

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

**Monthly**  
**Progress**  
**Report**



**June 2000**





# ICL Pathway Monthly Progress Report

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ICL Pathway

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**Approval Authorities:**

Name	Position	Signature	Date
M. Stares	Managing Director		



# Managing Director's Summary

## Managing Director's Summary

**PROGRESS AND ISSUES SINCE LAST MONTH**

As reported last month, generally good progress is being made, although there are still significant pressure points. We are now at crunch time on CSR+ and there is a significant risk that we will choose to delay the Pilot. Our systems and processes are currently holding up well as we continue to increase the number of live Post Offices.

Tough Budgets have 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. We are currently on track but the next few months will undoubtedly prove a significant challenge, particularly from a headcount perspective.

Rollout is on track. We have now migrated almost 9000 post offices and are achieving in excess of 320 implementations per week. We are about a week ahead of plan. We have trained in excess of 30000 Post Office staff. This performance is recognised by PO and relationships are developing positively with PO Network Unit. Training scheduling has improved following urgent corrective action to respond to complaints from PO Directors. The Pathway team is now also working with the PFI projects to manage other rollout programs.

As previously reported, weekly service performance is a key issue and recent problems with Help Desk service have significantly dented PO confidence. However, I am pleased to report that OSD service levels are now much improved and we are getting back towards a reasonable SLA performance. The poor service in Q1 has cost ICL over £200K in penalties. It is intended to remove the Red Alert within the next three weeks once we have demonstrated consistent performance. It will take week on week, month on month good performance to fully recover the confidence of PO Directors.

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. Latest B&TC test results show that we are on a knife-edge. PO decision to proceed with user confidence test (UCT) was successfully achieved on 16th June and is still going well. However, there are a large number of Pincls outstanding from our own testing cycles and it would be foolish to move to Pilot phase (currently scheduled for 14th August in 300 offices) unless we are confident of performance. PO decision on roll out is planned for 6th September assuming we proceed with Pilot.

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. 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.

## **PIU REPORT**

The long awaited PIU report on the future of the Post Office Network has been released. It is directly critical of PO for not moving quickly enough into new business streams. It is also very supportive of Banking including the Social Bank and of using the post offices as e-gateways into Government services. The report acknowledges the investment in Horizon as a platform for developing PO business. This should provide us with additional opportunities and we are opening up discussions with a view to helping PO respond to the report.

## **NEW BUSINESS**

As indicated above, we are engaged in joint working groups/discussions on Network Banking, EFTPOS, ERA and Client Reengineering.

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.

On a broader front in the Post Office, business is proving difficult and ICL is not seen as a strategic supplier in Parcel Force nor Royal Mail. We are still tarnished with the history. Our PC Supply contract has hit severe difficulties this month with supply issues from MVC and PO have expressed major dissatisfaction.

## **NETWORK BANKING**

ICL e-Applications has been shortlisted for the backend ITT (5 suppliers in total) but have struggled to put together a bid team and the necessary sales focus.

Pathway is the nominated contractor for the Counter and we are evaluating technical options with PONU and PO Network Banking Unit. In conjunction with Escher, we have secured a £620K feasibility study (Network Banking Proof of Concept) for the production and evaluation of an e-enabled counter banking approach. There are considerable tensions between the two PO units and we are treading a delicate line in the middle. We are visiting Escher in Boston this week with key representatives from both PO divisions. We have signed confidentiality agreements, which introduce Chinese Walls between Pathway and e-Applications and will need careful management.

## **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. We have secured a £400K consultancy contract that places us at the heart of this initiative and should secure significant additional contracts throughout this year.

## **EFTPOS**

Indications are still positive that this will get the go ahead soon.

## **NATIONAL AUDIT REPORT**

Latest indications are that a formal draft copy will be issued to Keith Todd and others within the next few days for quick comment. There is then still the possibility that it will be issued before the summer recess.

## **PRESS/INTERNAL IMAGE**

I reported last month on a new initiative to rapidly improve the internal and external image of Horizon. We are already seeing more positive press comment and PONU are supportive of raising the image within Post Office. We are seeking PO Director level agreement to a joint press release in October to mark the 10000<sup>th</sup> post office and the release of CSR+.

## **FINANCE/COMMERCIAL/BUSINESS PLAN**

Please see separate report.



# Development Report

## Development Report

## 1 MONTHLY SUMMARY

- There have been no major software incidents in the Live System during June. Therefore the maintenance and support load on the development team has been relatively low and has enabled them to concentrate on resolving problems identified in the final stages of CSR+ testing.
- The correspondence server upgrade in the data centres designed to provide extra capacity is still progressing according to plan. Three of the four Servers have been upgraded including the test rig in Bracknell and the final upgrade is scheduled for the weekend 15/16<sup>th</sup> July.
- The fifth cycle of the Business and Technical Conformance testing completed on the 18<sup>th</sup> June and the sixth cycle, which is the audit run, commenced on 30<sup>th</sup> June. The fifth cycle achieved an improved pass rate of 95% against 22,280 scripts and achieved a 90% coverage. The final cycle will run against the UCT software baseline and intercept the 'live' reference data and will be completed 13<sup>th</sup>/14<sup>th</sup> July.
- Horizon witnessed and approved the fixes demonstrated in the target test phase and started the formal User Confidence Test on 23<sup>rd</sup> June as planned. This critical stage is scheduled to complete 21<sup>st</sup> July and early indications are that they are unlikely to request another run i.e. UCT2. We do however expect to run a further 'target test' between 24<sup>th</sup> – 27<sup>th</sup> July to demonstrate clearance of certain high priority incidents.
- The Data Centre is scheduled to be migrated to the new release 4<sup>th</sup>/5<sup>th</sup> August and the 'live' pilot comprising 305 outlets (including 20 new sites) will start 14<sup>th</sup> August. Migration of the live estate will commence 11<sup>th</sup> September and take approximately 8 weeks. These activities are threatened by the lack of positive evidence from our volume and performance tests and a number of outstanding software errors which cannot be resolved in the remaining time. If we are unsuccessful in addressing these areas during July, the live pilot could be delayed.
- Although there are issues surrounding the mobile and satellite options, the work is moving forward in accordance with our plans. The first satellite installation is due to take place 1<sup>st</sup> November 2000 and mobiles will commence roll out 8<sup>th</sup> January 2001.
- We have now agreed internally to develop a 'Maintenance Release' and commence distribution to the live estate in January. This will enable us to group together and test a number of late change proposals and software fixes rather than distribute them as series of incremental upgrades during the migration period.

## 2 PROGRESS

- The fifth B&TC testing cycle exercised 90% of the scripts and achieved a 95% success rate. A large percentage of the deferred tests were related to an environmental problem, the Quantum Smart Card facility and Training Mode. The special 20 counter rig which repeats certain test scripts against a very large message store was run successfully and uncovered a number of performance issues. These are now being addressed urgently.
- The sixth and final audit B&TC cycle started on the 30<sup>th</sup> June and it was agreed with the customer that the 'live' reference data would be used. This is now scheduled to be completed 13<sup>th</sup> July. Early indications are that the coverage is very high circa 98% but new errors have been encountered. Every effort is being made to resolve these in time for the live pilot on 14<sup>th</sup> August.
- We are finding it very difficult to run appropriate volume and performance tests which will give us the confidence that the new agent and AP Host software will handle the expected traffic. Further attempts are being made during July but we may have to delay the start of the live pilot if we are unable to obtain sufficient evidence.
- The Customer witnessed and approved the target test which occurred between 7<sup>th</sup> – 12<sup>th</sup> June and commenced the UCT proper 23<sup>rd</sup> June as planned. They will determine whether it is necessary to launch a further run of the UCT on 14<sup>th</sup> July. If after reviewing all the test results they insist on this second run, it will take place between 7<sup>th</sup> August – 1<sup>st</sup> September and delay the release of CSR+ from 11<sup>th</sup> September to 16<sup>th</sup> October.
- In addition to resolving the software problems encountered in the various CSR+ testing phases the development teams continue to work on the OCMS system, the new service level monitoring and invoicing modules in the warehouse and a number of late change requests. The introduction of a new 'maintenance release' in January 2001 will provide the mechanism for regression testing a number of fixes to the live estate.
- Although we are dealing with a number of issues regarding the mobile and satellite options we are still progressing according to plan.
- The proof of concept project for network banking is progressing in line with the schedule but it is still early days in terms of anticipating the findings. The formal report and presentation is planned for 11<sup>th</sup> August.
- Work continues on the set of management and corrective action plans in preparation for the ISO9001 accreditation.

## 3 COST DOWN

- No new initiatives have emerged this month.

## 4 CURRENT CRITICAL PROBLEMS

- The number of unresolved incidents reported from our final B&TC audit pass may at worst, cause the customer to insist upon another run of the User Confidence Test (UCT) or at best a lengthy target test. The latter also has the potential to delay the start of the 'live pilot' scheduled for 14<sup>th</sup> August.
- We have not yet succeeded in gaining the confidence that the new CSR+ Agent and AP Host software can handle the volumes generated by the live post office network. Further tests are required which in themselves could delay the start of the live pilot, notwithstanding the fact that we may encounter a major performance problem.
- We are experiencing a generic and variable performance problem in the counter software which is proving very difficult to isolate. It is unlikely that we will be able to enter 'live pilot' with this issue unresolved and time is running out.

## 5 ISSUES

- The budget is coming under pressure as the programme wrestles with late changes, bug fixing and the consequential regression testing. The planned reduction in headcount is not occurring at the rate anticipated.
- The ISDN element of the OBCS foreign response time is non-compliant with the contracted requirement. The solution has been defined and the changes will be implemented in the Maintenance Release scheduled for January 2001.
- The Operational Change Management System (OCMS) supports Customer Services in responding to changes in the Post Office Network (e.g. temporary closures, permanent closures & new outlets). An interim solution will be delivered late November 2000 and this will substantially reduce the manual effort involved in handling these changes and consequently reduce the risk of human error. The final solution will be available towards the end of February 2001 and will totally automate the process.
- We are still experiencing a number of non-polled outlets in the live estate. This impacts our file delivery service level agreements because the transactions cannot be harvested from these outlets in the required timeframe. The current trust is to ensure that we have resolved all the system issues and to improve the quality of the various reporting facilities available to customer services.
- The new enhanced invoice functionality in the MIS programme suite was to be included in the Maintenance Release planned for January 2001. Unfortunately, this is part way through a financial quarter (defined as Dec – Feb in the contract) and therefore unsuitable. Plans are now being drawn up which will enable the functionality to be exercised from the beginning of the final quarter i.e. December.

## **6 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 &amp; Financial Report

## 1 MONTHLY SUMMARY

- Spend and cash continue better than Forecast and Budget. The one exception is freelancer spend, which is higher than plan. See Controller's report below.
- The June Forecast review against agreed Budgets yielded no Forecast divergences from Budget. Concerns remain however as to Development's ability to reduce headcount according to plan between now and yearend. Work is going on to validate the position.
- CCNs for Network Banking Proof of Concept and ERA Phase 1 work were signed, with a combined value over £1m. The POC subcontract with Escher was also signed and the work is well underway. The Budget for new business of £3m should at this rate be achievable. This is borne out by the prospect data now entered on Siebel, which has been applied for these and for EFTPOS. The challenge is to get POCL to commit the additional work required for Network Banking in parallel to their selection of the banking engine supplier.
- Demand thus far is falling more on TDA and Design and less on Requirements than we had expected. This needs to be watched as we go along.
- Current contractual issues, all of which are being dealt with with a view to resolution, are listed below. None of them is 'critical' as of now. They are being progressed through the Contract Administration Board.
- CCNs continue to be dealt with expeditiously in the main by both sides. JCCBs now typically take no more than one hour. There are no critical issues associated.
- The Business Case has not changed in any material way in the past three months.
- There was a wobble over FSS implementation but we are now back on track.

## 2 PROGRESS

- Continuing excellent progress on roll out.
- Help desk SLAs in particular getting much better.
- Interactive Voice Response looking good, and now promoted by POCL as the preferred method of achieving single point of contact.
- The away day with POCL was good, engendering a positive attitude and some useful actions. Step by step.
- Initial Network Banking and ERA CCNs signed off and work underway. The session in Boston should help convergence of understanding of what still needs to be done on NB.
- Satellite subcontract signed with Energis (and behind Energis, Hughes Olivetti). The CCN is close to agreement, all issues having been resolved last

week. (The subcontract is provisional and subject to CCN approval, just in case). Work is underway to optimise roll out dates. Significant improvements to prices and terms were achieved by dealing with HOT and Energis jointly, getting us back to what had been allowed for in the business plan: good work by the Pathway team.

- Mobiles are close to agreement with POCL and Celestica, although Celestica have just upped the price estimate significantly (and this needs to be reviewed further).
- Working level agreement has been reached with POCL on how to deal with the training course occupancy shortfall (CCN likely to be approved) and potentially also on CSR+ training.
- Fujitsu Siemens have just informed us that we are to get a further £250k price reduction on PCs as a flow through from improved component supply prices. This is under the deal negotiated last time.
- The PIU report, now published, should help us by directing POCL to take further action on new business opportunities.

### 3 RISKS

- Overall, the 'expected value' of risk has come down slightly month on month.
- CSR+ timescales are under pressure, and this shows up in a number of individual risks. Bringing CSR+ in on time would significantly reduce the risk profile overall. Crunch time.
- CSR+ performance.
- The matching of supply to demand when demand comes in bursts which are difficult to read and manage. 'Must do better', plus it raises questions about tuning the organisation.
- Specifically, 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, Large Projects (?), OSD and KnowledgePool to support the necessary resourcing and performance levels. Still a risk.
- Control of PONU, NBU and Escher. An ongoing challenge.

## **4 ISSUES**

- As risks above.
- Non critical issues include, not necessarily in order of importance:  
OBC pricing (POCL are challenging some of our prices), consumables (POCL want to use generic consumables which could damage the Ithaca printers), TIP file transfers (method of transfer of repair files), transaction times (individual versus average), measurement of time to fix SLAs (applicability to software faults), the Part A versus Part B rollout split (CCN655), internal service levels (still an A2A to resolve), help desk SLAs (but helped by IVR), training (as above).

## **5 FINANCIAL PERFORMANCE**

The Controller's report is not available.



# Customer Requirements Report

## Customer Requirements Report

## 1 MONTHLY SUMMARY

Network Banking commitments supporting POCL's issue of the ITT were achieved. ERA work starts 16 July. New opportunities for card systems, particularly for transport ticketing, are emerging. All CSR+ business as usual activities have been achieved, particularly those for AP Migration, to support the imminent release. The Propel tool DOORS is now in service.

## 2 PROGRESS

### 2.1 NEW BUSINESS

#### 2.1.1 NETWORK BANKING

The Network Banking team has concentrated on preparatory and supporting activities during the Proof of Concept phase and pending a restart of the product line phase by POCL.

Final comments on the POCL *Requirements & Solutions* document were generated and the interim *Application Interface Specification* (AIS) tidied up and handed over to POCL per Change Control Note (CCN) 649a.

Work stopped on producing the AIS when POCL decided to limit the scope for the Requirements support to 10 man-days of assistance in the production of the POCL *Requirements & Solutions* document, the contents of which formed the basis of the POCL's ITT.

The 10 man-days have now been fully used up and an invoice is being raised. There is no CCN in place for any additional support although we were asked to comment on responses provided by POCL to questions asked by one bidder.

Papers were produced for Management Action 1.18, covering the potential development of a complete Network Banking solution derived from existing Pathway central facilities, Action 1.7 describing longer-term architecture choices in the light of intended Riposte and competitive developments, and Actions 1.4/5 developing actions for increasing control over the Network Banking activity.

#### 2.1.2 ERA

Mike Chawner and Alan Paterson are now finishing their preparation for the Business Analysis work that starts on 16 July. Most of the team attended John Hunt's project progress update.

### 2.1.3 POCL SERVICE DEVELOPMENT PLAN

We discussed with BFPO the use of Horizon in their offices.

### 2.1.4 PIU REPORT

This has been studied and the associated Management Actions will be addressed this month.

### 2.1.5 CARD SYSTEMS

A number of potential prospects for new card-based applications on the Horizon platform have surfaced.

A first round of discussions was held with representatives from the ICL Smartcard group on opportunities in the Youthcard project. This is a smart card issued to 16-19 year-olds, tied to tracking attendance on college courses and possibly linked to the collection of education benefit payments. It may also be linked to welfare and reward schemes (e.g. discounts on travel, purchase of goods). Of particular interest to Pathway are:

- The asset value of the mothballed Card Management Service (CMS) including the Post Office as issue route, and the associated exploitation of the Help Desk.
- The opportunity for allowances payment via the Post Office counter.

Extracts from the SADD and CMS design documentation were provided to Mike Haynes, who is assisting Ed Parton/Tim Brophy on this potential bid.

The issue in taking this forward appears will be finding a lead ICL sponsor to establish a business case within the constraints of the PPP procurement program.

Transys/Travel – There may be opportunities for the post office to sell train and bus tickets (smart cards along the Transys lines), although the real potential may be with local authorities supporting concessionary schemes, one of which is subsidised travel. This is likely to require multi-function, combi cards.

## 2.2 CSR+

### 2.2.1 ACHIEVING SLAS

We have supported the CS programme to underpin SLA achievement. The main problem is failing the 100% day-4 SLA file transfer delivery requirements. The solution breaks down into:

- Improvements in detecting and reporting failures within the office, for example disconnected nodes, and ISDN handling to facilitate earlier action in fault detection and resolution.

- A method of last resort for harvesting transactions and delivering data, perhaps using a laptop, for an office that has been isolated for too many days.

### 2.2.2 AP CLIENT MIGRATION

Dave C output Client specifications for Girobank and Yorkshire Electricity, now approved. Those for Northern Ireland Electricity and Oxfordshire SS were issued. Next on the list are Welsh Water and SWALEC.

We expect to support POCL in their discussions with BT. POCL's relationship with BT is very difficult, with BT currently unwilling to participate in Client migration. A CCN to provide a Girobank disaster standby facility has been issued.

### 2.2.3 AP FILE DELIVERY

It has become clear that our file delivery capability does not meet the Clients' requirements. We provide for only seven days/week operation, while Clients want variable numbers of days to avoid working on weekends and national and local Bank Holidays.

POCL has raised a Change Request (CR) to support six days/week for Girobank but with an understanding that we can only achieve this as an interim solution by turning off the APS harvester. POCL will raise a CR to describe the final scheduling requirement to reflect all of the current Clients' actual requirements and a view into the future.

### 2.2.4 HAPS

The need to get Girobank AP migrated off HAPS by December is driven by uncertainty of POCL's HAPS capacity as we ramp up the load on HAPS coming from Horizon outlets. We have asked POCL to state what its limits are.

Dave C has also intervened to head off a very late CR to relax validation of data being merged in from the old APT systems. It should be possible to cleanse any poor APT data within CS on a service basis during the demise of HAPS. There is no known history of such bad data: POCL was just going for overkill.

### 2.2.5 QUANTUM

Siemens has confirmed its back end Quantum systems will not be ready for CSR+ and so this facility will have to be deferred, probably by using Reference Data to switch it off and back on for a pilot and live use.

### 2.2.6 OBCS

A CR was issued, but is temporarily on hold, to provide more information for POCL from OBCS transactions, as this service may enjoy an extended life.

## 2.2.7 SADD

A further 200+ comments were received and are in course of clearance. POCL want to clear these by a meeting, conscious that a version of the SADD has to be agreed by 4 August.

## 2.2.8 PINICLS ETC

The team cleared all PinICLS assigned to it in advance of the CSR+ build, including a crop on Watercard.

There is still a number of Low category Acceptance Incidents to clear.

John P obtained final agreement to the new PDR form layout from POCL.

## 2.2.9 MOBILES & SATELLITES

These two difficult CCNs were progressed, the end is now in sight on both.

## 2.3 ISO PROCESSES & PROPEL

We are preparing a "galactic checklist" of the activities that Pathway will have to be complete under the Customer Solution Life Cycle (CSLC) and will apply it to the Debit Card opportunity that is expected to re-emerge from POCL shortly.

We have provided review of the PA/PRO/xxx document set in support of ISO9001 Programme Board and of the key management roles document RS/DES/047.

Most of the team has now been trained on DOORS, the mandated Propel Requirements Management software tool, and licences for team use have been bought and the software installed thanks mainly to Mike Chawner.

The current activity is to set up DOORS for general project use.

Efforts are being made to use the new software to access early work done on the Codified Agreement.

## 2.4 OTHER

RTR has been introduced and is going through its teething problems.

We supplied a facilitator for the SMT.

We reviewed changes to Schedules to bring in Message Broadcast Service.

We supported Development and CS in introducing changes to LFS/SAPADS operational schedules.

Workflow: Dave H chaired the WfMC Workflow standards meeting and formed part of the panel at the joint conference after the meeting. This was a joint meeting with OMG and representatives of the Black Forest Group.

## 3 CURRENT CRITICAL PROBLEMS

None.

## 4 ISSUES

We are sampling Popkin's System Architect product, which is also on the Propel tool schedule, and for which a corporate licence agreement is in preparation (like DOORS). We recommend that this is evaluated by for use in Pathway. It appears to cover both Customer Requirements and Development functions. It reportedly includes requirements capture and traceability, as well as process / organisation and data modelling. It also supports UML models and has a process definition export facility.

# Customer Service Report



## Customer Service Report

## 1 SUMMARY

1. Data Centre performance has been good. The upgrade of the Correspondence Servers and implementation of the 'wing' Servers is almost complete.
2. Improvements in management processes have significantly reduced the amount of offices appearing on the non-pollled report.
3. Implementation of the Performance Management Service is now underway, with the performance software now included in the Counter build.
4. There are currently issues within the AP Client Migration plan with Girobank functionality and resourcing for bespoke developments. The APCM programme needs to be replanned to incorporate the changes required to address these issues and there is a high risk that not all activities will be completed by the end of March 2001.
5. The improved testing of bar code scanners has now been cut in to Celestica and within 3 weeks, only fully tested scanners will be being installed in new Outlets.
6. CI\_3.2 has been implemented.
7. Charges for Manual Exception Reports have been submitted to POCL and Pathway Commercial for March 2000. There are 5 specific case types which need ratification by the Contract Administration Board before a precedent can be set for future incidents of the same type. Charges for April and May are currently being recalculated following POCL's admission that they were using an incorrect formula.
8. Closure criteria have now been agreed for the OSD Red Alert and OSD continues to work to achieve service levels.

**1.1. VITAL STATISTICS**

Live Base as at 1<sup>st</sup> July 2000: 8532 Post Offices, 18,841 Counters

Cumulative from 1<sup>st</sup> December 1999

**OBCS**

Total number of payments to date	71,665,755
Total number of payments in June	23,241,726
Total value of payments to date	£5,512,953,772.86
Total value of payments in June	£1,754,437,377.50

**EPOSS**

Total number of receipts to date	125,461,105
Total number of payments to date	44,767,419
Total number of zero value transactions to date	9,434,267
Total number of receipts in June	31,920,305
Total number of in payments June	7,473,131
Total number of zero value transactions in June	2,515,783
Total value of receipts to date	£6,682,492,292.16
Total value of payments to date	£4,040,794,936.08
Total value of receipts in June	£1,750,730,713.49
Total value of payments in June	£685,168,807.86

**APS**

Total number of receipts to date	38,487,683
Total number of receipts in June	10,226,397
Total value of receipts to date	£1,083,691,935.86
Total value of receipts in June	£286,811,609.64

**NOTE:**

Data from May 1999 will be published once analysis of archived Data Warehouse data is complete (end of August 2000 target date).

The above data is monthly. Weekly data is now available on the Customer Service web site at the following location:

<b>GRO</b>
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## 2 PROGRESS

### 2.1 OPERATIONS

#### 2.1.1 AVAILABILITY MANAGEMENT

1. Data Centre performance has been good. The upgrade of the Correspondence Servers and implementation of the 'wing' Servers is now almost complete with no major problems.
2. Improvements in management processes around the identification and resolution of non-pooled offices have significantly reduced the amount of offices appearing on the report. Developments are being identified which should give earlier warning of Outlets that have lost communication with the Data Centres. There is an issue with regard to 100% achievement of 'day D' data deliveries, which needs to be resolved with POCL.

#### 2.1.2 REFERENCE DATA

There are still concerns regarding the quality of Reference Data received from POCL, in particular regarding the actual volume of errors and the amount of rework resulting from last minute changes. It is difficult to identify ownership within POCL to take this forward. This is being addressed through the HSRF.

#### 2.1.3 SLA MANAGEMENT

Issues have been identified in the UCT with regard to the LFS operational schedule being different to that expected by the customer. An internal review is being held on Tuesday 11th July to investigate discrepancies and identify remedial actions.

#### 2.1.4 AP CLIENT MIGRATION

1. Girobank is causing further concern. The current view is that the functionality required for delivering files 5-days/week instead of daily will not be in place before Q1 2001. To date only 4 Clients, that can be migrated without the 5-day delivery functionality developed for Girobank, have been confirmed, leaving a short window in which to migrate the remaining Clients.
2. The bespoke interface for Northern Ireland Electricity is stretching APS Host resources and the current view is that development will not be completed before January 2001. More bespoke interfaces like BT will stretch resources even further.
3. The AP Client Migration programme needs to be replanned to incorporate these changes and there is a high risk that not all activities will be completed by the end of March 2001.

## **2.1.5 PERFORMANCE MANAGEMENT**

Implementation of the Performance Management Service is now underway, with the performance software now included in the Counter build. Some security issues, identified in the current solution, are being investigated and resolved.

## **2.2 SUPPORT SERVICES**

### **2.2.1 GENERAL**

1. The improved testing of bar code scanners has now been cut in to Celestica and within 3 weeks, only fully tested scanners will be being installed in new Outlets. The Exel and OSD spares stock will be updated on similar timescales.
2. The new management appointments in the SMC have now had the opportunity to get up to speed with SMC's issues, and the first CS review with the new management team have been held.
3. Following a Health and Safety evaluation of the 6th Floor a number of issues have been identified. A report will be produced and a rectification plan established.

### **2.2.2 MAJOR RELEASE IMPLEMENTATION**

4. CI\_3.2 has been implemented.
5. CI\_4 planning is continuing
  - a) On the Data Centre side it is now confirmed that the Correspondence Servers and Agent Servers will be upgraded via Tivoli. A final upgrade rehearsal is being planned for the week beginning 24th July on the B&TC release rig.
  - b) Counter implementation planning continues. As agreed with PON, following completion of Live Pilot Counter migration will commence at a high rate (500 per night) for an initial two-week period. This will be followed by a two-week break for evaluation purposes before resumption at a rate agreed during the evaluation.

### **2.2.3 RELEASE MANAGEMENT**

1. 79 Release Notes have been raised over the reporting period and 44 have been authorised for live. 18 Release Notes have been withdrawn over the same period and 14 rejected.
2. CP2439 (RM Tivoli Workstation) has been delivered & installed.
3. Sheila Bamber, the new Release Manager, joined on 3rd July. Rebecca Burger and Amanda Knight are expected to join as Release Controllers on 10th and 17th July respectively.

## 2.2.4 ISSUES

On-going support for TeamWARE Crypto is still not tied down. An option is being pursued with e-Applications Group.

## 2.2.5 METRICS

For the month of June 2000 (up to 27<sup>th</sup>).

Release Notes cleared by OTT	42
Total Calls raised through SSC	1531
Total Calls closed through SSC	* 1662

- \* Of the total calls closed, 1067 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

#### 2.3.1.1 BUSINESS INCIDENT MANAGEMENT

1. MSU currently have over 200 uncleared BIMS reports waiting for final closure action - the incidents themselves having been resolved. However the administration function has not yet been completed. At the non-pollled Outlet meeting scheduled for 10<sup>th</sup> July with POCL, MSU will be proposing an alternative for BIMS as this method of updating incidents is not entirely effective or suitable for non-pollled problems.
2. MSU is fully involved in the UCT testing of both the EPOSS and APS reconciliation systems and reports. Incidents have been few and manageable.
3. Charges for Manual Exception Reports have been submitted to POCL and Pathway Commercial for March 2000 where we are in dispute. There are 5 specific case types which need ratification by the Contract Admin Board before a precedent can be set for future incidents of the same type. Charges for April and May are currently being recalculated following POCL's admission that they were in fact using an incorrect formula. It is expected that both parties will be in a position to negotiate these at the Incident Management review on 17<sup>th</sup> July.

#### 2.3.1.2 MIS

- 1 Remedies have now been calculated and submitted for Q2 2000 for Data File delivery, OBCS Stops and System Service. The total being £194,353.23 of which £154,057.74 is recoverable from OSD. In line with the contract Network remedies have been recalculated to just include LAN and not WAN. Q1 Network remedies will be recalculated in line with this new understanding by 7<sup>th</sup> July and a revised invoice submitted.

2. Pathway met with POCL on 5th July and agreed the way forward in agreeing remedy payments on a weekly / monthly basis, as the checking process is too time consuming if this is left to a quarterly submission.
3. After checking the conformance figures for the HSH SLAs within SLAM against the manually calculated data supplied by OSD, and verified by MSU, the figures are vastly different. Confidence in the figures supplied by SLAM cannot therefore be stated and an investigation involving the OSD supply of data and the actual Data Warehouse and SLAM processing will be undertaken, to ascertain why the differences are so great.

### **2.3.2 BUSINESS EFFECTIVENESS**

All existing process and policy documentation is undergoing review and update in preparation for the planned BSI audit at the end of September. New process definitions are being added to fill gaps in the CS process set. The Service Management Frameworks (service policy) is being re-written. The Terms of Reference for the CS Director's meeting are agreed. A new inter-working initiative with Martyn Bennett's team is being progressed.

### **2.3.3 STRATEGIC SERVICES UNIT**

#### **2.3.3.1 BUSINESS AS USUAL**

##### **1. OSD Red Alert**

OSD continues to work to achieve service levels. Closure criteria have now been agreed.

##### **2. Help Desk Forum**

- a) June's HSH/NBSC review took place on the 27th. Operators from both Helpdesks have been working together over the past month to identify how they can improve the Helpdesk Service experience for the postmaster. To date the Helpdesk teams have identified 6 improvement opportunities.
- b) Both Helpdesks are to meet jointly with ICL Pathway and PON CI\_4 management teams as a further opportunity to understand more about the CI\_4 release and to determine what joint issues the desks may have to face.

##### **3. Interactive Voice Response (IVR)**

In a meeting between ICL Pathway and POCL last Friday it was agreed that IVR would continue to be used at the HSH with flexibility to alter its use. It will also be the vehicle to introduce a single point of contact for postmasters and will be run from the NBSC. The cut-in for this is unlikely to be before the end of CI\_4 migration. IVR will be used for routing CI\_4 type calls. However, before we can move on the above the telephone answering SLAs for calls answered in 20 and 40 seconds need to be reviewed and agreed. A workshop will take place this Thursday to agree a way forward.

**2.3.3.2 COMPLAINTS**

1. The table below shows the customer complaints received in June. After investigation the team has identified that 50% of complaints raised are not justified but nevertheless they are responded to and investigated.

	Wrong Advice	Attitude	Call Backs	Software	Installation
Raised to CS	37	8	4	13	6
HSH	22	3	1	6	0

2. Many of the complaints are about jointly agreed Pathway and POCL processes where the PM does not like or understand the process. For example, the problem of restoration of power generates some complaint and we have now introduced a standard response.

**2.3.3.3 HIGH VISIBILITY SITES**

1. Guisley

Isolation transformers, made to filter the spikes measured on site at Guiseley, failed to correct the problem during testing. They did remove the spikes identified, which made visible an underlying earthing problem. A sample 'medical' filter is being made and will be tested at Hearsley to ensure that this filter corrects the underlying fault.

2. Dyke Road

The Post Mistress stated in June that there were two faults outstanding following the work already carried out on site: - Counters slow in the morning and P&A transactions being incorrectly recorded. The Counters are no longer appearing slow and the incorrect P&A transactions were always for the same customer and were carried out by the PostMaster. When his wife, under observation, made the transaction the problem did not recur. It has been agreed with POCL that this problem should now be put on to monitor.

**2.3.3.4 OCMS**

The first release of OCMS will now be delivered at the end of November and the final release, which introduces the capability to update Tivoli configuration changes automatically, will be delivered at the end of March 2001. Before this the Tivoli configuration will have to be completed in a semi-automated manner but this is not critical to the success of the change business.

**2.3.3.5 OPERATIONAL BUSINESS CHANGE**

The following tables show actuals for June and firm orders for changes up to the end of August:

## 1. Opening/Relocation/Refurbishment (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
June	41	10.31	30.69

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
July	32	12.25	19.75
August	22	14.05	7.95

## 2. Closures (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
June	4	6.44	0

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
July	7	7.66	0
Aug	1	8.78	0

## 2.3.4 FIELD SERVICE MANAGERS

1. An initial meeting took place with five Implementation staff to discuss the possibilities of them coming across to Customer Service as Field Service Managers. Further one to one meetings took place where all five were offered positions in this new role. The current expected date for the moves is late August.
2. A further four CVs have been received from implementation staff who are interested in the role.



# Quality & Risk Report

## Quality &amp; Risk Report

## 1 MONTHLY SUMMARY

- Security. Virtually all effort is now focused on implementation of KMS. Technical User Guide Testing has been completed, with minor issues. Implications for resourcing during migration / roll out are now being better understood and temporary staff being obtained to support. The demand for keys for testing increases.
- Risk Management. Business case risks – new business risks have increased – related to the volume of business. Implementation risk have increased – associated with the tail. Development risks remain associated with late delivery of CSR+ and migration. Operational risks have reduced with growing experience of SLA impact. Progress continues on Disaster Recovery procedures and implementation.
- Quality. ISO9001. Progress is being made with process update. Most Directorates will be complete by end July. The Development programme is being focused on maintenance / enhancement. A date for formal assessment has not yet been agreed. The development of the Intranet site is making good progress.
- Audit. Audits have been conducted in HR (a few minor actions) and Migration (formal presentation July 12<sup>th</sup>). Variable performance in CAP actions has been observed and escalated. The major issue is still the audit solution – problems continue to plague it and large chunks of data cannot be extracted and are having to be reconstructed.

## 2 PROGRESS

### 2.1 RISK MANAGEMENT

- Risk Analysis & Management Process (RAMP) document has been drafted for review.
- The 3 levels of risk register which Pathway operates – working level, Consolidated and Business Plan risk registers - are now reasonably well aligned, and the processes for keep them up-to-date and in line are being observed.
- Conducted preliminary risk impact analysis of the course booking process run by KnowledgePool for Horizon as potential significant cost overruns became a concern resulting from low course occupancy and the consequence of having to schedule many hundreds of additional training events.
- The Business Case Risk Register. The weighted total now stands at £22.5mn, an increase of £2mn from May. The major risks are now associated with:

- New Business (increased by £2mn to £8.7) – recognition of the difficulty in realising the total volume in the business case.
- Staff (little change at £7mn.
- Implementation risks have increased slightly to £1.2mn as the potential impact of the tail begins to be understood. The risk associated with training underoccupancy has reduced as mitigation actions are progressed.
- Development risks have increased slightly, the impact of a tight programme and potential for slippage in CSR+.
- Operational risks have decreased significantly (by £0.7mn to £4.8mn), mainly as a result of the reduction in SLA related risk with operating experience.
- Disaster Recovery Planning:
  - Completed the first draft of a plan to raise awareness throughout Pathway about business continuity and disaster recovery
  - Revised and presented the final draft of the Incident and Crisis Management flowcharts, and completed the supporting commentary for the revised Pathway Disaster Recovery (DR) plans and deployed flowcharts. Completed the first draft of a document detailing DR tasks and procedures.
- Cost Down register was updated to reflect changes in the Business Case since March. This now with individual Directors to review and develop active programmes.

## 2.2 SYSTEM SECURITY

### 2.2.1 GENERAL

- CP2292 et al (Anti-Virus software on the Live-Estate). This CP is being progressed as a matter of urgency. Difficulties continue to be experienced in obtaining assurances that the delivery of upgraded AV versions are capable of being automated using Tivoli.
- Widespread virus outbreaks affected users across the Group. These were dealt with in conjunction with IT support and Group Security.
- DPA. Further meetings have been held with PONU to raise awareness of the implications of the new Act, refine the contractual requirements and establish a procedure for responding to Subject Access Requests.
- Security documentation continues to be reviewed as part of the ISO 9001 plan. Most documents have been re-baselined or are in the process of formal review. Work is required on establishing a security presence and process on the Pathway Intranet.

## 2.2.2 CSR+

- The draft continuity plan for the security administration workstations is progressing.
- Cryptographic Key material continues to be provided for test purposes.
- Extensive Technical User Guide Testing (TUGT) of KMS has been completed successfully. The exercise validated the KMS User Guide and helped inform the likely resource implications for rollout/migration. PinICLs raised are being addressed by Development for software issues and by the Technical Author for User Guide amendments.
- The proposed Service Operational Readiness Test (SORT) has been re-evaluated in view of the difficulty in reproducing live conditions in the test environment. It is now proposed to undertake a discrete documentary process review prior to testing readiness during Live Pilot.
- KMS Implementation. Timescales are being refined and increased granularity included in the project plan. The fortnightly service introduction workshops continue to run in parallel with the CI4 forum. KMS supporting documentation, including processes for key handling and exception events during migration is nearing completion for formal review. Additional hardware and secure storage for cryptographic key material has been ordered and delivery co-ordinated with accommodation / facilities managers.
- A risk assessment of the RODB was undertaken to inform decisions about proposals for the future of SME implementation of which was well beyond agreed timescales. The recommendation is to stop the SME development, subject to the incorporation of some improvements to access controls and additional security measures on RODB.

## 2.3 QUALITY

- ISO9001 Programme.
  - Quality Management processes are under review and being updated, including the Process Management Process (PA/PRO/038) and Quality Management System (PA/POL/002).
  - Process Development / update:
    - HR is complete.
    - Risk / Security process updates are well advanced.
    - Input from C&F is proving difficult to elicit.
    - Implementation will be complete by the end of July.
    - CS has some minor amendments from CAPs that will be complete by the end of July.
    - Development plans are now in the ISO plan. A decision has been made to focus on a maintenance / enhancement process, as future design, development will be encompassed by CSLC.
    - Development of QMS Intranet site has made good progress. Equipment has been obtained / set up. The content of existing site has been reviewed and ownership established. Reviews of future,

extended, content in hand with other Directorates. Development of front end overview in hand with reference to ICL processes, so as to facilitate migration in due course.

- Process Review Forums are being established, to review Directorate progress in more detail, tackle cross boundary issues and control content of the Intranet. These will be maintained after accreditation.
- The date for the first formal assessment has still to be agreed; the critical factor is Development progress.
- Propel implementation.
  - Stage 1 gateway criteria reviews have now been held for Network Banking, ERA and EFTPOS. Very useful sessions, raising issues and actions which are being progressed.
  - Meetings have been held with the Propel Programme Office to begin to get a better understanding of the timetable. The objective is to plan implementation to merge with the Pathway programme.
  - A commitment to support the introduction of Macroscopic for Network Banking (post Proof of Concept) has been obtained. Staff training will take place when the project is initiated.

## 2.4 AUDIT

- Internal audits:
  - CSR+ Migration Audit. This audit is effectively “end to end” – validating how migration requirements are being met. The report is due for presentation on 12 July.
  - Resource Management/Personnel Audit completed on 9 June; minor corrective actions have been agreed and are under way.
  - CAP Monitoring has indicated variable results; these have been escalated.
- Joint Audit preparation. The audit is now planned for December. An audit trail is in place as evidence that we have captured and resolved contractual POCL requirements. The manual system has been declared auditable and will run until the automated system is delivered; and thereafter possibly in parallel. Invoicing will be a key element of the Commercial & Financial audit.
- Audit Solution Problem List. The main problem still concerns rebuilding of missing file indices. We are currently exposed by data being unavailable at both Wigan and Bootle for the period 12-21 April 2000. OSD's initial plan for recovering TMS data will be out for review on 12 July.

## 3 ISSUES

- There are certain areas of Pathway's business that need to be more actively involved in the risk analysis and management process e.g. TDA; the Programme Status Review meeting does not give risk review sufficient time.

- The impact of OTT requirements for testing automated keys has been assessed and a solution devised. This puts strain on the availability of the limited number of Certification Authority Workstations. There are issues surrounding security of the OTT test rigs whilst testing sensitive APS code. This will need to be resolved as a matter of urgency.
- Outputs from TUGT have shown an urgent need to re-consider QRM resource requirements for the operation of KMS during rollout/migration. Difficulties are anticipated because of strict security requirements for segregation of roles and for cover during absence. This will place increased demands on the ability to maintain the general security function.
- Limitation of BSi Assessment Scope to exclude basic development of CSR+: how to manage this situation with the Assessors.
- Lack of C&F input to process development.

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# Business Development Report



## Business Development Report

## 1. SUMMARY

- There is a fresh impetus to the New Development work with some key activities now being progressed. CCN's for new business were signed last month, totalling £1.13m. Progress is as follows:
  - **Network Banking:** The Proof of Concept work continues with clear and agreed terms of reference and an agreed sub-contract with Escher who are undertaking the development work. This package of work is scheduled to finish 11<sup>th</sup> August. The ITT for the Network Banking Engine has been distributed to the six shortlisted suppliers, including ICL. Submission date is 23<sup>rd</sup> July with award of contract in October. Discussions are now planned to take place to identify the next tranche of work focussing firstly on identifying the end-to-end activities that need to take place and then carving out a suitable ICL Pathway piece. Post Office will visit Escher in Boston 10<sup>th</sup> through 13<sup>th</sup> July. This is a marketing pitch that is aimed at convincing Post Office of the strategic direction of Riposte (web enabled) and hence the underlying Pathway systems. It may also help to draw the different factions in Post Office together. The Network Banking unit is focussed on new technology while the Post Office Network people are perceived by them as luddites.
  - **ERA:** We have now signed up to a further 400 man days of consultancy work on ERA. This work will take place in Chesterfield up to end October. The design phase of ERA is scheduled to last till March '01 to enable the team to go to the P.O. investment strategy committee for further funds in April.
  - **Service Development Plan:** The latest updated prioritised version is due out in July. This should provide clearer direction on the specific developments that are in the front of mind for Post Office Network.
- **Communications:** Continued good progress in the marcomms area. We are working with Post Office to identify key press stories and appropriate dates for release. They continue to be very wary but a thought through approach that offers no risk to them seems to work. We now have a policy of directly contacting a number of journalists to keep them updated. Also a policy of correcting any factual errors that are printed in the media.
- **Relationships:** Another good workshop took place on 12<sup>th</sup> July with Dave Miller and team. This was another opportunity to share issues, concerns but also to look forward at the business opportunities for the Horizon platform. We must continue this type of event to continue building trust.

## 2. PROGRESS

### BUSINESS DEVELOPMENT:

- **EFTPOS:** Still awaiting a green light from Post Office. There are signs that this is imminent. Peter Moroney, the external consultant is still on the case.
- **EURO:** Helen Pedley has taken over responsibility for this area within PON and is currently getting up to speed. Discussions will take place with Pathway within two months.
- **SDP:** We held a very successful workshop on possible EPOSS enhancements. This highlighted opportunities to make changes through reference data, of which PON were unaware. We also identified a number of other key areas for quick wins.

### MARKETING COMMUNICATIONS:

#### Internal Communications in ICL Pathway

- Communicated Post Offices annual results internally via email and notice boards.
- The SMT took place on 7<sup>th</sup> June 2000 at the Madjeski Stadium, Reading, with over 70 people attending. Feedback has been extremely favourable. A full evaluation report was produced and sent to everyone who attended the event. Work is now beginning on the next one, which looks due to take place around late November.
- Brief EnCounters has been completed and ready for distribution. It has been redesigned and will be distributed via an email with a hyperlink to the ICL Pathway Community on CafeVIK. Delayed due to problems with CafeVIK.
- Weekly emails continue to be sent with automation figures on.
- An 'Induction Pack', has been produced which will be looked after by all secretaries, as a slot-in document for new joiners, containing information such as personnel issues, health and safety, pay, site map, organisation charts, brief description on each team within ICL Pathway. At present the pack is with Document Control, waiting for PVCS.
- ICL Pathway 2000 Corporate Presentation nearing completion.

#### ICL Communications

- Chrissie & Stacey will now have a reporting line into Shared Services, ICL Marketing via Marjorie Sayers / Jane Berry. This will provide an easier route into ICL, for better communication of ICL Pathway (and ICL).
- ICL's Future Focus has now added Horizon, and has a training counter for demonstration purposes only. This is for the REA24 Future Focus, with the same going to the additional Future Focus site at the DTI late summer.

- Rolling demo has proved a huge success within ICL. Because of its success, it is being updated and redesigned by the 'Design Studio' in BRA01, such that we can distribute it to a wider field.

#### **External Communication**

- Computing and Computer Weekly have both signed up to case studies on ICL Pathway/Horizon. Computing article is due out on 13<sup>th</sup> July. Computer Weekly still requires chasing.
- Relationship building with National and IT media continues and is improving.
- Attached is a summary on press coverage received during June on ICL Pathway, Horizon & Post Office automation

#### **Post Office Network comms.**

- Met with Post Office PR team for planning/review meeting. Post Office wishing to take a step back on Horizon activities until Post Office Annual Results and PIU Report has been made public. These dates have now passed so things should get easier.
- The proposal for a Horizon "user satisfaction" survey has not been approved by the Post Office.

#### **Government Communications**

- Working with ICL Corporate Affairs on an ICL Pathway update required for an MP's newsletter (Information technology Bulletin). Wording will need to be approved via Post Office, although they have verbally approved.
- The PIU report has been published, and communicated to ICL Pathway Management team and ICL Senior Members. Hard copies of the report are available.
- I continue to press for early publication of the NAO report. It has been bogged down within the higher echelons of the NAO. There is a suggestion on the table via the DTI via George Hall that it be 'placed' in Parliament before recess (28th July).

#### **International:**

- Interest suddenly sprung up in the past few weeks from Hong Kong, Spain, Kenya & Botswana. This rekindles the issue with Escher of a licensing agreement for such countries. I am in discussion with Escher to resolve. Without a proper licensing agreement, there is little point in us getting involved.

### **3 CRITICAL PROBLEMS**

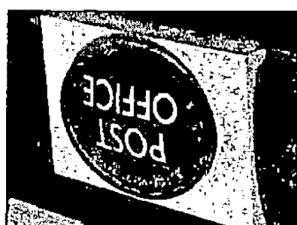
None

ICL Pathway

**Business Development Report**Ref: PA/REP/051  
Version: 1.0  
Date: 12/07/2000

PUBLICATION	HEADLINE	Date
In-store Marketing	Post Natal Succession (feature on the rebirth of the Post Office as a retailer)	June 2000
MIS UK Magazine	New horizons for Post Office Counters (major feature on the Horizon project)	June 2000
Misweb.com silicon.com	Post Office drops £264m debt on government doorstep	19/06/00
The Independent	Post Office to cut 4,000 jobs as it warns on profits (news) The Post Office's future is in the private sector (leader)	20/06/00
Computer Weekly	PO pays price over Pathway	22/06/00
Computing	Aborted project costs Post Office dearly	22/06/00

# Implementation Report



## Implementation Report

## 1 MONTHLY SUMMARY

A total of 8553 outlets have now been migrated to Horizon, as of close of business at 30<sup>th</sup> June 2000, representing 47% of the network. By close of business on Thursday 13<sup>th</sup> July 50% of the Post Office network will be using the Horizon platform. Achievements in the installation programme continue to exceed the planned levels on a weekly and cumulative basis.

The programme remains on track to to achieve the 1<sup>st</sup> November 2000 rollout payment milestone of 10680 live outlets. It is currently forecast that this will be achieved in mid-August.

Training scheduling, specifically invitation timeliness has improved considerably. At a working level this is no longer believed to be a major issue. However, a significant deficit in the number of courses required compared to the contracted quantity is being forecast and is likely to create a dispute with PONU over responsibility for the issue and the costs involved (see Critical Concerns).

Activity continues to align all staff with future opportunities in ICL in preparation for the closedown of the Implementation team at the end of rollout next spring. This includes the potential transfer of staff into E-Applications and into vacant roles in Pathway Customer Services. This work also includes the creation of a rollout services group to provide a shared rollout service to this and other rollout programmes in ICL.

## 2 PROGRESS

The infrastructure tail plan continues to make good progress and is on track to be completed by the end of September. The deadline for accepting non-compliant outlets was passed on 30<sup>th</sup> June. From this point outlets can only be accepted if they are already compliant otherwise they will need to be managed through Operational Business change. On an individual outlet basis Pathway will consider accepting outlets, provided dates can be agreed for completion of infrastructure activity which meets the requirements of the installation programme.

Review of formal documentation for the survey and preparation activity for satellites is at an advanced stage and has included PONU review. These activities remain on target to achieve the planned dates for satellite and mobile installations. This assumes the CCNs for satellites and mobiles are approved expeditiously.

Preparations for CSR+ the introduction of CSR+ and the live pilot remain on track. Up to 20 new installations will be included in the live pilot.

Following the introduction of the reduced cut of outlets into the 16-week installation process (from 352 to 333), 2 weeks of successful installations have taken place with no impact to the weekly rollout achievement.

ACTIVITY	CHANGE	CUMULATIVE
Number of Open Post Office Outlets	-79	18,154
<b>INFRASTRUCTURE PROGRAMME</b>		
Sites Entered Into the Programme	0	18,050
Sites Remaining to be Surveyed	-	674
Sites Remaining to be Prepared	-	1,491
<b>INSTALLATION PROGRAMME</b>		
Sites Migrated and Live	950	8,553
Percentage of Open Sites Live	-	47%
Counters Live	2,185	19,267

### 3 CURRENT CRITICAL PROBLEMS

Examination of course usage, relative to the contracted number of training course, and the introduction of a detailed usage forecasting model has identified a large potential shortfall of courses. This would require PONU to purchase approximately 2,000 additional training courses. The driver for this is course occupancy. Levels of course occupancy reduced in the last two months consecutively, exacerbating the problem. The deterioration in occupancy levels is considered to be caused by an increase in the number of postmasters refusing training dates because of holidays. Postmasters are made aware of installation dates and the training window, relative to the install date, up to 14 weeks prior to installation, but the dropout occurs several weeks after this. This indicates that acceptance of training dates and lack of enforcement by PONU is having a considerable impact on attendance. This has, and will continue to add to, the shortfall in training courses currently being predicted. All parties will need to increase their efforts to improve this situation.

Not surprisingly PONU are concerned about this and are likely to claim the issues around training scheduling caused this situation. Although training scheduling has contributed to the problem, PONU have a large degree of responsibility for the status also. Pathway and PONU are currently working together to determine actions to resolve the issue. Once such action, allowing 1 additional person to be scheduled onto a training course at the point of re-scheduling, will be introduced from 1<sup>st</sup> August and is forecast to reduce the impact by 25%.

## 4 ISSUES

During the last reporting period an increase in the number of modification snagging issues was observed. This occurred, as a result of the supplier under-estimating the complexity of the work required. This also resulted in the supplier being unable to complete the work by the planned date of 30<sup>th</sup> June. By agreement with PONU, the work has been reviewed and it was determined 24 sites required snagging items to be addressed for which all appointments with outlets have been made and work is underway.

ISDN line failures have been noticeably less this reporting period. This area of work will continue to be monitored until the end of the programme to ensure a consistent level of acceptable performance is maintained.

Telephone sampling by PONU has continued with the aim of monitoring improvements in training invitation timeliness. Actions taken last month by Pathway have enabled a clearer view of the issues to be determined, action to be taken and improvement to be put in place. An RODB audit determined two key issues:

- Inconsistent implementation of the scheduling process for the Preview event introduced in January and the consequential change in process timing for the UAE event. Consequently, outlets would have been scheduled late until the point where improvement would be seen in calls made week commencing 19<sup>th</sup> June. This improvement was observed in the actual results reported.
- Occasional failures in data format transmission between Pathway and their training supplier. This resulted in incorrect or missing scheduling data for a small proportion of outlets such that UAE events were impacted in terms of invitation timeliness. Data format corrections are in place such that from the end of July no further occurrences should be observed. Until then a small percentage of outlets will be impacted with late UAE invitations (worse case 10-15%).

The following additional issues were also been identified after examining the reported failures from PONU:

- Sampling calls being made too early by PONU staff
- Discrepancies between when invitations were sent and postmasters response, which remains unexplained
- Evidence of invitations being received when postmasters claim they have not been (questionnaires returned to KPL).
- Late notification by PONU to KPL of outlets to be invited to Preview events

The results and supporting evidence of this analysis has been shared with PONU for each of the 4 weeks where it was undertaken such that corrective action can be taken. The analysis will continue until such time as a consistent acceptable level of performance has been achieved. It is considered that the issue of training invitation

timeliness has improved markedly and is above or close to the level of performance required.

A CCN for the extension of the Counter Manager training course has been submitted for PONU approval. There will be an unacceptable impact to the training quality after the introduction of CSR+ if the extension is not taken up. Feedback from postmasters continues to support this view.

In the week commencing 26<sup>th</sup> June there was a major issue in the data centre which resulted in considerable delays to installations while it was resolved. A total of 26 outlets were lost although they were re-scheduled within the following 2 weeks. The cause of the issue was human error and actions have been taken to prevent a recurrence.

## **5 COSTS**

Implementation forecast for the period remains within budget.

Headcount forecast costs have reduced following efforts to begin the transfer of staff to alternative positions at the end of rollout. This is in line with the Implementation cost improvement programme.

A CCN to the value of £173, 000 has been submitted to PONU for the extension of the counter managers training course.



# Organisation & Personnel Report

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## Organisation &amp; Personnel Report

## 1 MONTHLY SUMMARY

The department ensured that the salary review was implemented and communicated to employees. Preparatory work associated with the 2000/01 EIP and PVP bonus schemes also took place.

Recruitment continued to receive a great deal of attention, with some success in filling positions demanding rare skills which have been outstanding for some time.

## 2 PROGRESS

- Appointments in June:

External Recruits	1
Transfers In	1
E-Apps	4
LINKwise	1
Freelance	2
Fixed Term Contracts	1
Adecco Temps	5
<b>TOTAL:</b>	<b>15</b>
- Known Joiners (July 00)

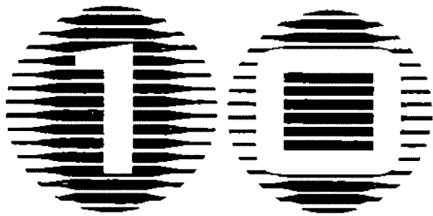
External Recruits	1
Transfers In	0
e-Apps	3
LINKwise	0
Freelance	3
Fixed Term Contracts	3
Adecco Temps	0
<b>TOTAL:</b>	<b>10</b>
- June Leavers:

Permanent Staff	2
Freelance	2
Transfers Out	0
Linkwise assignee	0
e-Apps	3
Fixed term Contracts	0
Adecco Temps	0
<b>TOTAL:</b>	<b>7</b>
- 97% of completed appraisals have now been received and logged on the personnel database.

- Following the issue of the details of the EIP and Professional Variable pay bonus schemes a significant amount of preparatory work took place prior to communication of details to employees. All eligible employees were reviewed with managers to ensure they were still in the appropriate scheme and changes made where necessary. Pathway financial targets were agreed at both "on-target" and stretch levels" Letters will be issued to all employees including shared service personnel aligned to Pathway in early July, in line with the overall company timetable. Managers are working with their people to agree specific personal objectives where this is required.
- In line with the agreed transition plan for members of the Roll Out Team a number of actions took place in June. Relevant personnel information was supplied to e-Applications management in order that they can decide who has the appropriate skills to transfer into e-Applications. Detailed CV's were supplied for those people who will be the first to finish their roles in the Pathway Roll-Out team. At a meeting in early July final decisions will be taken on the appropriate destination for each member of the team. Following these decisions a communications process will be instituted to inform all members of the team,  
To provide clarity a separate cost centre has been established for those people who are already working on other Roll-Out projects while currently remaining in the Pathway Roll-Out team. Discussions are ongoing to determine the correct position in the organisation of these people (and of others as they are identified). It is hoped to also resolve this issue by early July.
- 15 people joined ICL Pathway in June. The number of live vacant requirements has reduced from 33 at the end of May to 27 at the end of June. Some key positions have been resourced this month, namely the TDA Manager and the Software Configuration Manager.
- It was agreed that it was necessary to recruit a Bid Manager to be responsible for the Network Banking opportunity. Interviews commenced during the last week in June.
- A revised accommodation plan was produced. This takes as its start point the planned run down in headcount numbers which is contained in the Pathway business case as the roll out programme comes to an end and the Development organisation reduces in size. This will allow Pathway to consolidate its teams and allow space to be released back for occupation by other parts of ICL.
- Following the review of Health and Safety in the Pathway labs at BRA01, a report was received which identified all the required actions to rectify problems in the laboratories. Action has been instigated to ensure all required actions are taken within the deadlines identified in the report.
- Letters were issued via managers informing employees of the outcome of the June pay review.
- In preparation for ISO 9001 assessment, the planned internal audit of the HR and Resourcing departments took place and with generally positive outcomes. A number of actions were identified by the auditor, mostly of a

minor nature. A remedial action plan has been produced in response to this report and work is now taking place to fix the issues raised in the audit report.

- The Pathway Senior Management Team meeting took place. From feedback received from the delegates this was felt to have been a very useful and positive event. It was felt that the event had given people a lot of useful information about the direction ICL is taking, its floatation strategy and insights into customer perceptions of Pathway.
- An Organisation and Management review of the Programme Office took place. This allowed the outstanding organisational and people issues to be discussed and actions to be agreed to deal with the issues raised.



# Post Office Client Report

## The Post Office - Client Director's Report

## 1 MONTHLY SUMMARY

Both the ICL MC OneStopShop contract and the A+TC-OSD SMPP contract are causing problems. We have asked for increased management attention.

### OneStopShop

ICLMC have received a Red Card primarily due to the Comet system implemented over a month ago - two red cards and the contract is terminated. Each order is being walked through the system to ensure that it is despatched on time. This is a difficult process given MC have now over 15 other accounts on Red Alert. An ex-OSD man has joined ComputerCenter to spearhead their fight for the single source supply business in PO - this could happen as soon as Q4.

### SMPP

The Service Management Productivity Programme is still not finally closed down in its current form - the Work Packages are now completed from a delivery perspective however, we are awaiting formal sign off from the customer. This, and follow-on business for a Peregrine-based asset management service, is still being hampered by discussions around ownership of IPR.

### eGovernment

The Govt Gateway bid, led by EDS with ICL and PO as subcontractors, was won by Compaq with KPMG. Govt Division await feedback.

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. Govt Division are now evaluating whether to proceed with GovWorks.

### CMBU

PO have also declared an intention to reach a partnering agreement for joint bids with ICL for Customer Management business in possibly govt, utilities, financial services and retail. Something of a breakthrough. This is being jointly assessed by UK Strategic Accounts (Derek Hardman) and the e-Innovation CRM team (Alun Roberts).

### eBusiness

We hear that Dick Wheelhouse's report a) recommends PO working with IT partner(s) and b) will not be released for several months. John Chiswell is reported to have finally taken up his new post as MD e-Infrastructure.

e-Infrastructure

We ran an e-Infrastructure planning day 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.

EBPP

Checkpoint scuppered the ICL/Transpoint bid by telling PO that, after Checkpoint and Transpoint merge, the Transpoint product will be dropped.

Network Banking

ITT arrived, response to be submitted by Financial Services 28 July.

Smartcard

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.

In the course of his consultancy work for Dave Waltho, Mike Jenkins has been asked to switch focus to a 3 million cardholder scheme which could support a Government General Practitioner pilot in (possibly) Northern Ireland.

OJEC -Reference data

OJEC S097 - a prime example of PO Purchasing mis-alignment. OJEC effectively cancelled owing to internal disagreements.

Account Team

After 3 months, Marcel Bonfrer is moving on from A+TC PO sales to be sales manager for SmartCard group. We await another new eApps name.

Kate Robinson has arrived and we will now be able to progress with "marketing" initiatives, as well as updating the Strategic Account plan - we recently met with Ralph Miller and Anmarie Byrne in PO Supply Strategy. Getting feedback from Brian Doyle/Mika Suortti on current CFAP thinking. Aiming for a September planning event.