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

Monthly
Progress
Report

ICL

POH-410D

October 2000

ICL Pathway Monthly Progress Report

Contents:

Document Title: ICL Pathway Monthly Report – October 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

POST OFFICE

ICL Pathway	**Development Report**	Ref: PA/REP/055
		Version: 1.0
		Date: 08/11/2000
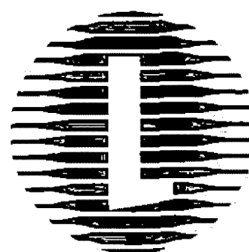
Managing Director's Summary

1 PROGRESS AND ISSUES

1.1 BUSINESS PLAN

We are ahead of plan on revenue, costs, cash and headcount and we over achieved our half-year profit budget by £1.3M. We achieved the November £90M milestone payment 2 months ahead of plan. Forecasts for full year revenue, costs, profit, cash and headcount are all either on or ahead of budget. Risks are well understood. We are on schedule for the next £90M milestone in March 01.

After a difficult few weeks on CSR+ migration we have now achieved customer acceptance and are rolling out the product for completion in early December, ahead of plan. This has triggered payment of the first £60M retention starting in January 2001 at £1.25M per month. The quality of CSR+ appears robust (as evidenced by help desk calls).

The long awaited PIU report on the future of the Post Office Network is supportive of new initiatives such as Banking including the Social Bank and of using the post offices as e-gateways into Government services (GGP). The report acknowledges the investment in Horizon as a platform for developing PO business.

The Business Plan has a clear set of metrics (cost, task, risk etc) for next year and draft budgets are already with the line units to analyse how we can achieve the "task" and "cost down" requirements, with or without the revenue and margin associated with new business. This will probably result in a revised 2001/02 plan with a reduced revenue profile but lower risk to drive out the same profit.

There are the first signs that PO are considering the implications of contract "renewal" as they go into their own business planning cycle although serious discussions are unlikely before 2002.

1.2 PROGRESS AND ISSUES

Good progress is still being made. CSR+ migration has proved problematic but technical difficulties have now been resolved and we are into mass rollout phase (600 Post Offices per night). We have managed the fuel crisis with minimal impact on rollout and service levels. Our systems and processes are holding up well as we continue to increase the number of live post offices and we have now entered a cost down phase which is critical to the business plan.

ICL Pathway	**Development Report**	Ref: PA/REP/055
		Version: 1.0
		Date: 08/11/2000

Rollout is on track. We have migrated over 13500 post offices (>75% of the estate). As we enter the second cycle of rollout the planned weekly number has reduced below 300. We are about a week ahead of plan. We have trained in excess of 45000 Post Office staff. Solutions for Satellite and Mobile technology have now been agreed with PO. There is a particular issue with Training Occupancy where the number of funded courses is insufficient and a further £1-1.5M will be required. This is being negotiated with PO and responsibility will inevitably be shared. This is already assumed in the full year forecast.

Weekly service performance remains a key issue and although we are back on track and demonstrating consistent performance we are missing some of the very challenging SLA's. As expected PO have now placed us in formal Breach of Contract (they can do this if we miss any three quarters in 24 months) although they currently appear to be genuinely seeking contractual compliance rather than financial recompense. A meeting is fixed for mid November with the customer to try and finalise a way ahead on this. My concern is that we have breach and termination hanging over us on an ongoing basis. Also that we establish a methodology that avoids the withholding of our second £60M retention by PO from July 2001.

Headcount management remains a CSF and is getting considerable attention. We reduced by over 70 heads in September and October and the downward trend continues through the rest of this year. We will finish the year with 150 less people than we started with. We have now entered a vulnerable phase where we are highly dependent on key skills and motivation but at the same time are in a heavy cost down program, particularly amongst freelance staff. Freelance headcount is planned to reduce by 100 in the year. We are also in a fluid scenario regarding new business opportunities that makes resource planning very difficult.

1.3 NEW BUSINESS

The outlook for this years incremental revenue (£3M target) has deteriorated as it becomes clear that PO are in some disarray on their strategy for developing the post office business. We are still engaged in joint working groups on Network Banking and ERA.

Progress on significant e-commerce initiatives proves difficult with lack of momentum in the PO. We are responding to a European Journal enquiry for potential e.commerce suppliers but this would simply place us in a basket of suppliers for future work.

Post Office has initially selected CGEY as their preferred supplier of GGP and we intend to engage with them to evaluate opportunities to utilise Horizon during this pilot phase.

1.3.1 NETWORK BANKING

Post Office has been struggling with its business case with conflicting pressures from government, the banks and their own objectives and also internal PO differences of opinion on the right way forward. Pathway is the nominated contractor for the post office counter and IBM has been selected as the Banking Engine supplier to provide multi channel capability. There now appears to be more momentum on resolving the way ahead and we are engaged on defining new chargeable work packages to home in on the technical solution and functional requirements. This remains a key business opportunity and a CSF.

1.3.2 RE-ENGINEERING/ERA

As with Network Banking, this initiative has run into some difficulty as Post Office plan their investment priorities. There are difficult decisions facing PO as they balance cost reduction requirements with the investment needs of ERA. They have authorised further spend to extend the consultancy contract that places us at the heart of this initiative. However, indications are that there will be a three-month minimum delay as Post Office get their own plans and priorities understood. PO has asked about our willingness to help fund ERA, we have initially taken the stance that any discussion would need to be as part of a contract extension agreement.

1.4 NATIONAL AUDIT REPORT

This has now gone quiet and hopefully is assigned to history.

POST
OFFICE

Development
Report

Development Report

1   MONTHLY SUMMARY

- CSR+ continues to perform well resulting in a lower than expected support load.
- The 600 counter migration planned to take place during the 9th – 11th October and the 1500 between 22nd – 27th October were a success. The number of failures occurring is within the targets set by the Programme and we should now be able to complete the large majority of outlets before Christmas 2000 as planned.
- Even with a population of approximately 3000 outlets and growing, we are not seeing an increase in the number of software incidents reported.
- The 'Maintenance Release (M1)' testing is proceeding according to plan although the third cycle has been delayed by one day due to communications network problems. We expect to recover this. We number of changes approved for this release is being very closely controlled to ensure that we do not cause any destabilisation.

2   PROGRESS

- The Data Centres now appear to have settled down. The issues surrounding Automatic Payments (APS) are either resolved or actions in place to prevent them occurring. The only remaining area of concern is related to the handling of rejected files/records from TPS and discussions with POCL are ongoing.
- The planned counter migrations designed to demonstrate our volume capabilities were very successful, achieving a failure rate less than 10% per night on average. This resulted in CSR+ gaining Release Authority Board (RAB) approval on 24th October.
- There have been one or two issues encountered around the key management service (KMS) and the application (KMA). The majority of these are known problems but we were unable to get them applied to the live system before the full migration commenced. This is now receiving close management attention.
- The software itself continues to perform very well with very few errors/problems being reported.
- The customer change request to re-introduce the Quantum Smart Card for British Gas metering and payment has been received and impacted. This service should now be available to customers in early January 2001.
- Implementation of the first satellite offices has not gone well. The engineers are entering the incorrect communication address into the personal earth station (PES) device installed in the outlets. This is being investigated to identify the cause and modify the end to end process accordingly.

- The Maintenance Release (M1) has completed the third cycle of system testing and the second of five cycles of conformance testing. The main Business Integration test script has been reviewed by Horizon and approved. 85% of the B&TC scripts were executed, of which 84% passed. 87 fixes were successfully closed, out of the 96 delivered. We encountered some regression and this is being investigated to establish if there is an underlying issue. The next cycle of testing will include a large number of the approved change proposals and these may cause a degree of destabilisation, which needs to be carefully monitored.

- Delays in the delivery of the changes to Tivoli which support the interim solution for OCMS caused a knock-on impact onto the full solution. Consequently, Customer Services have withdrawn their request for an interim version in order to maintain the schedule for the full solution.

- We are now in a position to deliver Business Objects (SLAM replacement) into the Data Warehouse with M1, earlier than planned.

- Preparation for the ISO pre-assessment planned for 14th/15th November 2000 is nearing completion. All the development activities should be completed on schedule.

3 COST DOWN

- No new initiatives introduced this month.

4 CURRENT CRITICAL PROBLEMS

- The problems surrounding KMS & KMA during counter migration must be resolved very quickly otherwise it will seriously impact the roll-out schedule.

- The issue effecting the installation of the satellite option must be resolved urgently if we are to maintain the roll-out schedule.

5 ISSUES

- We must implement the solutions which resolve the failure to meet service level agreements for file delivery to POCL at the earliest possible opportunity.

- The number of outbound calls in the live system is unacceptably high. The TDA have recommended a number of mitigating actions and these are in the process of being implemented.

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

POST OFFICE

Commercial & Financial Report

1 MONTHLY SUMMARY

- Financial performance to end October has continued to track better than Plan, Budget and forecast.

- Achievement of CSR+ RAB means that we are now assured payment of the first £60m retention starting January 2001 at £1.25m per month. This is very good news, as is the fact that migration is now going to plan and that the software-quality appears robust (as evidenced by help desk call rates).

- Work continues on rectification plans and inter-actions with the customer to resolve the breach condition on SLA performance. A combination of product improvements to help diagnose comms breaks etc. and operational process improvements by OSD will reduce the size of the problem but not eliminate it entirely. We are working to agree a method of 'carving out' exceptions which will not count towards the SLA misses. The trick will be to agree definitions of what can be carved out (POCL fault, no fault, 'semi' force majeure, learning curve subject to remedial action, etc.) so that we are not subject to on-going subjective POCL approval or refusal to carve out case by case. Target is to reach agreement at the Dave Miller meeting on 15th November. If we fail to agree, we have identified a recent High Court case law precedent which may help us push back on the 100% targets as disproportionate to the business impacts.

- Training course occupancy remains to be resolved, but after two long meetings with POCL, I am reasonably confident we can do so within Forecast and Plan. A solution is emerging which involves a package of measures and an equitable sharing of the cost over-run, with mutual incentives to control costs from now to the end of roll out. A number of efficiency measures have already been approved by POCL. The anecdotal evidence suggests KPL might have done better (too many course with just one attendee), and if this is borne out by the facts we will be pursuing them for claw back of costs.

- We have invoked Masons to write to ntl: to knock them back from their £800k claim for standby charges. We feel strongly that their claim should be more like £250k. Our action may provoke some reaction because ntl: are a strategic customer.

- We will also be writing to Energis to claim back costs which have resulted from what we assert were their breaches of contract with respect to ISDN line installations.

- We have resolved with POCL to our satisfaction the redefinition of the Roll Out Part A/ Part B split (CCN655a) in the light of reducing outlet numbers and temporary suspension of installations by POCL.

- The CCN pipeline is at an all time low, with turnaround timeliness generally within target on both sides.

- New Business remains a challenge. The concern remains 'planning blight' in relation to Horizon's long term strategic role (is it or isn't it?), with the MFUs challenging PON's single supplier role and seeking to remove dependencies on Horizon to achieve their long terms business goals. PON are also signalling that to do significant new work on Horizon, they are looking for financing help from ICL (aka PFI). Dealing with this may represent an opportunity to break the current unsatisfactory mould but it also represents a potential blocker.

- The immediate opportunities are to secure the programme management of Network Banking end to end and to re-target ERA by focusing on the biggest payback elements only and pushing back scope creep: both involve occupying new high ground.

- There has been progress, with agreement imminent, on the definition of which software related incidents are subject to time to fix remedies (significant cost implications under control).

- Transaction time SLAs remain an issue, although after a lot of work it now looks no worse than it did at CSR: we still need to agree new methodology with POCL to be sure of avoiding a possible breach condition which could prevent our collecting the second £60m retention.

- TIP reporting (specifically solving POCL's client settlement problems) has moved forward, with general agreement on what needs to be done on both sides. This was successfully de-coupled from CSR+ RAB. There may still be an argument over who pays.

- Departmental Budgets for 2001/02 have been reviewed again and are converging on where we need to be. A lot of work is going into resource planning, cost baselining, risk reduction, task allocation, and estimating the amount of new business we should plan on. We need to go through one or two more rounds to finally agree all of these.

- Meanwhile, based on latest new business thinking, we shall probably submit a lower revenue plan for next year than that submitted last month as part of the 5 year plan: we need to show a lower risk profile so that we can drive out the same profit.

- Propel and OPA/ Oracle Gold Build are not going to meet our immediate business needs: if they happen, we are now looking at 12 months away for both. Interim solutions are now well advanced to plug the gap and reduce dependency. We remain actively involved in trying to shape both.

- Work on the DTI audit of the £8m interim government funding of April/May last year is in train.

2 PROGRESS

- CSR+ product quality appears from early life experience to be good and the migration problems have been resolved.
- Customer attitude – professional and supportive approach to RAB and reasonable approach to SLA and training (so far)

- Some signs that NBU is moving our way a bit, although PON continues to appear unable to push things through: Government Unit's attitude unclear (we lost GGP although logically we will be invited to work with CGE&Y later)

3 RISKS

- SLA rectification – cost, second retention and another reason for POCL not to make new commitments on Horizon
- New business – continued difficulties in POCL decision making and commitment, added to which they have now declared that they don't have any investment moneys.

4 ISSUES

- As risks above.

5 FINANCIAL PERFORMANCE

See below for Financial Summary and Risks and Opportunities Report

ICL Pathway	**Commercial & Financial Report**	Ref: PA/REP/055
		Version: 1.0
		Date: 08/11/2000

ICL PATHWAY FINANCIAL SUMMARY

OCTOBER 2000

	Month of October 2000			Year to Date (7 Months)		
	Actual	Forecast	Var'nce vs. Forecast	Actual	Budget	Var'nce vs. Budget
Rollout Key Metrics (Revenue Drivers):						
Outlets installed and migrated:-						
During month (4 weeks) / YTD	1,129	1,071	58	9,063	8,755	308
At end of month (27/10/00)	13,658	13,600	58	13,658	13,350	308

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

	Month of October 2000			Year to Date (7 Months)		
(Values in £000s)	Actual	Forecast	Var'nce vs. Forecast	Actual	Budget	Var'nce vs. Budget
Revenue:-						
Rollout Milestone Accruals	13,755	12,521	1,234	147,106	142,949	4,157
Implementation Contributions	605	512	93	3,475	2,876	599
First Availability Fee						
CCNs (incl. New Business)	5	48	(43)	845	852	(7)
OBC	66	26	40	180	226	(46)
Other Revenue				28	15	13
Total Revenue	14,431	13,107	1,324	151,634	146,918	4,716
Cash Costs	10,773	13,240	2,467	81,390	88,376	6,986
Interest Costs	801	1,323	522	4,828	5,872	1,044
Profit Recognised	1,587	1,442	145	16,675	15,694	981
	11.0%	11.0%		11.0%	10.68%	
Fixed Asset Additions	2,690	5,693	3,003	29,824	31,740	1,916
Closing Cash/(Borrowings):-						
Cash at Bank	64,403	59,575	4,828			
Asset Co Borrowings	(84,000)	(88,000)	4,000			
Total Net Borrowings	(19,597)	(28,425)	8,828			

Headcount:-	Actual	Forecast	Budget
Permanent/Shared Service	202	201	233
Freelancer	157	162	150
ICL Contractors	134	134	117
Temps/ITs	19	17	11
TOTAL HEADS	512	514	511

HIGHLIGHTS:

Revenue ahead driven by combination of rollout performance and higher unit accrual rate.

Costs lower than forecast across all main depts and cost categories, particularly headcount related where high recent accruals have now unwound.

Borrowings far lower than forecast due to higher creditor levels caused by (legitimate) delays in paying certain suppliers including Energis, ntl.

Headcount reductions in line with forecast/budget

ICL Pathway	**Commercial & Financial Report**	Ref: PA/REP/055
		Version: 1.0
		Date: 08/11/2000

ICL Pathway As at: November 7, 2000

Selected Permutations of Profit Risk and Opportunity (Total Year - 2000/01)
(not exhaustive)

New Business Revenue Shortfall £1m	✓	✓				
New Business Revenue Shortfall £0.75m			✓			
New Business Revenue Shortfall £0.5m				✓		
New Business Revenue on Forecast					✓	✓
Rollout Shortfall: 750 outlets	✓					
Rollout Shortfall: 500 outlets		✓				
Rollout Shortfall: 250 outlets			✓			
Rollout Volume on Forecast (17,650 outlets)				✓		
Rollout Excess: 75 outlets					✓	✓
Implementation Revenue Shortfall £0.5m	✓	✓	✓	✓	✓	✓
Profit Recognition Percentage: 9.5%	✓					
Profit Recognition Percentage: 10.0%		✓				
Profit Recognition Percentage: 10.5%			✓			
Profit Recognition Percentage: 11.0%				✓	✓	
Profit Recognition Percentage: 12.0%						✓
Base Profit Forecast	22.86	22.86	22.86	22.86	22.86	22.86

Impact of Risks/Opportunities

New Business Revenue	)		(	(0.11)	(0.11)	(0.08)	(0.06)	0.00	0.00
Rollout Variance	) @ 11% Profit	(	(1.00)	(0.67)	(0.33)	0.00	0.10	0.10
Impl'n Revenue Variance	)	(	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)

Impact of Profit Recognition Variance	(2.96)	(2.00)	(1.02)	0.00	0.00	2.08
Total of Risks and Opportunities	(4.13)	(2.84)	(1.49)	(0.12)	0.04	2.12
Profit Forecast after Risks and Opportunities	18.73	20.02	21.37	22.74	22.90	24.98

Customer Requirements Report

1. MONTHLY SUMMARY

The Network Banking and EFTPOS projects are once again moving forward. We are getting full customer funding for these and for our ERA work. There are several APS opportunities materialising for summer 2001 delivery. The SLA 'get well' actions were completed. The GGP kiosk opportunity has gone to Cap Gemini / Ernst & Young.

1.1 DETAILED PLAN ACTIVITIES

1.1.1 NEW BUSINESS REQUIREMENTS

Network Banking

Work resumed on Network Banking in August. We briefed IBM, the preferred prospective Network Banking Engine supplier, on the principal characteristics of the Horizon system and potential boundaries and interfaces. We attended a workshop together with Post Office and IBM at the PO Wolverton Mill training facility to consider integration options and start the process of revising existing work packages. A further version of the work packages was tabled and developed on 2/11.

The first of these, the creation of state diagrams, has started and should form the basis for the subsequent end-to-end design activity.

An invoice for £47K was raised covering the work authorised under CCN 699 for running Network Banking workshops. The work package work can also be booked to the £33K remaining on this CCN, which is excellent news. Four of the original workshops remain outstanding and if necessary will be funded out of a new CCN.

Meanwhile, Joan T has completed the draft of a Preliminary Analysis Product Description using the DOORS requirements management tool and continued with documentation in DMR Macroscope.

It is now expected that the Network Banking application will be web-based, although there are various flavours being considered.

ERA
Alan P is working in a joint team documenting the Functional Requirements for the "Vision" for ERA based on the current ERA blueprint stage requirements catalogue and process flow diagrams. The DOORS requirements management tool is used to document these requirements.

Mike C and is part of the Product Re-engineering and MFU contact work group.

POCL had an extremely useful visit to An Post to see how they had developed their system. An Post has in fact done everything the UK Post Office aspire to, but with a pragmatic and business led approach.

Alan and Mike are now both fully booking their time, again excellent news.

PIU/GGP
Dave H and myself were committed to this bid during early October completing the ICL proposal and producing plans for the phasing of work bundles associated with early pilot deliveries. This included completion of the proposal document itself, dealing with question follow up, presentations / meetings with POCL and Quadrant and contributions to the Pathway risk register.

In the event CGS/EY were successful in achieving "preferred partner" status. There will be a debrief on 7/11 at which we may learn how PO see the kiosks and their applications being linked to Horizon.

Some associated work with Energis on data network options will be followed up separately with a view to identifying cost reduction opportunities for the mainstream Horizon environment.

Service Development Plan

Some opportunities are still on the table, but lack of funding and strategy difficulties prevent real progress.

A DVLA requirement to provide receipts for Statutory Off Road Notices should be supportable by using Reference Data and the feature for forced printing of an EPOSS Session receipt. However, the feature has regressed and the fix needed cannot be accommodated now until M1.

EFTPOS

John C is leading a 20-day consultancy project to provide Andy Radka with information on which to base the POCL business case for an EFTPOS capability using debit and credit cards. The consultancy deliverable is a report due about 9/11 providing indicative costs for development and ongoing operations. Debit cards are expected to be required at all positions, credit cards at foreign exchange bureau positions plus various options for support of hot card lists, non-zero floor limits, etc.

Meetings with Nat West, the expected first Merchant Acquirer, and Retail Logic, the most probable supplier of commodity software, were held and decisions on how to accommodate the requirement within the Horizon architecture and derive costings were facilitated with the Architecture team.

1.1.2 SLAS 'GET WELL'

TIP files

John P has supported Commercial in finding a way forward over TIP exception handling and AP settlement, gaining a lot of ground in our favour. TIP has now agreed to a previous offer of ours to renumber exception files distinctively and will raise two paid-for CCNs to make AP reconciliation easier.

POCL is now seriously reconsidering their practices of whole file rejection and of requiring normal and exception files to be delivered in a particular order.

Non-polled offices

Tony H completed documenting 'get well' measures for the failing 13 SLAs, in particular those for inward data file delivery from 100% of outlets by Day D. Customer Services, TDA and Customer Requirements have now raised Change Proposals to address root causes, for implementation post M1.

1.1.3 CSR / CSR+

Acceptance hangovers

We repeated our advice that POCL should recommend that DSS procure specialist bar-code testing devices to judge the quality of EDS's printing of bar-code on order books.

POCL requires the OPS and TMS Architecture Specifications to be updated and reissued in line with the Generalised API for OPS/TMS. The OPS Architecture Specification has been sent to POCL for final review and sign off, and the TMS Architecture Specification is expected to follow within the next few days.

SADD

Late comments on SADD 5.5 were received and version 6.0 was produced on 24/10 to coincide with the RAB. This was revised after several impromptu discussions with POCL and is now cleared for approval, and, eventually, for adoption via CCN.

AP Client Migration

Approval of the CCN for the Client specification for Welsh Water is delayed pending confirmation of particular tests required for both Welsh Water and Mid Kent water. That for Northern Ireland Electricity is out for approval. Those for SWALEC and DVLNI are at the review stage.

POCL will formally request that the physical connection for BT will be a standard AP file transfer system, but installed at the POCL Data Processing Centre site.

A change is being applied to cause all Client files to include record delimiters. This now leaves Yorkshire electricity as the only client that does not want them. POCL has to decide how it wishes to handle this.

Major reviews of the Client Migration plan have taken place. As a result we have changed our policy of swapping out the client hardware between DIT and live - we will now rebuild the system, not replace it. We will also adopt a more flexible approach to DIT testing slots to give more parallelism.

Other APS

SPM and Watercard schemes are now running live as part of CSR+.

It has now been agreed that SEMA will provide the HAPS Data Cleansing Service for POCL, if it is ever required. There will now be no activities within Pathway on this topic.

A simple Client File Server demonstrator has been created and internally reviewed. The POCL meeting to consider this was postponed.

Two new initiatives are now underway for delivery in summer 2001. The first is a pre-payment scheme for Northern Ireland Electricity that adds an on-line authorisation process to a fairly standard AP transaction. The second is a revival of the Schlumberger Talexus smart key service. There is significant pressure from Yorkshire Electricity for this latter service, as the Regulator requires it to have a sufficiently large vending network available before new meters are allowed to come on-line. Schlumberger has agreed to create a new set of documentation in a short period of time to allow POCL / Pathway to create the programme plan. It is finalising designs for a mouse-sized smart key reader that De La Rue's Payzone organisation will also use.

Other opportunities include E-Top Ups for mobile phones. This is a basic AP transaction but with an on-line link to advise the mobile phone operator that a credit has been purchased by a customer.

Both EFTPOS, NIE and E-Top Up have similar functional requirements and could benefit from a common architecture that addresses the issues, shared with Banking, of higher on-line workloads and branch network telecommunications capacity.

1.1.4 OTHER ACTIVITIES

Dave H provided some material to ICL Poland to assist with the early stages of a local bid response. The Polish Post Office is in the early stages of a fundamental restructuring which may open opportunities downstream for infrastructure modernisation.

Dave H gave a presentation on workflow standards for e-Commerce at the recent Black Forest Group conference, concentrating on the role of XML standards and the Wf-XML standard for distributed processes.

The team has been briefed on their ISO 9001 process roles and an associated Management Plan has been put in place.

Discussions with the ERA team have been held and an ERA board / management briefing for the meeting with POCL for the 15/11 is in preparation.

2 CURRENT CRITICAL PROBLEMS

None.

3 ISSUES

The eventual indicative costs of the EFTPOS solution may lead to an uncompetitive business case for POCL as compared with installing Nat West Streamline boxes at each outlet.

There is no ICL ERA Project Manager, now that John Hunt has become a full time consultant, to manage the team of eight, six of whom are contractors.

Customer
Service
Report

ICL Pathway	**Customer Service Report**	Ref: PA/REP/055
		Version: 1.0
		Date: 08/11/2000

Customer Service Report

1 SUMMARY

- The two 155MB inter-campus links were lost for approximately 50 minutes on 3rd October and stopped rollout for 2 hours before the fault appeared to clear itself. The underlying cause has been identified within the Energis Network Management Centre.
- The "Live Host Systems Memory" upgrade from 1 Gbyte to 2 Gbyte on both Wigan and Bootle Hosts took place over the weekend of 14th/15th October.
- The RDT rig has yet to be upgraded to CSR+. The ability to produce test files to fulfil our obligations for the CTO service will be compromised if we do not upgrade and understand how the new facilities will be used for this service.
- Overnight-processing delays early in the month resulted in some TIP file deliveries after the SLA deadline of 3am. The TIP Disaster Recovery site implementation is now complete after a number of issues and delays in software build.
- The APCM plan version 11.0 has been submitted to POCL together with suggestions to increase flexibility in terms of the use of DIT slots. This plan fulfils our contractual commitment for AP Client Migration.
- As at 3rd November, 3607 Outlets are using CI_4. Some Outlets have occurred twice in the migration schedule, which has caused already migrated Outlets to receive a letter giving them a new date for migration and created much confusion.
- There were some processing problems with delivery of APS reports from 5th - 10th October. These have been reconstructed by Development and forwarded to PON
- Non polling is still giving cause for concern. MSU are struggling to keep on top of the older cases. Support from both BT and Energis is not satisfactory.
- The service review book for September 2000 was completed and sent to PON on 13th October in accordance with the agreed timescale. Notable improvements were evident in the HSH and System Service SLA conformance.
- There are an increasing number of referrals from HSH/SSC Duty Managers regarding bad attitudes from PMs; these are being referred to PON for comment.
- Over the last fortnight, 20 FSM visits have been completed, with 25 planned for the next fortnight. At Washington, FSM intervention ensured that the engineers and a representative from BT attended site together, leading to the swift resolution of a long-running problem.

1.1 VITAL STATISTICS

Live Base as at 31st October 00: 13,686 Post Offices, 30,025 Counters

Cumulative Data is from 1st December 99 to 31st October 2000 inclusive

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

OBCS	
Total number of transactions to date	216,761,496
Total number of transactions in October	45,213,750
Total value of payments to date	£ 16,532,192,010
Total value of payments in October	£3,394,526,872

EPOSS	
Total number of receipts to date	306,306,996
Total number of payments to date	75,364,405
Total number of zero value transactions to date	24,202,261
Total number of receipts in October	53,247,805
Total number of in payments October	7,363,503
Total number of zero value transactions in October	4,435,028
Total value of receipts to date	£17,304,124,412
Total value of payments to date	£ 6,921,269,390
Total value of receipts in October	£2,999,607,685
Total value of payments in October	£689,904,900

APS	
Total number of transactions to date	98,848,491
Total number of transactions in October	18,855,878
Total value of receipts to date	£ 2,685,686,847
Total value of receipts in October	£485,635,261

NOTES:

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

2 PROGRESS

2.1 OPERATIONS

2.1.1 AVAILABILITY MANAGEMENT

- A Major Business Continuity Incident occurred on the 3rd October when the two 155MB Inter-campus links were unavailable for approximately 50 minutes. The underlying cause has been identified as a 'provisioning error' within the Energis Network Management Centre. A number of process improvements have already been identified and implemented by the Energis Network Management Centre. The incident will be closed when Energis operationally demonstrate full alarm functionality on these circuits to ICL.
- The "Live Host Systems Memory" upgrade from 1 Gbyte to 2 Gbyte on both Wigan and Bootle Hosts took place over the weekend of 14th/15th October.
- A number of contingency actions have been taken within Pathway and its suppliers to alleviate the affects of further fuel disruptions. Additional measures are currently being discussed with the Post Office.
- A number of procedural issues remain open, which adversely effects ICL's preparedness for rebuilding OTT and Reference Data disaster recovery equipment at FEL01.

2.1.2 REFERENCE DATA

- The only outstanding issue with CSR+ for RDT is that the RDT rig has yet to be upgraded. This is still pending confirmation of the solution (CP2782) for use of the new APS facilities. The ability to produce test files to fulfil our obligations for the CTO service will be severely compromised if we do not upgrade and/or know how the new facilities will be used for this service. There are disagreements between CS and Development over how the changes should be achieved.
- The problem with Data Centre rollout processing, which limited the rollout extract each night to 45 offices, has been fixed and rollout is back to day-10. PON data quality is still a cause of concern. David Anders, PON Problem Manager, has submitted an improvement plan. RDORF meeting on 5th October agreed some measurement breakdown on the data; the intention being to apply new rules for consideration by next RDORF.

2.1.3 POCL INTERFACES

- Overnight-processing delays early in the month resulted in some TIP file deliveries after the SLA deadline of 3am.

- The TIP Disaster Recovery site implementation is now complete after a number of issues and delays in software build. A post-mortem statement is being progressed from Release Management/PIT, to account for the several weeks needed to achieve the software build.
- We are still awaiting PON sending a Statement of Requirements for the new CSR+ CTO process, which then needs to be negotiated, agreed & implemented. This now cannot be achieved before 1st Client Migration, at the end of November. The fallback is for OSG/HAPS to continue to provide an interim service.
- A Maestro schedule change (CP2712) to start LFS earlier and avoid excessive phone-costs is targeted for delivery "pre-M1".
- AP Client Migration
- The APCM plan version 11.0 has been submitted to POCL together with suggestions to increase flexibility in terms of the use of DIT slots and to minimise the disruption to clients caused by the replacement of DIT kit. This plan fulfils our contractual commitment for AP Client Migration.
- The DIT for HCC has been formally signed off. The live kit is being built and the installation is planned for 7th November.
- The DIT at Mid Kent Water has been completed successfully. There are concerns around our ability to deliver a virus checker in time for the build of the live kit for Mid Kent Water putting the migration date for Mid Kent Water at risk.
- The Welsh Water client spec has been signed and the CCN 712 submitted. The client spec for SWALEC and NIE has been finalised and submitted for signature. The client spec for DVLNI has been produced and is out for review.
- Girobank have reviewed some output files from Horizon. This has raised three issues. One is a known problem, one needs to be fixed by Pathway and one needs to be addressed by POCL.
- The SPM installation has raised concerns over the effectiveness of our internal and client communication and we are getting similar messages from HCC/SCC regarding the DIT preparation. Furthermore, the SPM experience has highlighted that a successful DIT may not be the only predecessor for live operation.
- Preliminary investigation of the data cleansing service has highlighted some technical complexity. A meeting took place with SEMA to review possible solutions. SEMA will provide the data cleansing service and we are awaiting formal confirmation from POCL

2.2 SUPPORT SERVICES

2.2.1 GENERAL

- The focus on APS issues in CI_4 has resulted in significant improvements. There have been no major operational problems recently and we are now handling any issues as 'business as usual'.
- An SSC exercise aimed at assisting TIP with transactions that they are missing has now been completed.
- There are still a high number of fixes targeted for application to the live estate which is resulting in considerable pressure on the Release Management and Operational Test teams.

2.2.2 MAJOR RELEASE IMPLEMENTATION

- As at 3rd November, 3607 Outlets are using CI_4.
- Rollout Counters are having to have their Reference Data installed via the Agents. The fix for this has failed testing.
- The KMA server is giving problems that cause POLO login at Outlets to fail and means that the customer has to redo the POLO login. The technical cause of the problem is under investigation.
- Some Outlets have occurred twice in the migration schedule. This has caused already migrated Outlets to receive a letter giving them a new date for migration and created much confusion. The schedules are being checked to stop this happening again.

2.2.3 RELEASE MANAGEMENT

- 95 Release Notes for CI_4R have been raised over the reporting period. Of those 21 are in testing, 12 have been applied to live and 4 have been withdrawn. Those remaining are awaiting application or are Reference Data.
- Release Management is controlling the distribution of CI_4 to the live estate via a series of special Release Notes.
- Release Management is moving forward with their plan to control software releases via PCMS. Release Notes are now being produced using PVCS. Fine tuning of the detail is being discussed with CM.

2.2.4 METRICS

Totals for the month of October 2000.

Release Notes cleared by OTT	68
Total Calls received by SSC	987
Total Calls closed by SSC *	1136

- Of the total calls closed, 532 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

- There were some processing problems with delivery of APS reports from 5th - 10th October. These have been reconstructed by Development and forwarded to PON.
- Non polling is still giving cause for concern. MSU are struggling to keep on top of the older cases. Support from both BT and Energis is not satisfactory. Daily high priority focus has now been applied.

2.3.1.2 MIS

- The service review book for September 2000 was completed and sent to PON on 13th October in accordance with the agreed timescale. Notable improvements were evident in the HSH and System Service SLA conformance.
- Long standing OBCS issues which arose through analysis of PON ad-hoc requests 32 & 36 continue to be investigated, however, an agreement with Liz Tuddenham for OBCS reporting across the live estate has been designed, implemented and awaits Customer approval of the results.
- CSR+ migration has caused problems which resulted in long reporting delays whilst temporary access was provided (unofficially). Extensive testing to validate existing and new Data Warehouse results followed this. MSU Data Warehouse access remains via the one MIS Client, as the remaining 3 (1 at BRA01 & 2 at FEL01) have not been fully migrated.
- Actions remain outstanding against the aforementioned MIS Clients at FEL01 following the Disaster Recovery test on 27th April 2000. It is believed that in a real DR situation, MSU would not be able to continue work using the Data Warehouse.
- The Data Warehouse is being interrogated on a daily basis to compare results to SLAM and the spreadsheets currently provided by HSH. This is with a view to proving the Data Warehouse can be relied upon to produce quality data, without additional validation input.

2.3.2 BUSINESS EFFECTIVENESS

- Confirmed dates for the BSI assessments are: - Pre-assessment 14th & 15th November 2000. Full assessment w/c 5th February 2001. Actual timetable for the pre-assessment is still to be confirmed.
- Workshop held with PON to progress the re-write of the joint Service Management Framework.

- The reviews / updates covering the APS and TPS/LFS Business Continuity plans are now complete. As a Quality initiative Tony Wicks has been asked to instigate walkthroughs of each BC plan as they are updated.
- Regular workshop is held every two weeks with Pathway Development/TDA. These are delivering real business benefits and enabling cross-organisation processes to be validated and enhanced.

2.3.3 STRATEGIC SERVICES UNIT

2.3.3.1   OPERATIONAL BUSINESS CHANGE

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

Opening/Relocation/Refurbishment (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
October	76	17.48	58.52

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
November	98	19.31	78.69
December	27	20.33	6.67
January	18		
February	2		

Closures (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
October	19	10.92	8.08

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
November	15	12.07	2.93
December	3	12.71	Not yet exceeded contract

ICL Pathway   **Customer Service Report**   Ref: PA/REP/055
                                                               Version: 1.0
                                                               Date: 08/11/2000

2.3.3.2   BUSINESS AS USUAL

- HSH and NBSC are advising of Outlets receiving migration letters but (apparently) no card. Average is about 6 / day. Most Outlets claim the card is missing, but there are likely to be a number of reasons for this.
- UKSS are advising that base swaps are taking too long to download the software and impacting on Service Levels. (Download is assumed 5 minutes in contract), Engineers are to trap these timings - current belief is that this is taking between 40 and 90 minutes with some instances of 2 + hours due to network problems.

2.3.3.3   CUSTOMER COMPLAINTS

- Complaints regarding Agent attitude have decreased this period although wrong advice complaints still remain high and are being monitored. There are an increasing number of referrals from HSH/SSC Duty Managers regarding bad attitudes from PMs; these are being referred to PON for comment.

2.3.4 FIELD SERVICE MANAGEMENT

- A presentation was made to Managers of the HSH and NBSC as part of their regular meeting. This raised awareness of the FSM team; subsequent contact with HSH management has highlighted opportunities for working together to identify and manage problem sites and this will be explored further.
- Over the last fortnight, 20 visits have been completed, with 25 planned for the next fortnight. Visits during the last fortnight have included a number of "last minute" visits, notably St Agnes in Cornwall, and Guiseley near Leeds.
- Washington was supported during an ongoing comms problem. FSM intervention ensured that the engineers and a representative from BT attended site together, leading to a swift resolution of a long-running problem. The RNM was delighted.
- PON flagship office, Trafalgar Square, has been reporting performance issues for some time. These are likely to be helped by CI_4. FSM involvement and discussion with the Branch Manager has enabled the date for the upgrade to be brought forward. The Branch Manager, who was previously very concerned, is very pleased with the support he has been given.

Quality & Risk Report

POST OFFICE

Quality & Risk Report

1 MONTHLY SUMMARY

- Security. Virtually all effort has been directed at the generation of 5,500 live keys. This has been successfully achieved, notwithstanding serious problems with for example the late delivery and extreme unforecasted variation of data feeds.
- Risk Management. Responsibility for Risk Management has been transferred to Steve Reed, Commercial and Finance.
- Quality. ISO9001. Dates for the pre-assessment (14-15/11/00) and formal assessment (week beginning 5/2/00) have been agreed with BSi. Process maturity matrices have been developed to aid identification of gaps and lack of progress. Progress continues with the QMS and BMS.
- Audit. The programme for the next 6 months is being developed. Documentation has been updated. The CAPs have been reviewed – a fall in outstanding actions by 13 to 57.
- Business Continuity has made significant progress. Plans are virtually complete and discussed with Team Leaders and the Theale Disaster Recovery Centre is now proven.

2 PROGRESS

2.1 SYSTEM SECURITY

2.1.1 GENERAL

- CP2292 et al (Anti-Virus software on the Live-Estate). The draft strategy paper has been discussed with interested parties across Pathway. A solution has been agreed that accommodates the delivery of anti-virus software to remote FTMS gateway PCs. This will now be taken forward under formalised project management. Urgent work is underway to ensure the delivery of anti-virus software to the remote AP Client gateways outlined in CPs 2798/2799.
- Security documentation continues to be reviewed as part of the ISO 9001 plan. Work is also underway on incorporating measures for process improvement.
- Work for obtaining ListX status for Pathway has been completed. We are awaiting CESG confirmation of acceptance.
- A proposed process compliance review of Datacentre operations has been prepared. This should be undertaken shortly.

- Work is progressing well on evaluating various compliance toolkits to facilitate remote checking of security policy compliance across the live estate. Implementation will be progressed via CP.
- A build problem with the Audit workstation stopped work on Audit data extractions for PONU for two weeks. This has now been fixed and the resultant build up of requests is being actioned.

2.1.2 CSR+

- The Key Manager has successfully generated keys for about 5,500 outlets this month but there have been serious problems, some of which are still under investigation. Most stem from the late delivery of Data feeds to the KMS and because known problem fixes have not been implemented on the live estate.
- The KMS Key Manager continues to consolidate knowledge of the KMS system and is performing a daily analysis of migration/rollout activities to inform the programme.
- A KMS database corruption prompted the use of a temporary archive security procedure. This successfully facilitated the certification of keys pending resolution.

- Findings from Live Pilot are informing amendments to the KMS User Guide and other process documentation.
- A procedural failover test from the primary KMS operation in FEL01 to the contingency site at BRA01 was undertaken and successfully completed.

2.2 QUALITY

- ISO9001 Programme.
  - Progress has been reviewed with BSi lead assessor and dates for pre-assessment (14-15/11/00) and formal assessment (week beginning 5/2/00). The schedule for pre-assessment is being developed and discussed.
  - QMS documentation development continues – reviews of the major documentation have been held and will be baselined by early November. The remaining documentation will be completed by end of November.
  - Process Review Forums for each directorate are now taking place regularly, to review process development, records, implementation of measures.
  - Process Development update:
    - Most documentation of processes is on track.
    - C&F process documentation. A technical author is now on board.

- A Management Plan for the Quality Directorate has been produced and will form the basis for a standard layout to be incorporated into the QMS.
- Business Management System (BMS). Continued progress to populate with processes as they are baselined. A mechanism to simplify the process of updating is being developed.
- A process matrix has been developed populated. It has been extended to include the maturity of processes to better focus attention.

- Propel implementation. Gateway reviews of Network Banking, EFTPOS and ERA have taken place – results are now in Siebel. An initial review of GGP was conducted.

2.3 AUDIT

- Internal audits:
  - Invoicing Audit. The audit report and Corrective Action Plan have been approved.
  - Audit Plan for Q4, 2000 to end Q1, 2001. The Internal Audit Committee discussed areas to be audited during the next six months. An outline plan was agreed. CS involvement is to be discussed before finalising the plan.
  - CAP Monitoring. All CAP Reports have been reviewed. The number of outstanding corrective actions has reduced by 13, to 57.
- Audit Manual. The document (IA/MAN/003) has been updated substantially and is being reviewed. The new draft includes further process measures.

2.4 BUSINESS CONTINUITY

- Theale Disaster Recovery Centre communications have been been proven. The site now replaces the City site as Pathway's DR site.
- The Disaster Recovery plans have been completed. LDRPS is now in maintenance mode. Plans have been discussed with the majority of Team Leaders. Disaster recovery boxes containing copies of plans are being prepared for distribution.
- The telephone message number has been established. The credit card with emergency details is being designed.

3 ISSUES

- The Audit Manager is leaving, 10/11/00. No successor has yet been found internally.

Business Development Report

Business Development Report

1. SUMMARY

- Two steps forward, one step back sort of month! Decisions were taken on Network Banking only to be then questioned at higher levels and sent back for further review. I sense unless a gun is put to people's heads with a looming date for necessary implementation, then reviews will happily go on which all the time place a higher risk on the deliverables. However, without personal impact, it is hard to break through this process.
- ERA continues with some additional ICL Pathway resource but no clear picture on the way forward. Discussions will take place this week to progress.
- The next away day with Post Office Network will take place on 15th November. This needs to be a more direct meeting than heretofore with focus on identifying if Horizon is strategic or not.

Network Banking:

- The requirements are now based on three separate models:
  - Network Banking for normal deposit or withdrawal from a standard bank account
  - PAT14 (Policy Action Team) account which offers the above features plus direct debit from an account that cannot go into overdraft
  - Clear Account which seems to have to offer most of the vagaries of the old benefit card
- IBM has now been chosen as the Network Banking Engine provider but no contract has been placed as yet.
- We have attended two meetings with IBM & Post Office, the first as an ice breaker, the second to help identify work packages.
- We have now identified 11 different work packages, most of which will require some level of ICL Pathway resource and corresponding revenue. One of the work Packages will require Escher involvement to continue to assess whether Web Riposte can handle downloaded business logic from an external source.
- As yet, there is still no commercial agreement in place between Post office and any bank.

ERA:

- We now have 8 paid for consultants working on the ERA project. The current aim is to have those resources gainfully employed on the project until March. This has yet to be agreed. Meetings this week will flush this out.

ICL Pathway   **Business Development Report**   Ref: PA/REP/055
                                                     Version: 1.0
                                                     Date: 08/11/2000

- There is continued concern within POCL regarding the funding of ERA and as yet there is no buy-in from the Market Facing Units. This is a crucial issue for discussion on the 15th at the away day.

Government Gateway:

- Now that the chosen partner has been won by CGEY, we need to understand better where Horizon can fit in. There is a debrief with Post Office on 7th following which we will formulate our new strategy for GGP.
- I remain dubious about this area as there is no buy-in from government in real terms. Post Office are still not positioned well to get the business. Compaq have withdrawn from UK-Online.

Marketing Communications:

- Continued good work internally. Some progress with Post Office. We must continue to keep focus on the area of positive communication on Horizon. It is not Post Office's natural way to promote success.

2   PROGRESS

Business Development:

- **EFTPOS:** This is now making progress. We have been awarded a small piece of consultancy business to help PON put a business case together. The main action on our side is to come up with a cost profile for implementation of EFTPOS on Horizon. The business case is due to be proposed to PONEC later in November.
- **Mails:** A further demonstartion has taken place with Post Office. They like the system and it seems to fit their supposed requirements. The task for us is to assess the integration issues. Work is underway to do this and I expect to put a proposal to Post Office by end November.
- **Service Improvements:** This continues to drag along. The danger is that Post Office will involve us in lots of detail activity without any positive outcome at the end of the day. Again this is an issue for the away day. We must find ways of helping them prioritise their requirements. At present, they tend to resopond to he who shouts loudest.
- **MIS:** We are still continuing to assess the possibilities here. The difficulty is that the data warehouse does not contain a lot of the detail that is needed for the production of meaningful reports.

Marketing Communications

- An article has been submitted for the next edition of the ICL magazine, regarding mobile, trolley and satellite systems.
- A new case study on ICL Pathway / Horizon produced and received approval from the Post Office. This has been produced with the objective of it being used by ICL as a reference to the project. The case study can be found on the ICL Pathway Community and the ICL Marketing Community via CafeVIK.
- A press release titled "UK's most northern Post Office branches are automated" regarding how offices in the Shetland Isles and Orkney Isles have been automated, was approved by the Post Office and distributed. It made the front page of Computer Weekly for the 26th October.
- We are speaking to the Post Office Press Office regarding future PR opportunities and they have informed me that they have been talking to the 'SOAPS' about having Horizon on the television. Coronation Street and Take The High Road are interested and both should confirm in the next couple of weeks. Emmerdale is next on the list. The systems will not be run as live outlets, they will just have the screen, keyboard and barcode scanner.
- We attended, at the request of the NFSP, the Working Country Fair, which took place during the Conservative Party Conference on the 4th October. We showed a prototype of the new mobile system, which went down extremely well. Our stand was moved to the number one position and ended up meeting William Hague, who believed that the Payment Card should be bought back!
- We attended the NFSP Annual Conference and Exhibition in Telford on the 14 & 15 October. The Horizon system was on the Avery stand as they wished to demonstrate it with their scales.

International

- Work on the latest developments for Deutsche Post has completed successfully.
- No forward moves on the African continent.

3   ISSUES

None

Implementation Report

POST OFFICE

Implementation Report

1   MONTHLY SUMMARY

A total of 13,937 Post Office outlets have had the Horizon system installed, as at close of business 3rd November 2000. This represents 77% of the current agreed number of open outlets (18,095). It is anticipated that this will fall to approximately 18,000 or less by the end of rollout.

The team are on schedule to achieve the next rollout payment milestone (17,240 outlets by 9th March 2001) with headroom of 300 outlets available. We are also on target to achieve the current outlet revenue forecast of 17,650 outlets by 30th March 2001. Recent commercial negotiations with PONU have successfully reset the payment milestone target to the lower figure above to take account of attrition over which Pathway has no control.

During the reporting period, weekly rollout performance was consistently below the planned levels. The reduced level of achievement is attributed to recent errors in the ordering of ISDN lines by Energis, an unforeseen scheduling conflict in the tail end of the programme and a higher rate of attrition in the tail than had been expected. Action has been taken to address each of these issues and is discussed in more detail below.
An Implementation Closedown Strategy has been defined in conjunction with Pathway Customer Services and the customer. All three parties have agreed to the strategy and are in the process of implementing the activities required to achieve it. This will enable Pathway to closedown its Implementation Infrastructure team in January 2001 and the remainder of the Implementation team in May 2001.

2   PROGRESS

Infrastructure Preparation

Activity in the Infrastructure programme continues to make good progress. We are nearing the end of the program and are now receiving outlets from PONU released from the remaining 140 outlets due to be released as compliant. These outlets will count towards the Rollout Part B total in the Codified Agreement. A further 15 releases between 31st October and 10th November are likely prior to the end of the year, after which infrastructure activity will be managed by the OBC unit in Customer Services. The Implementation infrastructure team will be disbanded following the transfer of responsibility, as part of the Implementation Closedown Strategy. The infrastructure team is working closely with PONU centre in order to achieve the maximum number of releases possible prior to the proposed end date in November.

The 40 outlets previously removed from the rollout database and re-entered into the program are now progressing through the infrastructure process and will be made ready for installation by 15th December.

The ICL IP regions are reviewing outstanding offices with their PONU regions to ensure every outlet is accounted for.

Surveys of sites designated for the satellite solution commenced from 24th July. The trend of satellite sites surveyed being re-assessed as ISDN solution sites has not continued and the quantities of anticipated satellite solution sites remains in accordance with the previous estimates, circa 500.

Surveys and Preparations for mobile outlets are in progress. From the 84 surveys carried out to date 62 are fits, 12 'can't do's', 7 won't do's' and 3 aborted sites. The outlets that resulted in a fit being found but the outlet manager not accepting the solution (won't do's) have been passed back to the PONU regions for resolution.

Mobile outlets are targeted to complete the infrastructure phase prior to the Christmas break however it is anticipated that a small number may be completed in January where Landlords consent is outstanding.

Installation Activity

Rollout plans include three sequential sweeps around the whole of the United Kingdom with each sweep achieving a reduced level of outlet density per geographical area. Consequently, the later sweeps also move around the country at a faster rate than the initial sweep. These three structured rollout phases are labelled as X, Y and Z with a steady beat rate being achieved in each of those phases. Following Phase Z the programme enters a final planned, but less structured phase, to complete rollout where the beat rate reduces every week until the end.

Rollout Phase X was completed in early October and rollout Phase Y commenced from 6th October and will run until mid-February. This is in practical terms the commencement of the "rollout tail" where we are installing Horizon in the last 25% of the Post Office estate. The significance of this point is that the last 25% will be much more difficult to complete due to the dwindling numbers, outlet availability and the minority groups of outlets in the tail which are unique or require special attention. This includes outlets that use the mobile, satellite or trolley solutions or those that were aborted or unavailable during previous sweeps due to technical issues. Consequently, we can expect to see a greater level of attrition during the remainder of rollout and are likely to see some under-achievement against the target levels in the rollout planned beat rate.

In practice, the effects of the tail have been evident since the beginning of October and achievement on a weekly basis has been reducing each week as a result. Improvement was observed in the week commencing 30th October where the forecast was exceeded although in the following week a further impact is expected. There is likely to be a continuing pattern whereby some weeks we beat forecast and in other weeks we underachieve. It is anticipated that on balance we will achieve the overall plan. To protect against the risk of further underachievement special measures have been taken to reschedule additional outlets into the programme outside of the planned geographical rollout area. This incurs a small additional cost, which can be accommodated within the budget but will safeguard the final rollout payment milestone and outlet revenue forecast.

The success criteria are whether the next payment milestone and outlet revenue forecasts can be achieved. Overall we are just under 400 outlets ahead of plan although this will fall with time. The final rollout payment milestone will be achieved with headroom of approximately 300 outlets. The outlet revenue forecast for the year assumes 17,650 outlets are installed by 30th March 2000. We are on plan to achieve this and the special measures being taken will ensure some headroom is also created.

Rollout of CSR+ CI4 counters to new installations commenced from 23rd October and the CI4 software release will be used for all future counter rollout until the end of the Implementation programme. Transition to CSR+ included the national deployment of 1,200 new build training systems and the transparent change from the CSR to CSR+ training programme. Horizon system training continues to be delivered to a high quality.

Horizon installations at sites using satellite communications commenced in the installation programme from the week commencing 23rd October and some 12-15 such installations will have been completed by 10th November. The first satellite site at Shotton Colliery near Durham unfortunately suffered a number of issues and had to be aborted on three separate occasions. The first successful installation of this type was completed successfully in Northern Ireland on 1st November. The system at Shotton Colliery is rescheduled for 10th November and the initial installation concerns have all been resolved. These issues were all process related and occurred during the "bedding down" of the processes.

Implementation Closedown Strategy

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

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

ACTIVITY	NGE	ULATIVE
Number of Open Post Office Outlets	-36	18,095
INFRASTRUCTURE PROGRAMME		
Sites Entered Into the Programme	-37	18,085
Sites Remaining to be Surveyed	-245	334
Sites Remaining to be Prepared	+127	641
INSTALLATION PROGRAMME		
Sites Migrated and Live	+1,118	13,937
Percentage of Open Sites Live	+6%	77%
Counters Live	2,157	31,514

3 CURRENT CRITICAL PROBLEMS

No new critical issues have arisen. Two existing issues continue to be of significance although they are being successfully managed with the customer's agreement and within the pathway financial budget. These are the projected shortfall in training courses and responsibility for that shortfall, and the dispute with ntl: over an invoice for weekly shortfall charges to the value of £800K.

Pathway are continuing to predict that an additional 1,000+ training courses will be required beyond that specified in the Codified Agreement as a result of low course occupancy. It is now clearly understood that the shortfall is created as a result of scheduling conflict, aborts and suspensions, non-acceptance of appointments by postmasters and non-attendance for reserved places. Through analysis it has been determined that although Pathway are convinced PONU hold the greatest responsibility for the shortfall, this is difficult to substantiate with clear evidence due to the dynamic nature of the scheduling process. Negotiations with PONU to determine and agree responsibility have been undertaken but a conclusive outcome is unlikely for the above reasons. Therefore, a settlement offer to share responsibility for the shortfall has been made and linked to the mandatory introduction of more stringent acceptance and scheduling policies. This will motivate both parties, but specifically the customer, to minimise the future impact of low occupancy. The settlement offer, on which a customer view is expected in mid-November, can be contained within the Implementation financial budget and also offers the opportunity for further cost reduction.

The current projection of the training shortfall remains at approximately £1.2M and is already fully covered in the forecast. There are some further changes to the modelling of the shortfall to be added which will include a combination of adverse and favourable impacts to this estimate. However, Implementation remain confident that the issue will be maintained within the worst case projection of £1.6M and the available budget. Occupancy achievements in October indicate some favourable movement following the introduction of mitigation actions during August and September.

Pathway and ntl: are in dispute over the ntl: claim for £800K of shortfall charges. Negotiations to settle the claim have resulted in ntl: making an offer to settle for a reduced amount of £530K. Pathway remain convinced that the claim is flawed and have therefore sought legal advice. A response to the ntl: offer will be made in November with a view to reducing the value of the claim. The forecast includes the full value of the claim such that the worst case prediction is covered.

4 ISSUES

We continue to have concerns over Energis ability to deliver a sustained acceptable level of performance in the ordering and installation of ISDN lines for the Horizon installation programme. This has created considerable extra work for Pathway and has resulted in additional costs due to aborted installations. Escalation to management level on a number of occasions has proved unsuccessful and therefore the concerns were raised with the UK MD of Energis. The performance deficiencies have been recognised by Energis and positive steps to increase the size of the team, improve processes and introduce a more effective management team have been taken. Bob Taylor, the Energis MD, has supported this. Performance has started to improve and measurement of sustained performance is underway. A claim is being prepared to recover the cost impact incurred by Pathway from Energis under performance, although contract provision for this is limited.

The timeliness of training invitations continues to be monitored and has not been an issue for the last two months.

One of the satellite system process issues has been the application for planning permission to install satellite dishes on buildings. Obtaining planning permission was always going to be a troublesome process and it is expected to be an issue throughout the remainder of the rollout. However, the supplier failed to initiate planning permission applications at an early enough point for the first three weeks of satellite installations. Consequently, 10 outlets per week for each of the first three weeks until 20th November are at risk of being suspended from the programme. Thereafter, process improvements will minimise the risk of aborted installations due to late planning permission.

There is a risk of a further fuel tax protest from the week commencing 13th November, which may result in fuel shortages across the UK. In anticipation of this threat to rollout contingency plans have been drawn up. Assessment of the risk after the use of these contingency plans is that rollout can be maintained with minimal impact for up to 2-3 weeks. Thereafter the impact will increase proportionally. However, given tha rollout stops on 8th December for a month it is likely that overall impact will be minimal unless a prolonged crisis occurs.

5 COSTS

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

Potential improvements to the forecast are possible, dependent on successful conclusion of the negotiations with ntl: over the weekly shortfall claim and with PONU over the settlement offer for training shortfall responsibility.

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

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

Organisation & Personnel Report

ICL Pathway	**Organisation & Personnel Report**	Ref:	PA/REP/055
		Version:	1.0
		Date:	08/11/2000

Organisation & Personnel Report

1   MONTHLY SUMMARY

The campaign to replace freelancers with ICL employees continued to be pursued energetically with increasing success.

The number of vacant positions requiring recruitment continued to fall with the focus moving from filling vacant positions to replacing freelancers with ICL employees so that the core team needed going forward will contain as high a proportion of ICL employees as is possible.

In terms of the Freelancer replacement task, we are currently targeted to have 143 Freelancers in the business on the 1st December and the end of October forecast is that we will actually achieve 136, 7 better than target.

2   PROGRESS

- Appointments in October:

External Recruits	0
Transfers In	1
E-Apps	8
LINKwise	2
Freelance	1
Fixed Term Contracts	0
Adecco Temps	0
TOTAL:	**12**

- Known Joiners

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

- October Leavers:

Permanent Staff	1
Freelance	9
Transfers Out	0
Linkwise assignee	0
e-Apps	3
Fixed term Contracts	0
Adecco Temps	2
TOTAL:	**15**

- Known Leavers

Permanent Staff	1
Freelance	6
Transfers Out	1
Linkwise assignee	0
e-Apps	1
Fixed term Contracts	1
Adecco Temps	0
TOTAL:	**10**

- Further planned activity took place in respect of the Implementation transition plan with some employees being transferred to Roll-Out services and one person being released back to e-Applications. The next large transfer of employees occurs at the end of December. The plan itself was reviewed on 27th October and a number of minor changes made. Customer Service highlighted a requirement for a further 2/3 Field Service managers to join their team and possible candidates are in the process of being identified.

- 6 appointments against vacancies were made in October. The number of live vacant requirements has decreased from 15 at the end of September to 10 at the end of October.

- The freelancer replacement programme continued to be given high priority. Approximately 50 CV's were forwarded to our Development managers for consideration and of these 21 were invited to interview by month end. 4 people were appointed in October against planned freelancer replacement roles and 1 further offer was made for which an acceptance is being awaited, all of which relate to Development. In other Pathway areas, 1 freelancer has converted to ICL permanent status and another freelancer is planned for a quick release, as an existing permanent member of staff will assume his responsibilities. It was also decided to release a further 6 roles into the replacement plan making 26 in total. The lack of suitably qualified candidates, both internal and external means this exercise demands a great deal of effort and persistence by both the personnel team and line managers. So far a good start has been made which needs to be built on.

- 2 e-Applications' Assignees agreed to extend beyond their end date in order for 2 freelancers to be released with notice, achieving cost down.
- The requirement for Technical Support Product Specialists for Customer Service is still outstanding. 7 CVs were forwarded for consideration of which all were invited to interview. Disappointingly, only 1 offer was made, leaving 2 requirements outstanding, which may be resourced by freelance staff in order to avoid risk to the live estate.

New Business

- ERA. The current situation is that 8 people are deployed on ERA and this is planned to increase to 12 during November. All these 12 will be covered by a new CCN.
- Network Banking and EFTPOS. No resourcing activity occurred on either of these areas. However work will be carried out through November to build the team, it is expected that the initial team will come from within the existing resources on Pathway.
- 15 people left the project during October, including 8 planned releases of Freelancers

Freelancer Replacement Progress to date

Date	No working on Pathway
31/10/00	156
01/11/00	150
01/12/00 Forecast	136
01/04/01 Forecast	62

- The accommodation plan was reviewed and significant progress has been made. Area F4 became vacant as planned and has been released to Group. It has now been re-occupied by another part of the company. The relocation of a team of testers from E-block has allowed this space to be released and it has been agreed to consolidate a development team based in Bracknell from its current location in Annex 2 to G74 on the Ground Floor. The vacant space in Annex 2 has been allocated to another part of the company who have a requirement.
- A review of the progress of the Personnel and Resourcing department towards meeting its objectives regarding ISO 9001 took place. Progress was generally satisfactory. A number of new actions were identified and action is in hand to achieve them in time for the next review in November.
- A significant amount of work was undertaken in connection with the updating of the ICL Pathway disaster recovery plan. It was necessary to collate and provide up dated personal information on all people working on Pathway. This was achieved and in addition the parts of the plan specific to Personnel were updated and agreed.

3   ISSUES

The Freelancer replacement plan is very aggressive and requires e-Applications to supply people no later than January 2001 to effect a safe handover of tasks so that the 1st April target figure can be achieved.
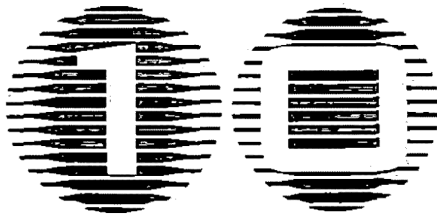
Post Office Client Report

The Post Office - Client Director's Report

1   MONTHLY SUMMARY

PO have selected Cap Gemini Ernst Young as IT partner for the GGP/ILAP programme. We await the results of the eBusiness Services procurement – delayed a further 3 weeks.

2   PROGRESS

GGP

PO have selected CGEY – the ICL-KPMG debrief is Nov 7th.

SMPP

ISD are still failing to complete the trial/interim Peregrine-based asset management service.

Despite this, PO have signed the Licence and Resources contract as proposed by Joe McKenna for the Component Managed Service.

e-Infrastructure - Progress by Steve Reay IT Consultancy Account Manager included a meeting with the Platform 2000 PO team and the start of a full sales campaign to be planned out in November. The PO are listening to what we are saying about migration to W2K, verification and rollout issues by modifying their approach.

e-Business

The ITT for a "management of change and eServices partner" was issued 7th September; e-Innovation responded 29th September. PO are seeking to select a panel of suppliers covering SI, technologies, software development et al. Work Packages will then be competed.

PO have been following up with niche suppliers. We have been informed that decisions are now delayed for a further 3 weeks – no other information is forthcoming.

OSS – One Stop Shop. Current MC performance slowly improving and Mark Newall is busy trying to re-build confidence. PO have decided to select a single supplier from ICL and ComputerCenter, and have issued an RFP for response by 24 November, decision by 22 December.

OJEC S173 Consultancy. Initial OJEC response submitted 13 October for a wide range of IT consultancy services.

OJEC S179 Storage. OJEC replied to by HPS.

---

3 CURRENT CRITICAL PROBLEMS

<u>SMPP</u>

This project is now under Lee Laver who has reported that the SMS and SRT Gateway development was still NOT closed despite a project plan which Joe McKenna had committed to of closure by 13/10. LL is sympathetic to the "history" of this project but is at great pains to point out that Kevin Brown and end-user patience is becoming rapidly exhausted. Practically, a significant sum had been spent on the physical internal audit and this data was still unavailable to the Help Desk, and was becoming out of date. He complained that they were unaware of the next actions, lack of communication etc etc. Tom Lane ISD Account Manager for PO has taken the action to update LL with a status report Tuesday 7th Nov (and ongoing).

WDM Worldwide Despatch Manager - is a project within One Stop Shop, which involves onsite delivery by MC and installation by ISD in PO's Parcelforce customers. An improved PO review took place with Tom Lane and Mark Newall present but the combination of poor engineering installation effort (ISD) and poor configuration work (MC) is still causing SLAs to be missed. Chris Burton (ISD) could give no assurance that things would improve.

4 ISSUES

Kate Robinson has decided to leave ICL to take up teaching.

5 COSTS

N/a