotiated' bottom up forecasts and the Business Plan.
- Best judgement forecast positions for each of Network Banking, Project ERA and Client re-engineering including EFTPOS add to some £4.5m of revenue this financial year. The Budget is de-risked to £2.9m. Uncertainty remains high and supply/demand matching extremely difficult to predict and manage. There was a key Post Office ISC meeting on 7th June and we hope to learn more at the team away day on 12th June.
- POCL have decided they want to go ahead with the Proof of Concept for the web browser approach, with Escher leading on the web browser. The concern is that expectations will be too high. Ts and Cs have still to be finalised, as does agreement to the price, which will be in the region of £700k (of which £400k is Escher). We still need to get ourselves completely aligned with Escher on work share, mindset and delivery.
- POCL have deferred the AIS work until after the selection of the Network Banking Engine supplier. This is likely to add significant risk to the programme.
- Project ERA has been given the go-ahead, but on a slower work plan than the PID. Resource demand is likely to fall more on Development than on Requirements.
- POCL are shaping up to hit us on SLAs and Training. This was predicted for about now on the basis that, in the case of help desk metrics, we will have failed to meet all criteria for three successive quarters. That gives POCL the right to terminate the contract. We don't expect them to want to do that, but they can be expected to use the 'default' as a lever to force us to do better and make concessions.
- In addition, we have operational/contractual issues on repair file transfers to TIP and (still) on individual transaction times. The ball is in POCL's court on both.
- On CSR+, AP clients and Siemens are running late, and CCNs for satellite and mobiles have still to be signed off. This, taken together with the SLA/Training issues, all amounts to risk around holding timescales for implementation. We also need to assure ourselves as to performance and migration.

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- The new Shared Services Oracle suite including Project Accounting is now being implemented in Pathway. There is still some confusion over RTR implementation, in relation to whether a Propel intercept is viable without undue delay. The view is probably not. There is also uncertainty over the RTR/OPA link, but Propel FSS have committed to take our requirement seriously.

PROGRESS

- Continuing excellent progress on roll out.
- Mostly good progress on CSR+.
- Project ERA sign off: a predictable workflow should now be achievable.
- ISC go ahead given for the Network Banking ITT and the Proof of Concept, although the CCN remains to be signed off, the sequence of work commitments is all wrong and it is far from clear that web browser approach is right for Network Banking.
- In addition to Network Banking, the PIU is likely to propose a pilot in 2001 of Better Government over the counter.
- Ts and Cs for the new work are close to being finalised.

RISKS

- POCL perception of SLAs and Training, and also of our commercial attitude to risk taking on new business: all negative as epitomised by the recent Dave Miller letter. Hopefully the away day will improve that perception. Risk remains that POCL will extract commercial concessions out of us (meaning unbudgeted cost).
- Network Banking expectations and lack of best practice (CSLC/MacroScope) approach to programme delivery on the part of POCL. Control of Escher.
- Resource supply/demand matching, planning and hence resource management.
- Because of delays to new business, the CSR+/ new business bathtub now looks deeper than it did a couple of months ago. That implies a shift towards Option A and rebuilding according to new demand, rather than rollover. That will require very adroit management.
- Ability of A&TC, OSD and KnowledgePool to support the necessary resourcing and performance levels. Still an issue (OSD on Red Alert re. help desk).

ISSUES

As risks above.

FINANCIAL PERFORMANCE

The Controller's report follows.

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Commercial & Financial Report

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ICL Pathway
Division

ICL Monthly
Report - May
2000

£m	Actual								
	Current Month			YTD 1 st Half			Current Half Year		
	Actual	Budget	B/(W) Budget	Actual	Budget	B/(W) Budget	Fcast	Budget	B/(W)
Total Revenue	22.2	21.7	0.5	48.9	48.4	0.5	132.6	132.2	0.4
Revenue Growth									
Ongoing Operating Profit / PBT	2.3	2.3	0.1	5.1	5.1	-	14.0	14.0	-
Ongoing Operating Profit %	10.5%	10.5%		10.5%	10.5%		10.5%	10.5%	
Net Borrowings / (Cash)	25.4	135.6	110.2	25.4	135.6	110.2	127.9	123.6	(4.3)
Net Inventories	27.6	31.0	3.4	27.6	31.0	3.4	13.3	3.4	0.1
Net Receivables	0.4	104.4	104.1	0.4	104.4	104.1	0.6	0.6	-
Total Trade Creditors	10.0	10.3	0.3	10.0	10.3	0.3	1.7	2.1	0.4
Employees	205	212	7	205	212	7	219	219	-
Non-permanent Staff	9	10	1	9	10	1	10	10	-
Total Headcount	214	222	8	214	222	8	229	229	-

Comments on Current Month Actual

Revenue growth / decrease: Revenue was £0.5m better than budget due to the continuing favourable rollout performance. The 7,013 post offices installed as at the last Friday of the month was 30 offices ahead of budget; each office is currently worth £17.4k in revenue recognition terms.

Gross Margin: see PBT

Operating Expenses: Headcount related costs were slightly favourable to budget, reflecting the lower than budgeted headcount levels. Other contract-related expenditure tracked the beat-rate of the implementation and growing operational base of post offices; but pre-installation survey and modification costs were lower than budgeted because of a change in the sub-contractual arrangements. This is merely a timing issue.

PBT: Profit recognition at 10.5% (within the average of 11% budgeted for the year as a whole) produced a small favourable PBT variance, which tracked the revenue performance.

Borrowings: The huge £110.2m favourable borrowings variance was mainly due to having received the £104m payment from POCL for the latest milestone achievement on 31st May instead of the budgeted 1st June. The balance of the favourable variance was caused principally by the forecast having underestimated the accruals position at the end of the month.

Increase / Decrease in Employees: Reported permanent headcount of 205 was 7 lower than forecast. Overall resource utilisation on the Pathway project - including Freelancers and eApplications Contractors was 580, which was a total of 13 heads lower than forecast. The matching of available skills to demand continues to place demands on managers across the company.



Customer Requirements Report

Customer Requirements Report

MONTHLY SUMMARY

Progress on both Network Banking and ERA has stopped this month, awaiting resolution of funding issues. The first Network Banking deliverable – the working draft Interface Specification - has, in fact, been completed and awaits delivery to the customer. Resolution of a first funding tranche for Network Banking is now imminent with prospects of progress resuming during June.

Progress has continued on the EFTPOS front with the debit card usage report completed and passed to PONU, whose review is awaited.

A start has been made on Propel with initial training on Macroscopic started and further training on Propel Engineering tools planned for June.

Other business has continued as per normal, with increased emphasis this month on resolution of PINICLs.

NEW BUSINESS REQUIREMENTS***Network Banking***

Tony H and Dave H produced the initial working draft Pathway/Network Banking Engine Interface Specification. The document has not yet been handed over to POCL, and work has been suspended, awaiting a signed CCN from POCL. The initial CCN relating to the activity has been reworked at POCL request to reduce the immediate commitments.

The Terms of Reference for producing the interface specification have now been split into two parts. The first CCN will be for 10mandays providing consultancy to POCL supporting the production of their Network Banking Requirements and Solutions document. It is intended to follow this initial work with the production of a draft Network Banking interface specification, which will require close consultation with POCL and the short-listed banks. The CCN for this is in preparation. Any potential support for the POCL procurement of the Network Banking Engine, for example consultancy to deal with bidder's questions, remains to be identified / agreed.

Various drafts of the POCL 'Requirements and Solution' document have been reviewed to minimise any divergence between the Pathway and POCL approaches. Various comments were fed back, including a new Entity Relationship diagram from Joan T. POCL have now started technical discussions with the banks and there will be a need to factor these considerations into the requirements, solution and subsequent design. The possibility for direct Pathway involvement in such discussions may emerge, which would provide improved understanding of the required end-to-end design.

Internal discussions have continued, including a Pathway review of the potential use of the Escher browser based desktop.

ERA

Funding for this activity is still not agreed and progress is effectively stalled pro tem. Mike C and Alan P are continuing familiarisation activities, including attendance at an in-house Postmaster's training course.

Service Development Plan

There has been little activity on this from POCL. Dave C supported POCL at an event for DVLA, which from an observers point of view, highlighted the lack of urgency and vision that major clients might have expected.

EFTPOS

John C completed the document covering requirements and outline costs for EFTPOS as an alternative Method of Payment. Following review and authorisation it has been provided to Peter Moroney, the consultant hired by PONU. His review report was expected at the end of May but has not yet been received. Some follow on activities are expected in June.

An internal review is scheduled to start discussions on the impact of Debit Card / Network Banking on all areas of Pathway, including back end support and service activities.

Cross-selling 'Quick Win' & PONU MIS

As anticipated, these have both gone quiet due to Tim Thorpe moving on – this will need resurrecting via Business Development.

ACCEPTANCE LOOSE ENDS**Als**

A1314 – POCL are requesting that the *TMS* and *OPS Technical Architecture Specifications* are brought up to the CSR+ level, prior to formal closure. This is progressing within Development.

Reference Data Business Rules

Version 0.8 has just been received for review incorporating Pathway earlier comments; it is almost finalised but a few drafting notes remain to be resolved. Geoff Darby is to finalise and issue.

CSR / CSR+**Difficult issues**

Mobiles: Progress continues and resolution is now near. Following constructive comments from POCL, the baseline document was re-issued and a new version of the CCN, referencing it, will follow. The one outstanding issue (for the CCN) is the relationship between mobiles and the existing SLAs for counter performance and data file / reference data delivery deadlines. A review on this specific aspect between POCL (Liz Tuddenham) and Peter Robinson is to be arranged.

Satellite: POCL comments on the CCN have been reviewed and a new version of the CCN is in preparation with generic service description replacing the reference to Hughes / Olivetti. Most POCL comments are relatively minor and relate to consistency in replicating the documentation changes in across the various affected contract schedules and other CCDs. The question of contingency approach to primary satellite failure remains outstanding and once this is resolved (expected at, or immediately following, the BT/Energis meeting on 8th June) the CCN will be resubmitted.

Main CCD Updates

SADD Version 5.3, was published as planned on 12/5.

APS

The AP Client Migration plan continues with AP Client Specs now being prepared approx. every other week. Knowsley BC, Hampshire and Mid Kent are now approved, with Girobank issued for review, and Oxfordshire SS and Yorkshire Electricity due for issue this week.

Our FTMS solution is being extended with a user friendly front end for DVLNI and an FTP interface for Girobank. These could become available for other Clients as required.

POCL's discussions with BT on client migration are still not going smoothly. BT basically don't want any change from existing interfaces and procedures.

The AP Client Disaster Recovery proposal document (in response to CR) is now prepared and issued to POCL for review.

POCL have now withdrawn their revised CR for token verification and are planning to revert to our original specification issued October last year.

POCL have advised that there are delays with both British Gas's (SPM) and Siemens's (Quantum) host developments. They have advised that the current testing programmes can continue and they believe that they now have agreements for both services to be implemented as part of day one CSR+. The Pathway Risk manager (Nigel Kermode) has been briefed, and a more formal statement from POCL is expected next week.

Parcel Traffic

CCN 631 was re-issued as CCN 631a, as a cheaper cut down version of the original proposal; POCL have signed this.

TIP Disaster Recovery Interface

The DR interface proposal is now accepted and POCL's DR site has been announced as in Isleworth Middx. Michael Fiore is project managing this for Pathway. A specification document formalising all of this has been prepared and is under review, prior to issue as a CCD in a few

TIP Interface – Repair Files

This issue continues to run. We are taking a very firm line, through John P, that our solution complies with the AIS. There was a second failure last week (in which about 1400 records were dropped) for which we sent a repair file, which they have of course, formally rejected.

Reference Data Interface

Within the introduction of the new AIS version, PONU are attempting to change the volumes set out in the AIS (as part of the many changes in new version). John P is trying to ensure we don't accept any commitment to higher volumes without appropriate compensation.

Business Assurance Matrix (BAM)

All remaining APS issues have been answered.

PROPEL ACTIVITIES

The Requirements group is gearing up to introduce Macroscopic and Propel engineering methods for new business opportunities. Network Banking has been identified as a 'Pathfinder' project. All staff have attended internal briefings on Macroscopic / Propel.

Three staff have started the formal Macroscopic training programme for the business consultant stream with completion of the three day course and entry into the subsequent self learning stage.

Training on DOORS, the prescribed Propel requirements capture and management tool, has been arranged for 5 staff during June, with July earmarked for courses for remaining staff.

This will provide adequate coverage for the introduction of Macroscopic on the Network Banking and, when appropriate, ERA projects.

OTHER ACTIVITIES

PINICLs

The pace on CSR+ has increased over the month and a significant amount of time has been spent on PINICL clearance. This has also afforded the opportunity for service familiarisation to recent joiners, particularly Mike C and Alan P.

Training

An Outlet Managers course was arranged for the whole requirements team, excluding one person absent on holiday. This was particularly beneficial for recent joiners.

ISO 9001

John C has reviewed the BRD process and reported on this to the ISO9000 programme board. Essentially the project is moving to a new sales driven phase where new processes will be needed, largely driven by the Customer Solution Lifecycle (CSLC). Several PA/PRO/xxx document were reviewed, having been updated by David Groom as part of the ongoing preparation for audit of the project.

Other

John C has reviewed the BRD process and reported on this to the ISO9000 programme board. Essentially the project is moving to a new sales driven phase where new processes will be needed, largely driven by the Customer Solution Lifecycle (CSLC). Several PA/PRO/xxx document were reviewed, having been updated by David Groom as part of the ongoing preparation for audit of the project.

CURRENT CRITICAL PROBLEMS

The lack of an overall solution design authority for Network Banking will make progression of the AIS problematic. Clearly a properly focussed top down approach – business requirements, solution definition, high level design, interfaces, etc – would make for a more effective Pathway contribution.

The need to achieve an acceptable solution for the TIP repair facility persists.

ISSUES

None.



Customer Service Report

Customer Service Report

MONTHLY SUMMARY

1. Data Centre performance has been very good and there has been maximum availability of the systems during the reporting period but there have been major issues with the Audit Servers, which have now been resolved.
2. The War Room set up to address the issue of non-polled offices has been successful in removing all FADs that were not polled for over 10 days and the effort is now geared to get those over 5 days removed.
3. The problem with Northern Ireland Electricity Reference Data has finally been resolved with successful token transactions completed on 24th May.
4. The Performance Management system implementation project is now underway. A PID and an outline plan are in preparation.
5. A further analysis of transactions and message stores across the whole estate has confirmed that the barcode-scanning problem is confined to two Outlets.
6. The upgrade of RDS by PONU has caused problem with Reference Data and has prevented some CI_3-2 activities taking place as planned.
7. MSU are still receiving Receipts & Payment misbalances in respect of previously migrated Outlets. Currently a number of system incidents, where software errors are deemed to have caused the problem, are being tracked with Development. There is concern that at this stage in the rollout programme these incidents are still occurring, when we have given assurances to POCL that all software problems have been eradicated.
8. Pathway is currently unable to agree the March Manual Error Report charges with POCL. The contention surrounds the incidents that occurred following the Ref. Data 'PLU' anomaly that allowed the selection of 8 products, which could not be mapped to the Cash Account.
9. To 24th May, 50 complaints were logged by NBSC, 31 of which concerned the HSH. They are taking positive steps to eliminate the root causes of these complaints in conjunction with their Red Alert activities.
10. It has now been proved that the problems at Guiseley are due to interference on the power supply caused by poor earthing. An isolation transformer is to be produced to filter out the noise.

VITAL STATISTICS

This data is now available on the Customer Service web site at the following location:

<http://iclpathway.bra01.icl.co.uk/weekly%20report/titlepage.htm>

PROGRESS**OPERATIONS****Availability Management**

1. Data Centre performance has been very good and there has been maximum availability of all the systems during the reporting period. The index corruption issues with the Audit Servers have been resolved and work is underway and work is underway to recover the file indices for hoard instances between 15th March and 26th April.
2. An operational test of the Host fail-over from Bootle to Wigan successfully took place on Friday 12th May at 05:30 with a successful fail-back at 05:30 on Sunday 14th May.
3. There was one major Network incident, during the reporting period when the Energis process to convert telephone numbers in accordance with BT changes, failed for Northern Ireland Post Offices. Energis have provided an explanation of the incident to Stephen Muchow.
4. The first review with SMC following their management changes was held with Chris Banfield and Peter Burden on 23rd May.

Reference Data

1. The major difficulty that has arisen in the reporting period centres on PONU RDS and its upgrade to produce CSR+ format files. A number of problems were encountered and at one stage PONU considered regressing their database to the state as at the end of 12th May. However a decision was made to go forward. Thus the first stage of CSR+ migration, production of CSR+ format data from the live PONU RDS system, has not been successful and has impacted some planned CI_3.2 activities.
2. The problem with Northern Ireland Electricity Reference Data has finally been resolved with a fix delivered to the test Counters on 23rd May and successful token transactions completed on 24th May. A correct test file was delivered to POCL on 25th May.

SLA Management

1. The War Room set up to address the issue of non-polled offices has been successful in removing all FADs that were not polled for over 10 days and the effort is now geared to get those over 5 days removed.

2. Despite assurances from TIP that OpTIP would not impact on Pathway, a problem has arisen now they are parallel running OpTIP with iTIP. The problem is being managed and contained. A Disaster Recovery site is still to be agreed by POCL but they have now agreed with the solution and the process for the ordering of the kit etc. can now begin.
3. Julia Bowes left on 19th May, having handed responsibility for APCM to Anne Cooper. Klaus Loffler joined CS on 16th May to work alongside Anne, with a brief to take over APCM at the end of June. The CCN for changing the CTS file delivery deadlines has been rejected. The schedule times are currently being examined to establish how an acceptable timetable can be achieved. POCL are likely to escalate this internally as an important business issue.

Performance Management

The Performance Management system implementation project is now underway. A PID and an outline plan are in preparation. An initial training course is scheduled for the week commencing 5th June although there are still issues associated with security and the use of Tivoli to be resolved.

SUPPORT SERVICES

General

1. A test procedure has been proposed by Welch-Allyn to check that none of the stock of bar code scanners awaiting installation suffers from faulty ASIC chips. A meeting is to be held this week with Implementation to determine the plan for implementing this test procedure. In the meantime a further transaction analysis has been carried out on the live estate and no further problems have been identified.
2. The initial meeting of the Joint Release Review Forum has been held with PONU. The Joint Release Review Forum (JRRF) is a joint PONU and ICL Pathway forum that provides PONU with the opportunity to review and agree release activities.
3. A BSI pre-assessment has been carried out on OTT. Two non-conformances were identified relating to the need for additional procedures. These non-conformances are being addressed.
4. The new management appointments in the SMC have now had the opportunity to get up to speed with SMC's issues and CS reviews with the new management team are being put in place.
5. TeamWARE has now vacated the East Side of the 6th floor at BRA01 and it is anticipated that the additional SSC staff recently recruited will be able to begin to relocate at the end of this week.
6. The quarterly SSC Business Continuity walk-through has taken place - some minor documentation updates were required.

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Major Release Implementation

1. VPN migration is still continuing and is still missing a handful of Outlets. The remaining Outlets are being investigated and re-addressed.
2. The CI_3.2 implementation plan is virtually complete but as time goes by a few additional issues are being found and addressed. The upgrade of RDS by PONU has caused problem with Reference Data and has prevented some CI_3.2 upgrade activities taking place as planned. Input is awaited from PONU regarding a date when they expect to be ready.
3. CI_4 implementation planning is under way via a number of forums. There are currently three forums to discuss CI_4 implementation planning – Data Centre, Counter and KMS. The issues around the Counter migration were discussed on Tuesday 30th May.

Release Management

1. Software Release Management is managing to keep on top of the amount of changes coming through and VPN migration is now all but complete (3 Counters remain to be upgraded). 61 Release Notes have been raised over the reporting period and 16 have been authorised for live. 6 Release Notes have been withdrawn over the same period and 4 rejected.
2. The work on the extension of the use of TIVOLI is still in progress.
3. CP2439 (RM Tivoli Workstation) has been approved and the respective parties are being approached to aid its delivery.
4. Following the review of responsibilities we are actively seeking another Release Controller and administration support for Release Management.

ISSUES

On-going support for TeamWARE Crypto is still not tied down. This issue is being pursued with TeamWARE Group.

METRICS

For the month of May 2000.

Release Notes cleared by OTT	34
Total Calls raised through SSC	1595
Total Calls closed through SSC *	1668

* Of the total calls closed, 552 were in categories (e.g. Advice and Guidance, Published Known Error) which should have been closed by SMC.

INFRASTRUCTURE SERVICES**MANAGEMENT SUPPORT UNIT****Business Incident Management**

1. MSU are still receiving Receipts & Payment misbalances in respect of previously migrated Outlets. We are currently tracking a number of system incidents with Development where software errors are deemed to have caused the problem. There is concern that at this stage in the rollout programme these incidents are still occurring, when we have given assurances to POCL that all software problems have been eradicated. The trend seems to show 'new' problems occurring following the distribution of a particular fix to the Outlets, which may not have been tested thoroughly. The system incidents generated reflect this position.
2. MSU are currently involved in the PET testing of both the CI_4 APS and EPOSS reconciliation reports. Full end to end testing is taking place with POCL involvement, which includes the raising of dummy incidents in respect of errors generated. Testing is currently thought to be progressing well.
3. Pathway is currently unable to agree the March Manual Error Report charges with POCL. The main area of contention surrounds the incidents that occurred following the Ref. Data 'PLU' anomaly that allowed the selection of 8 products, which could not be mapped to the Cash Account. POCL argue that the system behaved inconsistently as these products could not be accessed from the ICON but only from the PLU. Pathway argue that the products, which were invalid, should not have been included within the Reference Data. All incidents will now be escalated to the Contract Admin. Board for agreement in accordance with the established procedure.
4. Following the non-polling exercise conducted with the involvement of key areas within Pathway, MSU are now using the revised processes to initiate the resolution of problems causing Outlets to fail to poll. Early indications show that the number of non-pollled Outlets appearing on the non-polling report in excess of 5 days is now reducing.
5. MSU have now completed a review of all outstanding BIMS cases and forwarded updates to PONU where these are available. This should now avoid any criticism from PONU re our performance against SLA. We are however, still experiencing difficulty in getting a quick response from Development against outstanding pinICLs raised by MSU in respect of System Incidents. This is causing some concern within PONU, as we need to advise the cause of an error and when it will be fixed. This has now been escalated within ICL Pathway via the Management Team for a speedy response to outstanding incidents.

6. Asim Mushtaq has joined MSU in his primary role of Information Analyst. However, he will be receiving full training on all aspects of Business Incident Management to provide cover on this function during absence. Ilka Khoeler-Wain joined the team on 30 May as the new Business Incident Administrator.

MIS

1. The weekly report has now evolved into a useful tool, which is being used by many areas of the business. Internal procedures within MSU, are now in place to ensure the report is produced in a timely manner with the minimum of pain! It is disappointing however that little feedback is received as to the quality and content of the information contained therein.
2. Ad hoc queries received from POCL, although now more complicated and detailed in nature, continue to be turned around within the required time scales. Some of the queries now being answered require a good deal of investigative work via the data warehouse in order to obtain the results required by POCL.

IT SUPPORT (FELTHAM)

No major issues.

BUSINESS EFFECTIVENESS

BET Activities

All work performed by the BET is sponsored by a member of the CS Management Team and supported by a business justification. Work is progressed in accordance with the business priority. 15 different 'projects' were addressed during May.

Business Process Engineering and Quality Management

1. Major changes in the way CS defines service policy and service management processes were implemented during May. The revised approach removes duplication, simplifies documentation, reduces the overhead associated with documentation maintenance and prepares CS for the future BSI audit. The date of the BSI audit is not yet fixed. However, for planning purposes it has been assumed that the audit will not be before the 23rd July. More detailed planning will be carried out when the audit date is confirmed.

2. The new approach introduces a new CS Policy Manual and a new CS Process Manual. In addition, all existing process documentation is being reviewed with the objective of withdrawing documents that are no longer part of the "new maintained documentation set" and simplifying others so that information is only recorded once. The existing CS Operations Manuals continue as before and reflect the CS organisational structure. However, process definitions will be removed before the BSI audit and cross-references made, where applicable, to the "new maintained documentation set".

Framework Steering Group

The reformed FSG focuses on service management policy. It is expected that in the future it will also lead joint quality audits. The FSG is a joint ICL Pathway CS and PONU working group with equal authority. The chair rotates. The inaugural meeting during May re-established the working relationship that existed during 1999. Both organisations have agreed to seek ratification of the new Terms of Reference, by the Horizon Service Review Forum, by end of June / early July. The reformed FSG is already providing benefit to both organisations but the planned BSI audit is creating more urgency on the ICL Pathway CS side. As a result the BET has volunteered to re-write and consolidate the current Service Management Framework documents into a single, joint policy reference document by the end of June. Both organisations will approve the re-written policy document.

ICL Pathway / OSD Process Validation Group

There is an ongoing need to validate the key ICL Pathway End-to-end Service Management Processes with OSD process authorities. Ongoing changes in OSD organisations have in the past made it difficult to track the "OSD process authorities" and operational issues have tended to create an environment that focuses on the short term. The joint Process Validation Group will address this weakness and enable both organisations to be more proactive in optimising the underlying service management processes. A preliminary meeting held in May enabled an exchange of views and the establishment of draft TOR. TOR will be agreed during June and routine monthly meetings will be established.

Alignment with Propel and Macroscope

ICL has announced that Macroscope replaces ICL's earlier methodologies. In effect this means that the "ICL Pathway-CS Process Engineering Method" is now superseded. In the short term this will cause no embarrassment because the approach used within the BET is built on robust general principles. However, it needs to be recognised that the BET team works very closely with PONU and will have significant interactions with PONU clients in the coming months as direct APS links are established. Therefore it is planned to align the BET work with Propel and Macroscope initiatives ASAP and appropriate training for the BET staff will be sought as a high priority. ICL Pathway CS has an opportunity to become a showcase for the new initiatives. There are also opportunities for CS to work closer with other Pathway Directorates to make the whole of Pathway a showcase.

STRATEGIC SERVICES UNIT**Business As Usual****1. OSD Red Alert**

The last three weeks have seen an improvement in the performance of the telephone answering SLAs - still some way to go though. There have also been improvements across all other SLAs.

2. Horizon Service Review Forum

For the second month running POCL did not feedback questions to the review book. It came out later that this was because the service was so poor. Paul Westfield pre-empted this by presenting the weekly results with details of actions taken - this gave the information they needed to present into POCL.

3. Help Desk Forum

- a. At May's HSH/NBSC review, in response to the revaluation exercise, it was decided that a subgroup would be formed to define a cohesive approach to managing change.
- b. The Miscellaneous Transactions Report was introduced this month and despite instructions in Counter News, large numbers of calls were placed by postmasters apparently unaware of the new report. This issue is currently under review with PONU BSM. The key concern for SSU is PONU's proposal to use distance learning for the CI_4 backfill training.

4. Interactive Voice Response (IVR)

The first week's results are very encouraging. The baseline survey showed that 76% of postmasters were satisfied (or better) with the service. On ICL Pathway's results this improved to 87% last week.

5. CSR+ (CI_4)

Work is underway with HSH and SMC Incident Management to ensure their preparedness for CI_4.

Complaints

1. To 24th May, 50 complaints were logged by NBSC, 31 of which concerned the HSH (typically, unable to get through; no call back; poor advice; time to resolution). The remainder were related to system functionality.
2. HSH are taking positive steps to eliminate the root causes of these complaints in conjunction with their Alert activities. Additionally, Strategic Services are working with CS Operations and CS Support to address system-related issues as appropriate.
3. There is also ongoing activity with NBSC to more clearly define what constitutes a complaint.

High visibility sites

1. Guisley

It has now been proved that the problems at Guiseley are due to interference on the power supply caused by poor earthing. POCL have requested that Pathway provide the solution to the problem. The Outlet currently has two resistive and two 'normal' screens with the new poor earthing firmware reported last month. These have shown a stable operating performance over the last month. Hearsley EMC is conducting environmental tests on 2nd June at PONU's request to measure power supply levels. Once this is established, an isolation transformer will be produced to filter out the noise.

2.. Dyke Road

Whilst the pure hardware faults have been rectified, there is still an ongoing requirement to identify the root cause of the 'phantom' transactions. Strategic Services Unit is working with PONU BSM to arrange a period of observation that will be intrusive to the Outlet in their day to day work.

3. Gospel Lane

Over the last few weeks, much work has been conducted to find the root cause of the problems reported by this Outlet. So far, no evidence has been found to support a system-related fault. Currently, this is suggesting user-related issues and to this end a PLM is attending site (1st June) to try to eliminate this line of enquiry.

OCMS

The target date for delivery remains 27th June. A resource is to be assigned to run the UCT of OCMS on 13th June. Preparation of the detailed implementation plan by Mike Woolgar and Sharon Tushingam is in progress.

Operational Business Change

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The following firm orders have been raised for changes up to the end of July.

1. Opening/Relocation/Refurbishment (Outlets)

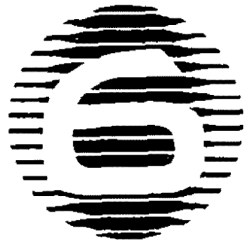
Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
May	36	8.58	27.42

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
June	42	10.22	31.78
July	12	12.20	0

2. Closures (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
May	6	5.36	0.64

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
June	1	6.48	0
July	3	7.62	0



Quality & Risk Report

Quality & Risk Report

MONTHLY SUMMARY

Security

Continued progress with the KMS Implementation plan. User documentation is being progressed. Technical User Guide Testing has been delayed by build problems; considerable involvement of QRM is required. The demand for keys for testing increases.

Risk Management

Management. The major business case risks now reflect new business revenue and margin, and staffing issues. Progress continues on Disaster Recovery procedures and implementation.

Quality

ISO9001. A draft CAP has been submitted to BSi. The Development Directorate CAPs are now complete. Initial views show that the September target for achievement of ISO9001 is high risk. Other Directorate process documentation is making good progress. QRM now owns the intranet site and the original developer has return to bring up to date and develop documentation for maintaining the site.

Audit

New staff (Manager and Auditor) are rapidly coming up to speed. An audit plan has been produced to support the ISO9001 programme. Progress continues to be made on audits and CAPs. Significant lack of progress in CAPs actions are being transferred to the Risk Register. The major issue is still the audit solution – problems continue to plague it with the result that large chunks of data cannot be extracted and are having to be reconstructed.

PROGRESS

RISK MANAGEMENT

- Risk process. Agreed the outline and commenced the documentation of the Risk Management and Monitoring Process for the purpose of ISO 9001.
- The Business Case Risk Register. The major risks are now associated with:
 - New Business (weighted, £6.7mn) – margin and volume shortfalls and our ability to recover costs associated with new business and change.

- Staff (weighted, £6.6mn) – loss of core staff, ability to recruit to fulfil new business commitments and meeting the headcount cost down targets.
- Implementation risks are reducing as we make successful progress through the plan, although a new risk has arisen – that of overspend on training due to underoccupancy of training courses. QRM staff are supporting activity to understand the risk.
- Development risks (associated with CSR+) remain stable, the programme although on schedule is tight and there is a risk of slippage, although with small impact on the business case if contained to this year.
- Disaster Recovery Planning:
 - An approach for raising awareness throughout Pathway about DR, including the production of an incident credit card and campaign literature, has been agreed.
 - Incident and Crisis Management flowcharts have been revised (simplified) and defining DR tasks and procedures has started.

SYSTEM SECURITY

CSR

- The draft continuity plan for the security administration workstations is progressing.
- Work continues on a security awareness programme for new and existing Pathway staff. A new presentation has been base-lined and input to the induction event is being scoped.

CSR+

- Cryptographic Key material continues to be provided on for test purposes.
- The KMS User Guide has been completed in time for the imminent Technical User Guide Test (TUGT) which is being scripted. Additional authors have been engaged to complete the necessary screenshots during TUGT and the forthcoming Service Operational Readiness Test (SORT)
- KMS Implementation. Timescales are being refined and increased granularity included in the project plan. The fortnightly service introduction workshops are running in parallel with the CI4 readiness forum and requirements and dependencies continue to be identified and mapped. ITC resources are producing the KMS supporting documentation and scripts required for SORT. The CP raised for additional hardware and secure storage of cryptographic key material has been approved and ordering/delivery of required items is being co-ordinated with accommodation/ facilities managers.

- The impact of OTT requirements for testing automated keys is being assessed and a solution devised. Any resolution will increase demands on the limited number of Certification Authority Workstations.
- SME for RODB has been delayed well beyond agreed timescales. A risk analysis will be required to give some assurance that existing procedures provide sufficient security to mitigate the risk until SME is in place.
- Network Security tools. Work has been augmented by the demonstration of a Pathway developed compliance tool. Introduction will be the subject of an imminent CP.

QUALITY

ISO9001 Programme

- A series of Directorate process reviews have been held (Development, HR, CS) to monitor progress.
- HR and C&F procedures are being authored by A&TC resource.
- Revision of Quality Procedures has been progressed including Supplier Assessment, Continuous Improvement, Supplier Evaluation, Self Assessment.
- An Action Plan responding to BSi pre-assessment Observations has been drafted and circulated to actionees for comment. The Draft Plan has been forwarded to BSi by required date (28/5) with caveat that revisions may be required prior to formal issue.
- The Development Directorate CAPs are now being finalised – 5 in all. There is now a very high risk of not achieving the September target for ISO9001.
- Ownership of the intranet has been agreed as with QRM. The site will be the medium for staff to access the QMS; original documents will reside in pvc's. The original developer has been retained to implement required changes and new processes, and develop documentation in order to maintain the site.
- Policies & Standards Acceptance Test. AIs 406 and 333 were reviewed with POCL. We agree that POCL input is required for AI 333 to be progressed. The history / status of AI 406 has been agreed and closure of this AI proposed.
- Q1 2000 Packaging Return (Cardboard / Paper and Plastic usage) has been calculated and submitted to Group Environmental Affairs.

AUDIT

- Lorraine Vaughan has joined as Auditor. An comprehensive audit plan to support ISO9001 has been produced.
- Internal audits:
 - Audits are being defined to support the Development CAPs.
 - Resource Management/Personnel. Terms of Reference agreed; audit to take place 6-9 June.
 - CSR+ Development. The CAP has been issued. All actions outstanding have been transferred to the Risk Register.
 - Technical Integration. The CAP has been issued; 6 points identified for follow-up.
 - Horizon System HelpDesk. The CAP has been issued; 9 points identified for follow-up.
 - QRM. The CAP has been issued; 12 points identified for follow-up.
 - Change Management. The CAP has been issued; no actions outstanding
 - Customer Services Management Processes . The CAP has been issued; 9 points identified for follow-up.
 - Implementation. The CAP has been issued; no actions outstanding.

ISSUES

- Start of TUGT has been delayed because of problems in obtaining the required build release. Presence of the Security Manager and Deputy throughout TUGT and SORT will place increased demands on the ability to maintain the general security function.
- Readiness for ISO9001 assessment continues to be a major risk.

Business Development Report



Business Development Report

MONTHLY SUMMARY

New Business discussions continue. Progress as follows:

Network Banking:

Last month I reported that the joint working group had identified three specific work packages that were required from ICL Pathway. These were:

- Proof of concept for the counter interface solution, including adding “browser” capabilities to Horizon. Escher have now demonstrated a ‘potential’ architecture solution to Network Banking and successfully whetted the appetites such that the proof of concept has a new life. This is being evaluated at present, terms of reference are being agreed and the next step is to estimate the scale of the work needed and look for approval from Post Office to proceed. There are significant risks in this approach that are currently being evaluated.
- Developing a Pathway-preferred interface specification with the banking hub. This work will now follow the requirements/ solution work.
- Joint PO/Pathway work on developing and clarifying requirements and solutions, and adding further detail to outline solutions to firm up feasibility and timescales. A CCN has now been raised for 10 days work to move this exercise.
- The Network Banking Engine ITT is planned to be issued by end June. There is still insufficient clarity about the detail of the ITT.

ERA:

John Hunt is now engaged on the early work on ERA. I understand that there will shortly be a request for further resource but as yet no action on this.

Service Development Plan

Progress is painfully slow. There appears to be no great onus on the Post Office Network staff to identify potential enhancements/re-engineering opportunities. We are proposing a number of changes to them to attempt to prompt them into action. We need to get closer to their business case process to help them put value added cases together.

Communications

Slow progress with Post Office. They continue to find reasons not to do things rather than have a positive approach that might help both businesses.

PROGRESS

Business Development

EFTPOS: A review of the market and options for automation has now been presented to Dave Miller by Peter Moroney. I am lead to believe that this approach proposed developing EFTPOS on the Horizon platform.

MARKETING COMMUNICATIONS

Internal Communications in ICL Pathway

- Communicated ICL's annual results internally via email and notice boards. ICL Pathway was requested to attend the actual day and show on a plasma screen the number of post offices installed at the close of play the previous evening. During the day, as new post offices installations completed, the number on the screen was incremented. This proved to be a great success, thanks to the work of Tony Southwell and team.
- We are now communicating C4C and Employee Option Survey, to all employees, via email, CafeVIK and notice boards.
- A very successful SMT (Senior Management Team) event has just taken place on 7th June 2000 at the Madjeski Stadium, Reading, with over 70 people attending. The event covered a review of the year, feedback from Prague including a session from Nigel Hartnell, a session from Eric Logan of the Post Office and some team building. Feedback has been extremely favourable. A full evaluation report will be produced once all feedback is in, and will be distributed to the Management Team.
- Weekly emails continue to be sent with automation figures on.
- Discussions have started with Post Office regional staff on key messages that we can relate internally.

ICL Communications

- Discussions have taken place with ICL, for the opportunity to include Horizon within Future Focus; information has been forwarded and investigations have started into the likelihood of providing of demonstration system.
- Rolling demo has proved a huge success within ICL. Because of its success, we are updating and having it redesigned by the 'Design Studio' in BRA01, such that we can distribute it to a wider field.

External Communication

- Attended the NFSP Annual Conference in Eastbourne. Speeches of interest regarding Horizon were by Alan Johnson, MP Minister for Competitiveness and Don Grey, Post Office - with both speaking positively about Horizon. General view

from Postmasters was also fairly positive although as expected, Training and Helpdesks were 'slated'.

- The Post Office requested two Horizon demonstration systems for the Stamp Show 2000, which took place at Earls Court, 19th - 28th May. The systems ran without problems all week - the Post Office have since said that they were delighted by the service.
- The Post Office also requested three Horizon demonstration systems for a show in Glasgow, 3rd - 9th June. Despite the short notice, this has been achieved.
- Horizon features have been 'sold' into Computing, Computer Weekly, Retail Technology and Training Strategies for Tomorrow.

Post Office Network comms.

- The next PR meeting between ICL Pathway and the Post Office Network is taking place on 9th June. The meeting is a continuation on how 'WE' can jointly take this activity forward. Issues being covered are:
 - 10,000th outlet going live
 - update from the Post Office on progress towards external PR for Horizon, and ideas for joint PR activities
 - anticipation and planning for issues surrounding forthcoming events, such as the publication of the PIU and NAO reports.
- A proposal has been written regarding a Horizon "user satisfaction" survey and forwarded to the Post Office for review.

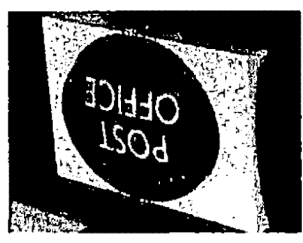
International

Still some work continuing with Germany.

CRITICAL PROBLEMS

None

Implementation Report



Implementation Report

SUMMARY

Since the re-commencement of National Rollout on January 24th, twenty weeks of activity in the rollout programme have been completed to date. The maximum beat rate of 306 installations is now well established and proven as a repeatable achievement. The total number of installed outlets, as of 9th June 2000, was 7,603, representing 42% of the current number of open Post Office outlets.

Weekly installation achievements continue to be above the target of 306 every week putting the programme on track to achieve the next payment milestone ahead of the 1st November deadline. The infrastructure programme, in which outlets are made ready for installation, is now well into the tail end with a well stocked buffer to ensure the installation programme can continue at its current pace for the foreseeable future.

There are no new critical concerns within the Implementation scope of work, although training scheduling continues to be a critical concern for the customer. This is discussed further under the heading Critical Concerns. The customer has also expressed concern over the level of ISDN line failures occurring on installation day and that there have been cases of installation teams not arriving at their scheduled second installation of a day. Neither of these are considered serious but are described further under the heading Issues.

The establishment of a Rollout Services group to utilize the experience and skills amassed by Pathway's Implementation team on other ICL programmes is continuing. The team is managing the rollouts of the HMCE and Libra programmes, as well as Pathway. It is envisaged that the Rollout Services group will eventually become part of ICL's new Large Projects Division.

PROGRESS

The infrastructure programme is into its final stages with approximately 2,000 Post Office outlets remaining which require their preparation activity to be completed. It is anticipated that the all infrastructure activity will be complete by the end of September. All remaining surveys and preparations in the tail will be completed by Pearce Securities following their successful competitive tender for this work. The ntl: contract will end on 30th June although ntl: will still be concluding incomplete sites, quality audits of prepared sites and, until the end of the installation programme, providing a quick response team on installation day to protect against quality issues.

Surveys and preparations for sites requiring the mobile or satellite solutions are scheduled for completion during the second half of this year.

Installation programme fallout rates during the 16-week installation lifecycle and the installation week remain lower than planned and are generally improving as the programme moves forward. The main causes of aborted installations continue to be ISDN line failures and infrastructure programme issues. The need for outlet capping (forcible removal from the install schedule due to lack of available HFSO resource) remains low and is often zero.

The latest version of the Installation Programme Plan, IPP16, was published this month for review. IPP 16 introduces the requirement to sweep through the country, by RNM cluster, for a second time commencing in August. It also reflects the predicted installation dates for mobiles and satellites and includes greater definition of the installation tail.

Plans for the CSR+ live pilot remain on track.

CSR+ training development is on schedule to meet the dates in the Pathway Level 2 plans although it remains to be resolved whether an extended 2 day Counter Manager's course will be implemented rather than compressing the new content into the original one and a half day course. PONU have accepted that course compression is higher risk and are currently considering a proposal from the Pathway training team to introduce the extended course. The course content was agreed at a successful dry run on 12th May. The software training build for training counters is due for imminent release although it is at risk of delay due to issues in UCT testing. It is currently envisaged that these can be resolved without impacting the critical path.

Release 2.6 of the Rollout Database (RODB) software was introduced on 15th May 2000. This introduces a number of new features and automates a number of manual elements in the scheduling process. The remaining programme for RODB includes the replication server in early June, release 2.6+, scheduled for early August and the Secure Managed Environment, now due in October. The need for the SME at this stage of the programme is also being reviewed.

ACTIVITY	CHANGE	CUMULATIVE
Number of Open Post Office Outlets	-19	18,233
INFRASTRUCTURE PROGRAMME		
RGM Letters Issued	0	17,563
Site Surveys Undertaken	37	17,639
Site Preparations Done	387	15,573
INSTALLATION PROGRAMME		
Sites Migrated and Live	1,571	7,603
Counters Live	3,331	17,082

CURRENT CRITICAL PROBLEMS

Training scheduling is still a concern and focus has been on the timeliness of training invitations being received by postmasters. It is perceived, and highlighted by PONU telephoning questioning of a 10% sample of postmasters, that the required period of notice is not being achieved. KnowledgePool records are not aligned with this although it has been identified that issues with data transfers from the RODB to KnowledgePool may have led to delays in the dispatch of UAE invites. This is not necessarily a KnowledgePool performance issue. An end to end audit is underway to identify and resolve the causes. In the meantime data tracking and manual processes are in place to resolve the issue. PONU and Pathway have also agreed on changes to the content of the telephone questioning and the timing which may have caused some inaccuracies in the results.

Although the focus has been on training invitation timeliness, it is considered that the real issues with training scheduling may be to do with invitation errors, postmasters having to travel more than the required distance to training and dissatisfaction with the scheduling operation. The scale of this is thought to be on a small scale since the evidence remains anecdotal. The situation is under review and additional resources have been added to the training management team to assist and speed up the review process. In the meantime, no installations have been aborted as a result of training issues and postmasters are generally very pleased with the course content and quality of training staff.

ISSUES

ISDN line failures on the day of installation continue to run at between 1 and 2 % of planned installations, although in one recent week they peaked at 2.7%. Although this is perceived as an issue by the Post Office, it should be noted that the failure rate is lower than most other major ISDN installation programmes. Since it is the most significant cause of installation aborts it is being addressed such that the size of the issue is reduced. There is no underlying cause behind the failures but a small number of causes collectively making up the issue. The situation has recently been addressed with Energis and they have committed to a more rigorous review policy to identify and resolve root causes. A further supplier review is due on 20th June.

Training course occupancy levels are now achieving satisfactory levels but due to the low levels of occupancy at the beginning of the programme last year it is likely that there will be a net deficit of courses by the end of the programme. This results from poor initial occupancy caused by the early low volume profile for rollout, required to achieve acceptance, failures in training scheduling and the difficulties in ensuring postmasters accept the available training dates. It is therefore considered that responsibility for any net deficit should be shared between Pathway, PONU and KnowledgePool. A model of past and predicted occupancy levels is under construction to enable the situation to be monitored. A joint action plan of measures to improve course occupancy is underway in order to address the issue. It is currently perceived to have a risk value of £500K, although it is anticipated that responsibility for this would be shared between the three parties.

PONU have recently expressed concern that Exel installation teams have in a number of cases failed to attend the second planned installation for the day, resulting in 3-4 additional installation aborts per week. Although this is the case it happened following the planned withdrawal of additional install teams, which had been used to ensure the achievement of the last payment milestone. This of additional install teams, which had been used to ensure the achievement of the last payment milestone. This required considerable investment and it was judged that, given the install plan continues to exceed the planned number of installs each week, it was no longer necessary. Install levels remain above plan even after the removal of the additional teams and it is not considered necessary to re-introduce them.

Following the introduction of the network upgrade to the Kidsgrove environment, a significant improvement of the Powerhelp situation has been observed at the Rollout Helpdesk and remote stations. This has resulted in a steady reduction in the helpdesk backlog and the ability to respond to installation day issues much faster.

COSTS

A proposal for an extended Counter Manager's course for CSR+ training is being prepared for PONU. The revenue value to ICL for this is £158K.

This month's forecast from Implementation remains on track and in line with the agreed budget for the current financial year. This includes a cost improvement target of £1.5M.



Organisation & Personnel Report

Organisation & Personnel Report

MONTHLY SUMMARY

There was again a high level of recruitment activity required to fill vacancies. This was successful with 21 joiners in May. However, there is still a substantial amount of ongoing work required in this area.

PROGRESS

Appointments in May:

External Recruits	0
Transfers In	3
E-Apps	11
LINKwise	0
Freelance	5
Fixed Term Contracts	0
Adecco Temps	2
TOTAL:	21

Known Joiners

External Recruits	0
Transfers In	0
e-Apps	1
LINKwise	1
Freelance	0
Fixed Term Contracts	2
Adecco Temps	1
TOTAL:	5

May Leavers:

Permanent Staff	0
Freelance	3
Transfers Out	3
Linkwise assignee	0
e-Apps	2
Fixed term Contracts	0
Adecco Temps	0
TOTAL:	8

90% of completed appraisals have now been received and logged on the personnel database. Managers who have appraisals outstanding have committed to have completed them by the end of the first week in June.

Details of the 2000/2001 EIP and PVP schemes have just been released. The process of agreeing objectives for this financial year will now commence.

A constructive meeting took place to discuss the transition plan for members of the Roll Out Team. Members of the e-Apps and Pathway HR departments, the e-Apps Transition Manager and the management of the Roll-Out team attended and actions to implement the first stages of the plan were agreed.

All immediate staffing requirements for the new business opportunities have been resourced. The next stage of the plan will be agreed as soon as requirements have been crystallised between Pathway and the customer.

21 people joined ICL Pathway in May. The number of vacant requirements has reduced from 38 at the end of April to 33 at the end of the month. Better progress was made in May on the replacement of Freelancers with e-Apps people, with 5 slots being filled.

The first of the space savings identified in the Accommodation Plan will be put into effect in June. This is the move of the Implementation IP4 Team from Hertford to FEL01. This will allow the Hertford office to be released. The people transferring to Feltham will be accommodated by making more efficient use of existing space in FEL01. Members of the Personnel Team were involved in managing the associated relocation issues with the effected employees. In general the move will be a positive one for our employees, with shorter travelling distances. In one case there will be a substantially increased commuting distance and members of the department are supporting the individual to arrive at the best possible solution.

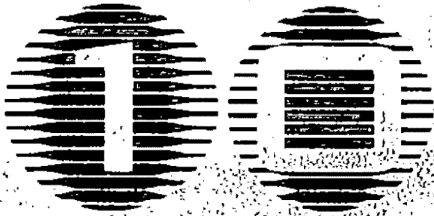
A review of Health and Safety in the Pathway labs at BRA01 was instigated, with support from ICL Health and Safety department. This is to ensure all Health and Safety guidelines are complied with and any remedial action is taken, following concerns raised by a member of staff.

Approval was given for the 2000/2001 Pathway pay plan and letters informing employees of their personal review have been produced. They will be given to employees by their managers in the first week in June.

Work on documenting Pathway specific HR procedures for audit as part of the ISO 9001 accreditation process is now almost complete and an audit of the department is to take place in June.

The employee Opinion Survey is shortly to be launched and the department has ensured that all employees are aware of and were encouraged to complete the survey. A number of employees expressed concern about the confidentiality of completing the survey electronically, but in most cases were reassured after discussions with members of the department.

Planning for the Pathway Senior Management Team meeting was progressed. This will bring together the Management Team of ICL Pathway and their key managers. Topics to be covered include the messages from Prague, ICL's plans for floatation and E-Business strategy, as well as a workshop on how to improve our performance as a business by improving the performance of our people.



Post Office Client Report

The Post Office - Client Director's Report

MONTHLY SUMMARY

Decision awaited on the Government Gateway bid.

eGovernment

The Govt Gateway bid, led by EDS with ICL and PO as subcontractors was submitted May 5th - invitation for Best & Finals is expected mid-June, decision end-June.

Since introducing govWorks to PO, they have been independently approached by Rothschilds who apparently consider govWorks a good venture capital bet provided they have PO's brand name. I await Govt Division's decision.

PO have also declared an intention to reach a partnering agreement with ICL for Govt Business - this is now with Govt Div. Something of a breakthrough.

EBusiness

Dick Wheelhouse reports that his strategy paper (not published) has been approved by PO Board: he is now submitting a funding paper. Meanwhile we have been asked to present Crimson to Dave Miller, Paul Rich and John Chiswell the newly appointed MD e-Infrastructure. As a result of his good work with SMPP (see below) Tony Gale has been retained by PO to act as architecture -facilitator for their group planning the architecture required to support eBusiness. The alternative advisers of IBM and Microsoft were both seen as non-independent.

e-Infrastructure

Ideas beginning to emerge which take the desktop (W2K), servers (rationalisation), Lotus Notes/Exchange and promotes ICL as the integrator. We have met with Microsoft and EMC to discuss tactics. An e-Infrastructure planning day has been fixed with Mike Raynor and his marketing team to establish how ICL's strategy can be used in PO - at the least this could develop an ICL/MS Exchange exercise positioning Exchange alongside and complementary to Lotus Notes.

SMPP

The Service Management Productivity Programme is being completed in its current form - the Work Packages are now complete from a delivery perspective however, we are awaiting formal sign off from the customer. This is being hampered by discussions around ownership of IPR.

Discussions continue on how to extend/relaunch this programme.

ICL Pathway

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EBPP

Reference visit to Transpoint in Seattle 16 May went well. ITT expected late June, review of FS position reveals work to be done.

Network Banking

ITT expected mid June. More work needed by FS on the offer and competitive pitch. Meeting fixed with Microsoft to review their "FS infrastructure".

Smartcard

As part of his PO assignment Mike Jenkins has delivered a briefing note 4 pager for submission to Cabinet Office PIU. This note has also been edited by PO and submitted to the Smart Card Club for publication in their journal.

Opportunities are now emerging for the DfEE Youth Card (in OJEC); for Newcastle region Card; for Glasgow Citycard; and for Transys travelcard. Discussions opened with Graham Taylor (newly in charge of Smartcard group) to get the necessary focus on these opportunities. Government Div appear to have limited interest.

Account Team

Marcel Bonfrer has replaced Chris Mitchell in A&TC sales and a new KnowledgePool contact established (Mark Collin). Huw Owen has joined OSD sales as trainee salesman. Account team review held: major outcome is that more ground needs to be covered to identify and qualify potential opportunities early.