

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

**Monthly  
Progress  
Report**

**May 2001**





# ICL Pathway Monthly Progress Report

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**Document Title:** ICL Pathway Monthly Report – May 2001

**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
Stephen Muchow	Business Director		



# Business Director's Summary

## Business Director's Summary

# 1 PROGRESS AND ISSUES

## 1.1 BUSINESS PLAN

May performance was slightly behind plan with revenue £0.3m down, mainly due to deferred revenue recognition from implementation delivering 29 fewer new installations than forecast and transaction volumes being much less than benchmark. The relatively high level of pass-through revenues to Escher at 0% margin restricted the effective profit recognition to 13%

Cash costs were lower than forecast by £1.3m. Much of the variance arose in the Implementation area, with no charges from Knowledgepool for customer training and various credits received from ntl relating to their survey and preparation activities. Elsewhere, the direct costs of equipment relating to GGP were booked, but this was reflected in higher revenues; accruals for costs relating to CPs in Customer Service amounting to £0.4m were also made.

Resource costs were lower than forecast, due mainly to headcount shortfalls and early implementation of recruitment restrictions. An adverse variance of £0.2m was recorded on Help Desk costs, due to an increased level of calls brought about by migration activity. The Business Plan risk contingency of £0.7m allocated to the month did not show through in any of the other cost areas.

Cash flow in the month was £5.4m worse than forecast. This was due to a combination of lower than forecast debtor receipts and higher than forecast supplier payments. On the supplier side, the resolution of long-standing account issues with both Energis and ntl resulted in payments of old invoices. The full amount of these payments had not been forecast for May.

Project WIP was lower than forecast, due to the reduced project costs.

Our 2001/02 Budget has been submitted. The headline figures being: Revenue £126.0M, PBT £16.7M, Total Cash Costs £100.5M and Headcount 388.

Our proposal for GGP Contents Hosting will be submitted this month with a value of circa £1.4m.

## 1.2 PROGRESS

### 1.2.1 CORE SYSTEM RELEASE

At close of business on 31 May, a total of 17700 Post Officers had been implemented. This represents 99.3% of the agreed number of outlets to be automated, with 131 offices to go. Responsibility for the remaining sites has now transferred to Customer Service.

CSR M1 counter migration is now 98% complete. The difficult 'tail' will be completed by 15 June.

S03 was applied in May with no major issues. Development of S06 and S10 is now complete and S06 will be applied on 18-30 June.

Service performance remains good with no major issues affecting SLAs.

### **1.2.2 NETWORK BANKING**

Progress on the SRS and SDS has fallen slightly behind schedule and so a focused task force has been assembled to accelerate progress with key personnel released from all other activities.

A new delivery manager has been announced, Louis Prastitis, who joins PON full time from July from French-Thornton.

### **1.2.3 GOVERNMENT GP**

Excellent progress is being made. The schedule has no contingency but seemingly every problem so far encountered has been overcome. This is enhancing ICL's reputation within PON.

### **1.2.4 ERA**

ERA continues as the strategic way forward for PON. They have taken a two-week pause on to consider the correct way forward. This work is mainly being undertaken by ICL Pathway and was presented to Post Office in a workshop on 8<sup>th</sup> June.

## **1.3 ISSUES**

### **1.3.1 BREACH OF CONTRACT SLAS**

Following on from the meeting in April a further customer meeting was held at the end of May to hear Pathway's proposal for rectification of the Day D SLA issue. A demonstration was given of the ISDN emulation equipment as a replacement for the Satelan solution. We have proposed achievable SLA targets of 99.9% for APS, and 99.8% for OBCS and TIP, with 100% by Day J. All of which to be implemented by April 2002. This proposal appears to have been acceptable to POCL subject to their agreement to our written proposal. This important step will potentially remove the Breach of contract position. In the meantime it has been agreed with POCL that work should be suspended immediately on the previous Satelan and AP paper solutions.



# Development Report

## Development Report

## 1 MONTHLY SUMMARY

- The migration of Live counters to M1 has progressed during May with the final tail outlets rolling forward into June.
- Release S03 has been implemented.
- Development of S06 and S10 has completed and testing is progressing to achieve the Live dates.
- GGP is progressing towards the desired Live date, with each new issue that is passed to Pathway overcome and resolved.
- The Network Banking SRS has been issued to the PO for review and the first review/update cycle is underway.
- A Task Force has been set up to drive the NWB SDS through to completion.

## 2. PROGRESS

- A keyboard hardware/firmware problem has found to be the cause of the Quantum 'Ironbridge' meter lock out issue. Options are under review by CS to agree a way forward.
- Three further Client migration exercises were successfully achieved during May, 2 for further phases of Girobank clients migrations and the third for DVNLI.
- A CCN have now been approved to allow the development of the BBC interface and a request has been received to develop a link to DVLA.
- S03, the TIP File changes Release, was implemented on schedule.
- S06, the SLA Day D Release, completed System Testing in May and completes conformance testing early June. The movement of the Volume and Integrity test environment from Bracknell to Feltham encountered issues during the re-installation and early testing phases. This has resulted in a delay to the Volume testing window and may impact the full turn on of the release functionality if a critical performance fault is detected. If a delay is required, it will not affect our customers. A proposal to introduce a laptop interface to PSTN in the outlet to upload data when there is a comms problem has been agreed with PON as the final link to resolving Day D issues. This will be developed and tested in S10 for post S10 availability.

- S10 development completed in May and System Testing has commenced. PTU test preparation is on schedule to allow testing to commence in early June. Late additional CPs were included in the Release impacting interim delivery dates, but holding the overall Release date.
- GGP Forms printing development completed in May and final forms have been delivered for System Testing.
- GGP Kiosks are now operational in our test environments and are interfacing to the CGEY development Content Server.
- The GGP Access Network hardware has been ordered, but not yet delivered.
- GGP Hosting solution has been agreed and the Live Test environment built and under test usage by the PO. Work will now commence on building for Live to meet the PO aspiration of a Pre Pilot in mid June.
- Discussions have commenced regarding Full Roll Out of GGP and additional functionality requirements for 2002 and 2003.
- The NWB SRS was issued to the PO and a review meeting held to discuss comments received. The updated version is due for issue mid June.
- In order for the TDA to concentrate on specific NWB SDS activities, a Task Force has been set up to drive this activity through towards contract approval. The critical activity is to achieve an agreed design solution in order to direct costing by the end of July.
- PON delayed further ERA work in late May and has asked Pathway to present their recommendations on how ERA should proceed in early June.
- Talexus Design has continued, although there has been debate with the PO regarding its future following the takeover of their Talexus client, Yorkshire Electricity. The PO are now in further negotiations with a new client and the full development costs expected to be approved in early June.
- Work has taken place on EFTPoS requirements, reviewing the integration of Retail Logics product with Horizon.

### 3. ISSUES

- Work has continued on the Freelancer replacement programme and a second recruitment day was held on 16<sup>th</sup> May. Although a well planned event, of the 12 candidates, only two were offered roles and only one accepted. As the quality of candidates was disappointing, a follow up meeting was held between Computer People, their suppliers and the Pathway hiring managers. This helped to further clarify our requirements regarding skills and experience and additionally discussions have commenced regarding targeted advertising.

- Current Freelancer Headcount & Forecast

Update	01-Apr-01
Summary	No of Heads
Freelancers in Programme Directorate 30/04/01	92
Current FC of Freelancers in Pathway on 01/06/01	89
Current FC of Freelancers in Pathway on 31/03/02	50

- (The 31/3/02 freelancer figure assumes continued successful freelancer replacement)
- In order to progress the System Design for NWB, Pathway has made assumptions regarding PO requirements. If these assumptions are found to be incorrect during discussion or review, the overall Release dates could be impacted.



# Commercial & Financial Report

## Commercial &amp; Financial Report

## 1 MONTHLY SUMMARY

- Financial performance for May year-to-date shows revenue just behind budget (£21.0M vs. £21.3M) due to transactions being down in May and lower than forecast roll-out rate but offset with higher than budget revenues from New Business areas. Consequently, profit recognition year-to-date is slightly behind budget (£2.7M vs. 2.8M).
- Total Cash Costs for May year-to-date are better than budget (£15.9M vs. £17.2M) largely due to budgeted risk not utilised, timing on recruitment and timing of Knowledgepool costs.
- Following on from the meeting in April a further customer meeting was held at the end of May to hear Pathway's proposal for rectification of the Day D SLA issue. A demonstration was given of the ISDN emulation equipment as a replacement for the Satelan solution. We have proposed achievable SLA targets of 99.9% for APS, and 99.8% for OBCS and TIP, with 100% by Day J. All of which to be implemented by April 2002. This proposal appears to have been acceptable to POCL subject to their agreement to our written proposal. This important step will potentially remove the Breach of contract position. In the meantime it has been agreed with POCL that work should be suspended immediately on the previous Satelan and AP paper solutions.
- We are working to agree the absolute definition of the measures for the performance SLA for the payment of the retention monies so that this paid from the earliest opportunity. We are moving towards agreement on the volume metrics, but POCL are still considering their position on which AP transactions are relevant, and the status of the times listed in Schedule E8.
- The 2001/02 Budget has been submitted to Large Project Division. The headline figure being Revenue £126.0M, Profit before tax £16.7M, Total Cash Costs £100.5M, Headcount at end of period 388.
- The contract, via a CCN, for the Access Network for GGP Kiosks Pilot has been signed. Work is progressing to cost the Content Hosting Service.
- We have started discussions with POCL on the methodology the Network Banking service will be dealt with under the Codified Agreement. A commercial and legal meeting is set for 20<sup>th</sup> June to progress.

## **2 PROGRESS**

- The WebRiposte decision; we have reached contract agreement with Escher and with POCL.
- Continuing convergence, as above, on the SLA package.
- Promising discussions are taking place with ICL Group Treasury on the use of ICL Flexible Finance for funding the Network Banking project.

## **3 RISKS**

- That POCL will not agree to the Day D SLA proposition; this risk must be much reduced following the successful meeting described above.
- That POCL are unable to take the hard decisions on the Programme Plan or lack the funds to finance it.
- That once decided, POCL's demand for work will outstrip our ability to supply.

## **4 ISSUES**

- As risks above.

## **5 FINANCIAL PERFORMANCE**

See Pages 8,9,10,11 and 12.

ICL Pathway

## Commercial &amp; Financial Report

Ref: PA/REP/066  
Version: 1.0  
Date: 06/06/2001

## ICL PATHWAY

## Revenue &amp; Profit

	Month of May 2001			Year to Date		
	Actual	May Forecast	Variance	Actual	May Forecast	Variance
<b>REVENUE</b>						
Rollout Revenue	1.0	1.4	(0.4)	2.4	2.8	(0.4)
Availability Fees (Retention Releases)	1.2	1.2	-	2.5	2.5	-
Operating Fees	6.7	6.8	(0.1)	13.5	13.6	(0.1)
Implementation Contributions	-	-	-	-	-	-
New Business - Gross CCN619 Credit	1.3	1.1	0.2	2.1	1.9	0.2
Mainstream CCNs	0.1	0.1	-	0.1	0.1	-
OBC / Memoview Other	-	-	-	0.4	0.4	-
<b>TOTAL REVENUE</b>	<b>10.3</b>	<b>10.6</b>	<b>(0.3)</b>	<b>21.0</b>	<b>21.3</b>	<b>(0.3)</b>
<b>PROFIT</b>						
Total Revenue, as above	10.3	10.6	(0.3)	21.0	21.3	(0.3)
Less: "Non-Profit" Revenue	(0.4)	(0.2)	(0.2)	(0.8)	(0.6)	(0.2)
Net Revenue for Profit Recognition	9.9	10.4	(0.5)	20.2	20.7	(0.5)
<b>Profit Recognition %</b>	<b>13.5%</b>	<b>13.5%</b>		<b>13.5%</b>	<b>13.5%</b>	
Profit Recognised	1.3	1.4	(0.1)	2.7	2.8	(0.1)
International Activities Losses	-	-	-	-	-	-
<b>PATHWAY PROFIT RECOGNISED</b>	<b>1.3</b>	<b>1.4</b>	<b>(0.1)</b>	<b>2.7</b>	<b>2.8</b>	<b>(0.1)</b>

Revenue was £0.3m down on forecast due mainly to the rollout tail delivering 29 fewer new installations than forecast, thereby deferring the revenue recognition.

This was partly offset by new business revenues, where GGP activities started in earnest, and there were also Web Riposte related revenues from POCL, following the Escher arrangements that were finalised in the month.

Contractually measured transaction volumes were again well short of benchmark, with the dual bank holidays in May leading to some consolidation of Benefits Payments.

The relatively high level of pass-through revenues at zero margin restricted the effective profit recognition percentage to 13%.

ICL Pathway

**Commercial & Financial Report**Ref: PA/REP/066  
Version: 1.0  
Date: 06/06/2001

ICL PATHWAY

**P&L SUMMARY**

	Month of May 2001			Year to Date		
	Actual	May Forecast	Variance	Actual	May Forecast	Variance
Revenue Recognised	10.3	10.6	(0.3)	21.0	21.3	(0.3)
Cash Costs (analysis below)	8.3	9.6	1.3	15.9	17.2	1.3
Depreciation	2.6	2.6	-	5.3	5.3	-
Interest Costs	0.1	0.1	-	0.3	0.3	-
Utilisation of March 99 Provisions	(0.2)	(0.2)	-	(0.2)	(0.2)	-
Total Costs	10.8	12.1	1.3	21.3	22.6	1.3
Raw Result before WIP Transfers	(0.5)	(1.5)	1.0	(0.3)	(1.3)	1.0
Transfer to / (from) Contract WIP	1.8	2.9	1.1	3.0	4.1	1.1
Ordinary PBT	1.3	1.4	(0.1)	2.7	2.8	(0.1)
Release of March 1999 Provisions						
<b>Total PBT Recognised</b>	<b>1.3</b>	<b>1.4</b>	<b>(0.1)</b>	<b>2.7</b>	<b>2.8</b>	<b>(0.1)</b>

**CASH COST ANALYSIS**

	Month of May 2001			Year to Date		
	Actual	May Forecast	Variance	Actual	May Forecast	Variance
Paycosts - Employees	1.3	1.4	0.1	2.6	2.7	0.1
- Freelancers	1.1	1.1	-	1.9	1.9	-
Total Paycosts	2.4	2.5	0.1	4.5	4.6	0.1
Labour Related (Travel, Fleet, Training, etc)	0.2	0.2	-	0.4	0.4	-
Shared Services Costs	0.1	0.1	-	0.1	0.1	-
Premises and facilities	0.3	0.2	(0.1)	0.5	0.4	(0.1)
Computer related / Communications	0.1	0.2	0.1	0.4	0.5	0.1
Marcomms / Advertising / Promotion / PR	-	-	-	-	-	-
Legal and Professional Fees	-	0.1	0.1	0.1	0.2	0.1
Sub-Total	0.7	0.8	0.1	1.5	1.6	0.1

## Direct Costs and Sub contracts (provisional analysis)

Consultancy		0.1	0.1		0.1	0.1
Development	0.1	0.2	0.1	0.2	0.3	0.1
Rollout Related	(0.2)	0.2	0.4	(0.1)	0.3	0.4
HelpDesk	0.9	0.7	(0.2)	1.4	1.2	(0.2)
Systems maintenance/SMC	1.1	1.0	(0.1)	2.3	2.2	(0.1)
Data Centre operations	0.8	0.8	-	1.5	1.5	-
Operational Business Change	0.1	0.1	-	0.4	0.4	-
Network/Telecomms	0.9	1.0	0.1	2.0	2.1	0.1
Customer Training		0.7	0.7	0.3	1.0	0.7
Other ( New Business Direct Costs & CP Accruals)	1.2	0.5	(0.7)	1.5	0.8	(0.7)
Sub-Total	4.9	5.3	0.4	9.5	9.9	0.4
Materials (maintenance of test equipment etc)	0.1	0.2	0.1	0.2	0.3	0.1
Exchange Losses / (Gains)			-			-
Contingency (Business Plan Risk)	-	0.7	0.7	-	0.7	0.7
Other Costs			-			-
SLAs	0.2	0.1	(0.1)	0.2	0.1	(0.1)
Government Contribution			-			-
<b>TOTAL CASH COSTS</b>	<b>8.3</b>	<b>9.6</b>	<b>1.3</b>	<b>15.9</b>	<b>17.2</b>	<b>1.3</b>

Cash costs were lower than forecast by a total of £1.3m. Much of the variance arose in the Implementation area, with no charges from Knowledgepool for customer training and various credits received from mtl relating to their survey and preparation activities. Elsewhere, the direct costs of equipment relating to GGP were booked, but this was reflected in higher revenues; accruals for costs relating to CPs in Customer Services amounting to £0.4m were also made.

Resource costs were lower than forecast, due mainly to headcount shortfalls. An adverse variance of £0.2m was recorded on Help Desk costs, due to an increased level of calls brought about by migration activity. The Business Plan risk contingency of £0.7m allocated to the month did not show through in any of the other cost areas.

ICL Pathway

**Commercial & Financial Report**

Ref: PA/REP/066  
Version: 1.0  
Date: 06/06/2001

**ICL PATHWAY**

**Cash Flow, Balance Sheet & Working Capital**

**CASH FLOW**

	Month of May 2001			Year to Date		
	Actual	May Forecast	Variance	Actual	May Forecast	Variance
Revenue Recognised	10.3	10.6	(0.3)	21.0	21.3	(0.3)
Cash Costs	(8.3)	(9.6)	1.3	(15.9)	(17.2)	1.3
Interest	(0.1)	(0.1)	-	(0.3)	(0.3)	-
Working Capital Movement	(10.4)	(4.0)	(6.4)	(18.0)	(11.6)	(6.4)
Fixed Asset Additions	(0.4)	(0.4)	-	(0.3)	(0.3)	-
Share Capital Increase						
<b>Cash Inflow / (Outflow)</b>	<b>(8.9)</b>	<b>(3.5)</b>	<b>(5.4)</b>	<b>(13.5)</b>	<b>(8.1)</b>	<b>(5.4)</b>
Opening Net Borrowings	4.0	4.0	-	(0.8)	(0.8)	-
Closing Net Borrowings/(Cash)	12.9	7.5	(5.4)	12.7	7.3	(5.4)
<b>Closing Analysis</b>						
Special Purpose Vehicle Borrowings	55.0	55.0	-	55.0	55.0	-
ICL Cash pool balances	(42.1)	(47.5)	(5.4)	(42.3)	(47.7)	(5.4)
<b>Closing Net Borrowings / (cash)</b>	<b>12.9</b>	<b>7.5</b>	<b>(5.4)</b>	<b>12.7</b>	<b>7.3</b>	<b>(5.4)</b>

**BALANCE SHEETS**

	End of May 2001	
	Actual	May Forecast
Net Fixed Assets	54.6	54.6
Project WIP	10.6	11.7
Other Working Capital	(12.2)	(18.6)
Provisions	(4.7)	(4.7)
	48.3	43.0
Share Capital	151.7	151.7
Retained Earnings	(116.1)	(116.0)
Net Borrowings / (Cash)	12.9	7.5
	48.5	43.2

**WORKING CAPITAL**

End of May 2001			
	Actual	May Forecast	Variance
Debtors and Accrued Revenue	19.4	17.4	(2.0)
Prepayments	1.4	1.0	(0.4)
Trade Creditors	(2.9)	(9.2)	(6.3)
Accruals	(6.2)	(4.4)	1.8
Interco Balances	(6.7)	(5.2)	1.5
VAT	(17.2)	(18.2)	(1.0)
<b>Total Working Capital</b>	<b>(12.2)</b>	<b>(18.6)</b>	<b>(6.4)</b>

Cash flow in the month was £5.4m worse than forecast. This was due to a combination of lower than forecast debtor receipts and higher than forecast supplier payments. On the supplier side, the resolution of long-standing account issues with both Energis and ntl resulted in payments of old invoices. The full amount of these payments had not been forecast for May.

Project WIP was lower than forecast, due to the reduced project costs.



# Customer Services Report

## Customer Services Report

## 1. MONTHLY SUMMARY

There have been no major operational issues with the live service this month. However there has been a significant drop in the SLA achievement for reference data counter delivery. This is because the SLA is now being measured through use of the new acknowledgement agents and the deployment of M1 has caused issues with non-delivery of reference data by 3am to migrated outlets. These issues are under investigation.

SO3 has been applied with no issues.

Agreement has been reached with PON on the SLA Day D Rectification Plan. The PSTN laptop solution will totally replace the Satelan and AP Paper recovery solution. This will be deployed end 2001.

Work is progressing on the implementation of GGP. Reference data activities on the forms printing service is going well. The live test system is mostly installed and work is progressing on the pricing and description Contents Hosting Service

Work is progressing with TDA to put to bed our final position on SLA's and service availability.

There are still a number of Quantum issues that are causing concern to POCL. Work is progressing on the resolution of these issues.

There will be approximately 89 counters being passed across to us from implementation. This is much higher than expected but it should be able to be handled by CS with some temporary assistance from Implementation.

A CS OMR will be carried out over the next 2 weeks

## 1.4 VITAL STATISTICS

Live Base as at 25th May 2001: 17,517 Post Offices, 38,178 Counters

Cumulative Data is from 1<sup>st</sup> December 1999 to 25th May 2001 inclusive

Monthly Data is from 1<sup>st</sup> May 2001 to 25th February 2001 inclusive

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### OBCS

Total number of transactions to date	601,887,700
Total number of transactions in May	43,980,084
Total value of payments to date	£46,802,440,990
Total value of payments in May	£3,771,484,332.59

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### EPOSS

Total number of receipts to date	734,011,908
Total number of payments to date	137,492,320
Total number of zero value transactions to date	59,800,087
Total number of receipts in May	49,494,023
Total number of payments in May	7,151,475
Total number of zero-value transactions in May	4,715,129
Total value of receipts to date	£41,045,997,099
Total value of payments to date	£12,979,913,935
Total value of receipts in May	2,997,593,309
Total value of payments in May	723,652,544

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### APS

Total number of transactions to date	251,442,963
Total number of transactions in February	21,986,657
Total value of receipts to date	£6,662,417,028
Total value of receipts in February	£559,586,843

### NOTES:

- EPOSS zero-value transactions include 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 & SUPPORT

#### 2.1.1 ACHIEVEMENT AGAINST SLA

##### 2.1.1.1 BUSINESS INCIDENT MANAGEMENT

Achievement for May 2001 is not expected to reach conformance of 100% due to on going delays in acquiring data for receipts and payment incidents. This is currently the subject of a review with the SSC re the re-deployment of staff to MSU.

##### 2.1.1.2 HELPDESK AND SYSTEM SERVICE

Week Ending	Target	05/05/2001		12/05/2001		19/05/2001		26/05/2001	
		Volume	Achieved	Volume	Achieved	Volume	Achieved	Volume	Achieved
<b>Call Answering Performance</b>									
Calls Presented		10,581		8,242		15,101		13,836	
Calls Abandoned < 40 seconds		175		209		310		327	
Calls Engaged / Calls Abandoned > 40 seconds	<1%	3	0.03%	83	0.90%	33	0.22%	149	1.10%
Total Calls Answered		10,406		8,033		14,791		13,509	
Calls Answered < 20 seconds	93%	10,371	99.56%	8,628	98.52%	14,172	95.82%	12,631	93.50%
Calls Answered < 40 seconds	98.9%	10,385	99.83%	8,740	98.71%	14,508	97.75%	12,914	93.30%
<b>Call to Resolution Performance</b>									
Total Level 1 Calls		2,550		2,199		4,066		3,991	
Level 1 Calls resolved in < 5 minutes	90%	2,549	99.96%	2,199	99.99%	4,058	99.83%	3,974	99.57%
Level 1 Calls resolved in < 10 minutes	100%	2,550	100.00%	2,199	100.00%	4,066	100.00%	3,991	100.00%
Total Level 2 Calls		1,764		1,359		1,977		1,942	
Level 2 Calls resolved in < 30 minutes	95%	1,753	99.38%	1,351	99.41%	1,964	99.34%	1,919	98.82%
Level 2 Calls resolved in < 45 minutes	100%	1,758	100.00%	1,355	100.00%	1,973	100.00%	1,933	97.97%
Total Hardware A Calls		12		18		18		6	
Hardware Priority A < 4 hours	85%	12	100.00%	10	100.00%	18	100.00%	6	100.00%
Hardware Priority A < 2 hours	100%	12	100.00%	10	100.00%	18	100.00%	6	100.00%
Total Hardware Priority B Calls		781		768		820		822	
Hardware Priority B < 8 hours	95%	780	99.87%	768	100.00%	819	99.88%	821	99.88%
Hardware Priority B < 12 hours (Excludes)	100%	780	99.87%	768	100.00%	820	100.00%	822	100.00%

## 2.1.1.3 DATA FILE DELIVERY

Week Ending	Target	05/05/2001		12/05/2001		19/05/2001	
		Volume	Achieved	Volume	Achieved	Volume	Achieved
<b>DFD Services</b>							
APS Data File Delivery Performance (Remedial)		8,168,031		4,228,477		5,280,722	
Day B	97%	8,118,383	99.20%	4,202,688	99.37%	5,248,016	99.38%
Day C	99%	32,472	99.72%	13,863	99.69%	16,593	99.70%
Day D	100%	7,365	100%	4,623	100%	6,408	100%
<b>OBOS Data File Delivery Performance (Remedial)</b>							
Day B	97%	12,586,168	99.55%	8,578,958	99.68%	11,930,946	99.60%
Day C	99%	12,904,070	99.77%	9,551,810	99.80%	11,883,251	99.78%
Day D	100%	27,226	100%	8,623	100%	19,517	100%
<b>TPS Data File Delivery Performance (Remedial)</b>							
Day B	97%	67,089,014	99.17%	48,685,284	99.19%	50,724,989	99.54%
Day C	99%	46,535,044	99.65%	46,306,850	99.71%	50,187,377	99.64%
Day D	100%	336,988	100%	241,058	100%	302,321	100%
<b>Inbound Data Delivery Performance (Remedial)</b>							
Day B	97%		99.99%		99.99%		99.99%
Day C	99%		99.46%		99.22%		99.95%
Day D	100%		100%		100%		100%
<b>LFS Services</b>							
<b>Outlet to SAPADS Data Transfer</b>							
Pouch rec'd at Outlet Day A	98.00%		98.59%		99.38%		99.42%
Pouch rec'd at Outlet Day B	100.00%		99.71%		99.71%		99.71%
Pouch collected from Outlet Day A	98.00%		98.82%		99.35%		99.59%
Pouch collected from Outlet Day B	100.00%		99.71%		99.71%		99.71%
Daily Cash on hand details Day A	98.00%		98.59%		99.38%		99.42%
Weekly S/SOH 22.00 Day C	98.00%		100.00%		99.80%		99.80%
Weekly S/SOH 23.59 Day C	100.00%		100.00%		100.00%		100.00%
Weekly inventory 22.00 Day C	98.00%		100.00%		99.82%		99.82%
Weekly inventory 23.59 Day C	100.00%		100.00%		100.00%		100.00%
<b>SAPADS to Outlet Data Transfer</b>							
Delivery planned orders Day A	98.00%		98.47%		99.81%		99.19%
Delivery planned orders Day B	100.00%		100.00%		100.00%		100.00%
Delivery advice notes 08.00 Day C	99.50%		100.00%		100.00%		100.00%
Delivery advice notes 12.00 Day C	100.00%		100.00%		100.00%		100.00%

## 2.1.2 NETWORK

The operational service has run with a good level of stability through the month.

## 2.1.3 BUSINESS CONTINUITY

Business continuity testing has by and large recovered from the delay caused by our customer's MBI over OPTIP.

A number of the centrally-held Business Recovery Plans have been extracted from the database and will be updated in time for the BRA01 Disaster Recovery walkthrough planned for June.

#### 2.1.4 SUPPORT

The call rate has remained at a lower level during May. The one significant operational issue related to files being sent to TIP twice. SSC staff were involved in resolving this. Also a number of Outlets going through M1 migration required technical assistance from SSC staff.

John Simpkins has been involved in early work on GGP.

Initial work towards identifying non-functional requirements for Network Banking has been undertaken. There is currently a risk that if all Network Banking transactions are encrypted then SSC will not be able to provide support.

Total calls raised through SSC - 419  
Total calls closed through SSC - 438

#### 2.1.5 REFERENCE DATA

Day to day service is running well.

The Reference Data for ACP has caused some problems and for the final service is still to be resolved.

GGP forms printing data is available and it looks as though GGP will be OK. ICON's for GGP are now being processed.

The RDMC workstation re-build has been performed on one workstation and is largely satisfactory. The intention is to move this on to the other workstations and then implement security. A meeting is to be scheduled by PIT.

Message broadcasts continue to run at an average of 1 per day.

AP Client migration continues – there have been a number of minor issues but largely the change-over has gone according to plan. The introduction of the new CTO service is still pending final sign off of the CCN.

Audrey Adams has raised a CP to improve the issues with Cash Account for new year.

RDT have been asked to look at the possibility of providing additional proving for the Scavenger Agent. A proposal has been put to Gill Jackson and we are awaiting her comments.

A counter connected to the RDT Rig has been made available to Epos Development. This supplies them with up-to-date reference data.

### 2.1.6 POCL INTERFACES

The overall service on APS remains generally good. There are issues over Quantum - see later section.

There was one significant operational issue where files were sent to TIP twice. The LFS pilot within PON has continued through the month.

### 2.1.7 AP CLIENT MIGRATION

DVLNI and a further 23 Girobank clients have been successfully migrated to Horizon on 16<sup>th</sup> May. A further Girobank migration has been scheduled for 30<sup>th</sup> May.

The SWALEC DIT is complete and the DIT report has been issued for approval.

The NIE DIT week 1 is complete and one issue has been raised, which is currently with HAPS for investigation.

RSA have indicated that they are reviewing their relationship with the Postoffice. All activities are on hold until further notice.

The start of the ACP DIT is delayed due to problems with the reference data.

PON have assured us that the Talexus CCN will be approved without creating a funding gap for Pathway. Schlumberger has provided Talexus keys for development.

The hardware used for FTMS gateway is not available any more. TDA are looking for an alternative, which PIT will have to test. Currently with TDA and escalated to Cliff Wakeman. The new gateway spec is expected by 29th May.

The implementation activities for TVL are behind schedule. The site survey is complete. Awaiting update on ISDN lines.

The introduction meeting with Consignia Customer Management regarding BBC Renewals has again highlighted the need to improve our process for client interaction. This has been referred to Business Development.

## 2.2 INFRASTRUCTURE SERVICES

### 2.2.1 MSU

#### 2.2.1.1 SERVICE PERFORMANCE

We are still reviewing the historical System Service remedial payments invoiced to PON for September 2000 to March 2001. Currently we have only cleared to August 2000 – this delay is entirely applicable to PON who are slow in providing a response to our submissions. It is expected that we will have November 2000 completed by the end of May 2001. MSU are submitting current months to PON in accordance with the time scale agreed.

The poor coding within the HSH is hampering software call remedial calculations. MSU are leading a team from both the HSH and MSU to resolve the issue and revisit the call matrix. The delivery of software calls to PON has been relegated in priority due to their backlog in dealing with the hardware / network presentations. This will in turn give ICL Pathway time to ensure that software calls are not classed as remedial in error.

MSU have designed an Access database to calculate the SLA and the remedial payments due for all hardware, software and network calls. This is currently undergoing testing and will be used by the HSH via direct access to the MSU V drive. This will remove the need for separate sets of data, maintain an audit trail of call corrections and is dynamic in the sense that the SLA calculations will be reviewed each time a call is amended or re-coded. We will be using this database in the live environment from June 2001.

#### 2.2.1.2 INCIDENT MANAGEMENT

Receipts and Payment mis-balances continue to form the bulk of the incidents received. These are being dealt with as high priority and tracked as cross-domain problems. MSU are insistent that all fixes are progressed through to the live estate as quickly as possible to avoid financial integrity issues.

APS reconciliation continues without any real problems other than PON delays in providing TIP processed values. We have written to PON expressing our concern in being unable to provide the daily reconciliation in accordance with the joint agreement when the delay is entirely attributable to their own system issues.

Network banking report specification has been completed and is subject to a review with the TDA this week. I believe we have been successful in ensuring a reconciliation system that not only reports by exception but also provides a daily reconciliation at all points in the process.

#### 2.2.1.3 IT SUPPORT

No real issues. We are looking at the processes required to take on the asset management and IT ordering processes for the entire Large Projects Division. MSU are currently reviewing the procedures necessary with representatives of all the applicable divisions and with HR. It is expected that this work will commence in the very near future.

#### 2.2.1.4 OPERATIONAL SERVICES

The newly created team within MSU has now settled in within FEL 01 and BRA 01. This team continues to cover the existing problem management, CP, PCCB processes within CS but now also has responsibility for the non-polling function. No problems are currently reported.

## 2.2.2 STRATEGIC SERVICES UNIT

### 2.2.2.1 FIELD SERVICE MANAGEMENT

By the end of May a total of 315 Site visits will have been completed by the FSM team.

**Frensham Way** was successfully re-rolled and migrated on the 2<sup>nd</sup> May, using a satellite solution. There were a disappointing number of early-life and fail-on-fit equipment failures, which initially made it difficult to assess the system performance. Following discussions with PON and the local Federation of Sub-postmasters, the office was placed under the control of a PON HFSO for a fortnight, to assess the situation impartially. During this period some disruption of the office LAN was observed. This was traced to working practices in the office, where a lot of business was transacted within a single customer session, which appeared to overload the LAN's capability. Third line has raised this with the TDA and Escher. Overall, the system behaved to specification, and the HFSO reported that it was fully usable.

Whilst the office has been able to trade normally, there has been some disruption of the satellite communications. On at least one of these occasions, the cause has been traced to vandalism damage of the satellite dish. Further incidents are under investigation. HOT have been asked to submit proposals for a cowl to protect the dish. The original operational problems at Frensham Way have not recurred since the transfer to satellite communications. As such, the Divisional Alert will now be closed.

Dave Law and Reg Barton attended two days of the **National Federation of Sub-postmasters annual Conference** to gauge attitudes to Horizon. Delegates were mainly concerned at the lack of interest shown by PON in progressing system operating improvements. Concerns were also voiced over system problems with Quantum cards, loss of Northern Ireland Electric work, and slow running. A number of service improvement opportunities were raised, and a full report has been compiled and circulated.

### 2.2.2.2 SERVICE MANAGEMENT

#### 2.2.2.2.1 CUSTOMER COMPLAINTS

The table below shows Customer complaints received between 1<sup>st</sup> May and 29<sup>th</sup> May. Complaints are received from 3 sources: NBSC, PM's directly and referrals from Support sections. After investigation, the team has identified that approximately 60% of complaints raised are not justified, all complaints are responded to and investigated.

We have responded to 42 complaints = 19 justified and 23 not justified.

	Wrong Advice	Attitude	NBSC	System	Install	Engineers	Electrics
<b>Raised to C.S.</b>	18	3	0	14	6	0	1
<b>Raised to HSH</b>	6	1	0	12	0	1	0

Referrals to PON - 5 problem sites and 12 complaint calls.

To date 22 outlets have been referred to PON for retraining, 19 have completed retraining. 11 have shown a dramatic reduction in calls to the Horizon Helpdesk since retraining has been completed. 11 are still on monitor until calls have reduced, or further action is required by PON.

The complaints from NBSC have remained fairly constant.

The HSH complaints have increased slightly, this is due to the M1 release. Complaints regarding Agent attitude have dropped again in this period. I am sure this is due to the measures that have been put in place at HSH to deal with these problems. All issues have all been addressed individually by the advisor's managers and are alerted to the Call Centre Manager and the Operations Manager.

Wrong advice complaints remain fairly high; these are still being monitored. HSH are recommending refresher courses for offending agents.

System issues remain high, these include non- polling problems, Quantum issues, slow running counters M1 issues and "Blue screen problems. Implementation issues are starting to increase as the rollout team disappears.

#### 2.2.2.2.2 HSH CALL REDUCTION

The chart below shows the results to date of the impact of an MBS message sent to all outlets to reduce the number of inappropriate calls being received at the HSH. The results are disappointingly low at 12%, however May includes the M1 upgrade. June will be monitored for any further improvement. This still equates to a £497k saving over the life of the project.

##### Inappropriate Calls passed to the NBSC

w/c	Results prior to the MBS Message				Results after MBS Message			
	02-Apr	09-Apr	16-Apr	23-Apr	30-Apr	07-May	14-May	21-May
Mon	314	258	270	238	212	219	225	221
Tue	280	264	237	208	219	224	201	227
Wed	416	387	346	362	353	277	347	395
Thu	282	250	243	255	230	224	243	263
Fri	221	208	204	200	178	171	170	178
Sat	93	111	91	90	74	89	94	88
Sun	0	0	0	0	1	0	0	1
Total Calls	1606	1478	1391	1353	1267	1203.5	1280	1373
	(BH)				(BH)			
	Average taken for 13/04 and 16/04				Average taken for Monday 07/05			

April Average	May Average	% Decrease	£ Saving
270	219	19%	£ 3,053
247	218	12%	£ 1,770
378	343	9%	£ 2,085
258	240	7%	£ 1,050
208	174	16%	£ 2,045
96	86	10%	£ 600
0	1	#DIV/0!	£ 30
1457	1281	12%	£ 10,573

**2.2.2.3 OUTLET BUSINESS CHANGE**

Committing time to introducing OCMS into OBC is proving difficult. After months of delay in getting the application, it has been made available at the time when OBC work is at a peak – initially the end of year PON ‘clear-out’ and now the Implementation tail. Where time has been put aside, basic problems have been encountered such as no terminals built, no secure-ID issued, wrong IP addresses installed. I am committed to getting this in, but it will be as time and resource allows. In the meantime, the team is continuing to use the manual processes and their local Access database to meet the OBC task. Geoff Coxon is available to update the ACDB until the end of June for new outlets, after which, SSC will need to assist until OCMS is in use.

CS takes on the Implementation Tail as of 4<sup>th</sup> June. It appears there will be 89 outlets coming across. The team has been working for some months on procedures and processes and is ready.

The following tables show actual deliveries for May and firm orders for changes up to the end of September.

**Opening/Relocation/Refurbishment (Outlets)**

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
May	119	23.76	95.24

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
June	117	23.83	93.17
July	80	Not yet Available	Not yet available
August	11	Not yet available	Not yet available
September	1	Not yet available	Not yet available

**Closures (Outlets)**

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
May	33	14.85	18.15

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
June	14	14.89	Not yet exceeded contract
July	1	Not yet available	Not yet exceeded contract
August	0	Not yet available	Not yet exceeded contract
September	1	Not yet available	Not yet exceeded contract

**Implementation Tail (Outlets)**

Month	Total
June	35
July	36
August	1
September	4

**2.2.3 BUSINESS EFFECTIVENESS**

Scope of the BET expanded to extend the tried and tested process engineering work previously carried out within CS across the whole of Pathway.

Pathway Business Process Architecture (PBPA): Stephen Muchow agreed to own and sponsor the development and maintenance of a PBPA, which will drive top-down process engineering within Pathway.

Preparation for the October ISO audit: Continuing.

Process definition projects on hold: (a) Release Management awaiting Pat Lywood validation and approval, (b) Management Care awaiting policy input from Paul Westfield.

Ongoing process definition projects: (a) AP Client Take-on, (b) Field Service Management, (c) MSU Remedy Reporting, (d) Addition of Virus Management within Incident Management.

New projects started this month: (a) Review of OBC driven outlet change processes. Process issue management / resolution: (a) improvements to the Problem Management Process to improve the handling of complex problems, (b) cross-dependency between reference data and release management.

Inputs to new projects: (a) Process inputs on GGP incident management, (b) Attendance at Network Banking workshop to gain awareness.

**2.3 SECURITY MANAGEMENT**

- a. CP 2945 & CP2991 for implementing/updating anti-virus software on the live estate have both received CCB approval. Work can now begin on agreeing business process for event handling with SMC and ISD. A new Common Objects distribution procedure for anti-virus software has been agreed and documented. The MANLCF Tivoli product, upon which delivery is dependent, has been prepared and made available in preparation for PIT/ISD distribution. First distribution of AV contents have been delivered ready for PIT activities

- b. Work continues on a new PID for the introduction of compliance, vulnerability and intrusion detection toolkits. This will facilitate central monitoring of the live estate in anticipation of NB requirements. Implementation will need to be progressed via CP.
- c. Discussions on security requirements for Network Banking continue at ongoing workshops. Outputs will be consolidated in revisions to the SRS and SDS. Input is also being provided to consolidate emerging security requirements for GGP hosting solution.
- d. Work continues in conjunction with Consignia on defining Data Controller / Processor responsibilities under the Data Protection Act and agreeing the Subject Access Request procedure.
- e. Four Audit Data Extractions were completed in response to Consignia and internal requests. Associated witness statements were provided where appropriate on a "without prejudice" until contractual agreement is reached. Consignia will shortly be raising an associated Change Request. A meeting has been arranged with Consignia to clarify their future requirements for audit data to support investigations.
- f. An audit of SecurID users is underway to ensure only legitimate access is permitted. A revised process for new logons and SecurID accounts is being developed to reduce paperwork, enable closer tracking and improve service response times. The RSA Security "SecurID Ace Server Maintenance" contract has been renewed.
- g. The Key Manager successfully processed all key requests received this month including approx. 100 successful rollouts. The KMS Key expiry exercise continues and 200 outlets have now been sent Memo View prompts. The results are encouraging; few outlets have contacted HSH and analysis shows that only 6% have ignored all five prompts. There will need to be a formal follow-up process for these outlets that do not respond correctly to prompts.
- h. An information security control grid is being prepared to facilitate the production of self-assessment schedules necessary to review levels of compliance across the organisation as part of the BS7799 Workshop initiative in support of ISO9001 accreditation

## **2.4 SERVICE INTRODUCTION**

### **2.4.1 NETWORK BANKING**

Work is just commencing on the implementation plans and the non-functional requirements.

## 2.4.2 GGP

The Live Test system requested by PON is mostly installed and CGEY have been to BRA01 to install their software.

Work is continuing on the service description for the Content host and the associated costs for providing an end to end service for GGP.

Normal CS implementation is a bit behind for GGP but a meeting has been arranged for this Friday.

## 2.4.3 OTHER RELEASE ACTIVITIES

Correspondence server 1 rebuild – May  
Delayed due to wing server build being incorrect

Key reissue – April / May  
Process under development for this.

Level 2 CS programme plan - Peter  
Peter should be updating and reissuing this week

M1 counter migration – April / May  
98% complete. I have advised the customer that we should hit 100% by 15<sup>th</sup> June

OCMS – April / May -  
BRA01 clients installed  
KID01: Awaiting confirmation of how Dave Law/Sharon Tushingham want to progress this.

POLO server removal – Pat  
This is now a process issue.  
No progress last month

Rebuild of RDMC workstations - May - Sheila  
One RDMC w/s has been rebuilt – Several PinICIs raised but no show-stoppers. Ref data waiting for network cards from Janet Beard – Once these have arrived they will arrange for ISD to complete the rebuilds

Remote general purpose gateway installation  
Still not working yet. Dave Johns is managing. These were in response to some CS CPs so I presume someone must want it to work - somewhere in Paul's area!

S03 – May

Applied with no issues. It needs a TIP file resent and accepted before we can presume the code is working OK.

S06 - June

Planning is ongoing. This is due to happen at the datacentre from June 18<sup>th</sup> until June 30<sup>th</sup>

S10 - September - ????

Planning on this will not start until the end of June.

SLA Day D - June & September

Counter-generated message broadcast – this is largely on hold until S06 is installed but I will review with Paul regarding resource.

Talexus

Appears to be ticking over. I will review plans with Klaus this week if possible

Wing server rebuild – May

Delayed due to a problem with the build supplied by PIT.

UK versus US date issue - Mick

Waiting for info from PIT on the way forward.

## **2.5 FINANCE**

## **2.6 STAFFING**

Rebecca de Jong Berger has left the release management team and Sarah Payne has joined.

Mick Edwards has joined to work on release introduction.

Rakesh Patel and Peter Morgan have left the SSC.

# **3 ISSUES & RISKS**

## **3.1 OPERATIONS & SUPPORT**

The Reference Data SLA is now being monitored more accurately by DWH information however it is evident that there are still gaps in the information to be strictly accurate about the SLA as worded in schedule G10. We are looking at ways of making the data more meaningful but the fact still remains that the SLA as currently set up achieves little.

There are a number of issues with Quantum which are being managed as problems by CS, but with considerable activity required of Development staff.

## 3.2 INFRASTRUCTURE SERVICES

### 3.2.1 MSU

The BIMS SLA has been missed for several quarters due to the ongoing delays in acquiring data for receipts and payment incidents. This is currently the subject of a review with the SSC re the re-deployment of staff to MSU.

### 3.2.2 BUSINESS EFFECTIVENESS

The expansion of the scope of the BET to include the whole of ICL Pathway will increase the workload significantly. It is planned to balance this with efficiency savings of at least 30% to avoid the need to expand the headcount above its current level of 4.5. One of the team's headcount (0.5 head - part-time) is currently on maternity leave and the increase in workload will require that an extra 0.5 head is made available until the permanent employee returns. Achievement of the 30% efficiency saving will depend on the extended use of "fast-track process definition", high moral within the BET and increased output from the team. There is currently a risk that one member of the team may not be able move along the planned path. It is intended to address this risk within the next month.

### 3.2.3 STRATEGIC SERVICES

The lack of time and resource to introduce **OCMS** into the OBC team as described in section 2.2.2.3.

Confirmation of ISDN lines being available for next week's implementation tail and beyond is still awaited from **Energis**.

## 3.3 SECURITY MANAGEMENT

- a. A co-incidental DLT failure at both datacentres has resulted in an incomplete TMS audit trail. This was compounded by a loss in transit of one tape sent for analysis. The issue has been raised with the Customer and will be managed under normal problem management procedures. The requirement to undertake large data extractions continues to have a detrimental effect on the availability of the audit servers.

- b. There is an urgent requirement to introduce the KMS smoothing algorithm to eliminate the expected key expiry peak and to develop procedures for those cases where Postmasters fail to respond to associated memo-view prompts. Ideally this should be informed by management exception reports via Tivoli and would need a CP to progress.
- c. The Key Manager raised five calls including three reported 'blue screens' on the KMA Workstation which is impeding the key generation process.
- d. Security input to Network Banking and emerging GGP requirements continues to place a strain on existing resource, which is fully engaged in supporting the existing Horizon solution.

### 3.4 SERVICE INTRODUCTION

GGP implementation has to be seen as very risky. We are bucking a lot of the rules to get this installed in the time scales and will have to do an amount of back work later to ensure we have the systems under control.

The amount of time available from TDA to assist with the S06 and S10 migration could soon be an issue. I am discussing this with TDA today.

### 3.5 FINANCE

CS Budget for OPEX 2001/02 is £56.7m

Business Model 170301 is £56.5m

Forecast CSApr01 is £55.9m

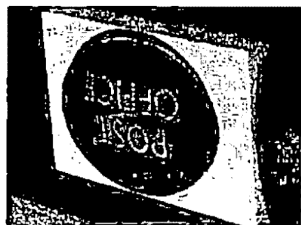
The major forecast changes from March actuals and forecast, which has been set as budget, are £600k forecast reduction in HSH costs due to Q1 actuals, and £250k net forecast increase in OBC revenue.

The Business model was found to have a volume error relating to HSH, and needs updating with current call data.

The budget needs increasing for 6 security heads.

Next Stephen Muchow review 14<sup>th</sup> June.

# Quality & Risk Report



## Quality &amp; Risk Report

## 1 MONTHLY SUMMARY

- Quality. Responsibility passed from D. Groom to J. Holmes. Work started identifying transition from 1994 to 2000 version of standard.
- Audit. OBCS audit with PON IA complete. New Business and BS7799 Compliance audits underway
- Rejuvenation of the Security & Audit Panel. First meeting planned for 18<sup>th</sup> June.
- Contributions to Audit Solution and other changes for Network Banking made.

## 2 PROGRESS

### 2.1 QUALITY

Responsibility for Quality has been transferred from Dave Groom to Jan Holmes. The primary objective for 2001 is the transition of Pathway's Certification from the 1994 version of the standard to the 2000 version. This is targeted for November this year. There are a number of organisational changes underway and I anticipate that June will see these completed and a plan of work leading to the November 2001 re-assessment emerging. The changes in the standard are not overly burdensome although they do introduce the need for process measures and clear evidence that steps are taken by the organisation to continually improve their processes.

### 2.2 AUDIT

Internal audits completed during this month include BS7799 Security Requirements Compliance and Order Book Control Service. This latter audit was carried at the request of PON Internal Audit and involved tracing four Stop Notices through the system from receipt from ESNS, through delivery to the Counter, PM action and subsequent reporting to ESNS and TIP. A considerable amount of audit data was extracted, especially as BA were not particularly helpful and would not tell us when the Stop Notices were delivered. Three of the four proved to be relatively straightforward but the fourth, located by PON IA with typical auditor's luck was an extremely complex and convoluted story. I'm pleased to report that the audit data recovered provided a complete end to end trace.

An audit of New Business Introduction has been started and will report during June. The audit is using Network Banking as the sample 'new business'. Further audits of GGP and Universal Banking will take place along this theme.

Since March the outstanding Corrective Action Plans have been subject to rigorous review and I'm pleased to report that there is now only one outstanding action from the 2000 Audit Plan.

## 2.3 AUDIT SOLUTION

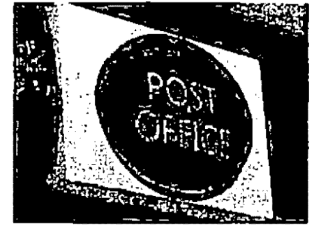
As well as auditing the Network Banking project we are contributing to the SRS and dealing with audit related questions. Internal requirements for the audit archive solution are being developed

## 2.4 CUSTOMER INVOLVEMENT

We are going to re-introduce the Audit Panel to PON Internal Audit during June and expand it to include Security. This working level forum exists to allow PON and Pathway security and audit staff to deal with day to day issues in an informal but professional manner. The concept was used successfully during the period leading to Acceptance and it is felt that the advent of Network Banking and other new services provides the opportunity to revisit it.

We have been directly involved with PON IA in an audit of OBCS as described above.

We have had to report a break in the audit trail to PON IA. We have a gap of 6 days during August 2000 where we can not extract TMS records from either the Bootle or Wigan archive tapes. This unfortunate coincidence of tape failure has been exacerbated by TNT 'losing' the Wigan tape between Wigan and Feltham where it was being brought to allow specialist diagnostics on the test rigs. We are dealing with TNT in an attempt to locate the tape.



# Business Development Report

## Business Development Report

## 1. MONTHLY SUMMARY

Another good month with useful progress all round. New business taken so far this year is over £4million.

The top level management of Post Office Limited has been announced. It is still scheduled to be operational at the end of September, although some of the units will be functional before then, e.g. Alan Barrie's unit.

I am now embarking on a mission to turn us back into a real sales led organisation rather than one which reacts to customer requests in a contractual framework. This will need us to be more proactive and responsive to the customer.

## 2. PROGRESS

### 2.1 BUSINESS DEVELOPMENT

#### *Network Banking:*

- Work continues on the SRS and SDS, although not without its challenges. We have submitted the SRS to the customer for comment and have received many hundreds of comments. A new version will be issued during week commencing 11/6.
- A task force has now been established under the management of Alan d'Alvarez to focus on the production of the final SRS and the SDS.
- There has been very little progress on the customer front in terms of the appointment of a programme manager. A new consultant will take up position during June, Louis Prastitis, from French Thornton. Louis' title will be Delivery Manager.
- We continue to have difficulties with IBM who have not signed the Non Disclosure Agreement. IBM are also deemed by Post Office to be performing badly. There is certainly an opportunity for us to get back development of the front end application and possibly the running of the NBE.
- Post Office have employed QA systems (formerly Pontis) to undertake an end-to-end review of the Network Banking solution. We have not yet met QA as there is no NDA in place and we have consistently asked for terms of reference which have not been forthcoming.

***ERA:***

- ERA continues as the strategic way forward for PON. They have taken a two week pause on the ERA work to consider the correct way forward. This work is mainly being undertaken by ICL Pathway and will be presented to Post Office in a workshop on 8<sup>th</sup> June.
- Our approach to ERA is very dependent on Escher and development of a strategic Workflow product.

***Government Gateway:***

- Excellent progress with all stops being pulled out. There is still a very tight schedule in place with no contingency. Progress to date puts us in good shape for a full bid.
- We are now fully engaged on provision of kiosks, the network, contents hosting engines and forms printing on the Horizon system. We are now a full member of the Programme Board attended by Paul Rich.
- Plans are now being developed for the next phase of GGP assuming success for the pilot.

***Contract Renewal:***

- Plans are currently being drawn up following a workshop to consider alternative ways forward.

***EFTPOS:***

- Proposals now drawn up for implementation in the Network Banking release.

***Mails:***

- A successful reference visit has just taken place to Austria Post. The challenge now is when we can implement Mails and whether an interim step is a good idea.

***Service Improvements:***

- Post Office have now shared with us upwards of 20 potential service improvements. We are assessing the impact of these and looking at when they might be implemented.
- **AP server:** Proposal due in to Post Office in June.
- **AP Barcode Extension** – Discussions on-going.

- **Asylum Seekers** - No progress
- **EMU/EURO** – Study exercise underway. We have also completed some demoware to show the possible use of a calculator function to facilitate the conversion from sterling to Euro and vice versa.
- **Talexus**: A signed CCN for the Talexus work is imminent. Post Office do not yet have a signed up client but they see Talexus as a key product in the market, hence the move to proceed.

***Consignia:***

- **SMPP/e-infrastructure.**
- Ian Lewis now has established some of his own contacts and has meetings on Consignia Infrastructure and Platform 2000.
- **SMPP/Peregrine.** ISD have, at last, received the long awaited Peregrine agreement now that Consignia have signed the CMS agreement.
- **SPICE (Business) KnowledgePool** Progress will now slow down -further work packages will continue for the next few months- and it is believed that both Consignia & Siebel well may conduct the Service SPICE training requirements themselves.
- Total last year revenue was £723K with a much lower than anticipated margin of 13% due to higher than expected Project Management (non-chargeable) and fixed rate venue costs higher.
- **WDM.** The re-contact internal debate has produced a new pricing model which, whilst improving customer satisfaction, equally looks like a hefty price increase. Next month will see the agreed proposition being taken to ParcelForce Worldwide by Pat McCann - delivered service quality remains high.
- **ITT S173 Consultancy:** An active procurement, at ITT Master Purchasing Agreement stage in order to negotiate the "Panel" agreement. Note :-originally 13 Lots advertised, went for 11, selected at ITT stage for 4 and have made the final selection for 2 (IS Support, Security) Contract start date scheduled for June.
- **ITT IBM Maintenance:** ISD unlikely to proceed having realised that 70%-ish would need sub-contracting, & 30% is distributed with challenging call to fix times. This is undoubtedly the right decision but exposes weakness in ISD's capabilities and market direction.

## **2.2 HORIZON COMMUNICATIONS**

- We have now received a press plan from Post Office covering the end of rollout. This is promising and should lead to some good press coverage. Meeting takes place with Post Office 11<sup>th</sup> June to discuss.

## **3. ISSUES**

None

# Implementation Report



## Implementation Report

## 1 MONTHLY SUMMARY

A total of 17,700 Post Office outlets have had the Horizon system installed, as at the close of business 30th May 2001. This represents 99.3% of the agreed number of open outlets (17,831).

The Implementation unit has successfully handed over responsibility for installations to Customer Service (CS) as at 1<sup>st</sup> June.

## 2 PROGRESS

### *Installation Activity*

A total of 17,700 Post Office outlets have had the Horizon system installed, as at the close of business 30<sup>th</sup> May 2001. This represents 99.3% of the contractually agreed number of open outlets (17,831). The actual number of open outlets as at 31<sup>st</sup> May (as registered on the Rollout Database (RODB)) is 17,799.

The average number of outlets installed weekly over the past four weeks is 20.

Last month we forecast that the number of outlets to be handed over to Customer Service for install after the end of May would be circa 85, the actual figure is 90.

The Post Office were keen to ensure that from mid-June there were no more than 60 outlets remaining to be installed. Mid-June is the period when the Post Office Implementation team hands over responsibility for remaining installs to their support organisation. The situation at the end of May is that there will be circa 71 offices remaining to be installed at the mid-June point, which includes 10 offices that were previously removed from the Rollout Database, and subsequently resubmitted as OBC20 requests for install. Given that ICL Pathway could not have installed these 10 offices any earlier as they had been removed, there are 61 outlets remaining to be installed from the total number of outlets registered on the RODB.

A significant number of the remaining outlets awaiting install were initially delayed due to VSAT planning permission. As at 31<sup>st</sup> May there were 39 VSAT sites still waiting for Horizon to be installed.

### *Implementation Closedown*

The handover of Implementation activities to Customer Service has completed. A final review of transition activities took place on 18<sup>th</sup> May, which raised no major concerns.

Implementation-led management of installs completed on Friday 1<sup>st</sup> June. Customer Service have full responsibility for the remaining installs from Monday 4<sup>th</sup> June. A member of the Implementation team will continue to work alongside the CS team to provide support until the end of June.

The remaining Implementation staff will be closing down during the first two weeks of June, however, they will be available to support the CS team if required.

#### *Summary of Rollout Status*

ACTIVITY	NGE	ULATIVE
Number of Open Post Office Outlets	0	17,831
<b>INSTALLATION PROGRAMME</b>		
Sites Migrated and Live	+77	17,700
Percentage of Open Sites Live	+0.5%	99.3%

### 3 CURRENT CRITICAL PROBLEMS

No new critical issues have arisen.

### 4 ISSUES

As reported last month, the Post Office have alerted us to a number of complaints received from postmasters about mobiles and Personal Earth Stations (PES) being excessively noisy.

We have demonstrated to the Post Office a prototype mobile fitted with a quieter fan. However, when this prototype was demonstrated to a postmistress she would not accept it due to the fan noise. We are now investigating options for even quieter fans.

The strategy for dealing with the PES is to re-site them where possible, and to investigate options for an acoustic cover.

### 5 COSTS

The Implementation forecast remains within budget.



# Organisation & Personnel Report

## Organisation &amp; Personnel Report

# 1 MONTHLY SUMMARY

## 2 PROGRESS

- Appointments in May:

External Recruits	2
Transfers In	4
P&PS	0
LINKwise	0
Freelance	0
Fixed Term Contracts	0
Adecco Temps	1
<b>TOTAL:</b>	<b>7</b>
- Known Joiners

External Recruits	7
Transfers In	2
P&PS	0
LINKwise	0
Freelance	0
Fixed Term Contracts	0
Adecco Temps	0
<b>TOTAL:</b>	<b>9</b>
- May Leavers:

Permanent Staff	1
Freelance	6
Transfers Out	1
Linkwise assignee	0
P&PS	0
Fixed term Contracts	0
Adecco Temps	1
<b>TOTAL:</b>	<b>9</b>
- Known Leavers

Permanent Staff	2
Freelance	5
Transfers Out	4
Linkwise assignee	0
P&PS	0
Fixed term Contracts	0
Adecco Temps	0
<b>TOTAL:</b>	<b>11</b>

Replacement for John Hobson: Shirley Phillips joined 29<sup>th</sup> May and is beginning to get to know the management team.

Implementation wind down: 12 employees have been redeployed and 1 has been transferred to Linkwise.

Appraisals: audit for permanent employees now 100% compliant. Objective Setting now well underway.

Pay Review: new salary data is now on the system and letters are planned to go out 2<sup>nd</sup> Week in June.

Accommodation: Applications Development have now moved to block D the remaining moves are starting to be implemented.

### Resource Management

Di Jackson is now fairly well up to speed in the role, with support from N Phillips for knowledge of Pathway. Di is working with the other LPD Resource Managers to standardise processes and consolidate of resource information. EG: A new LPD RAR process was introduced and is now bedding down.

The Manpower Reduction Costs plan shows a 6% reduction by Q1 and a 20% reduction by Q3, mainly through continued reduction in use of freelancers.

### Freelancer Reduction and replacement

Update	01-May-01
Summary	No of Heads
Freelancers in Pathway 01/05/01	103
Freelancers in Pathway 31/05/01	100
Freelancers in Pathway 01/06/01	98
Current FC of Freelancers in Pathway on 31/02/02	50

- 3 P&PS transfers during May (2 new roles, 1 freelancer replacement), plus a number of potential transfers set for June. One new recruit for freelancer replacement and 2 more starting in June.
- One significant high cost Freelancer released this month.
- RARS are being prepared in a number of units for all freelancer replacements.

## Recruitment

The second recruitment day on 16<sup>th</sup> May was targeted on testers. Of the 12 attendees, 2 were offered roles and one accepted (but for Integrator role). The quality of the candidates was disappointing. A meeting on 29th May followed this up between Computer People and their suppliers and the Pathway and Libra Hiring Managers to discuss in detail the skills and experience needed. The suppliers should now understand the different types of testing resource needed. Still some resistance from Line Managers to recruitment until the pay and conditions of existing staff has been sorted. We are also in discussions with Barkers re targeted advertising. Other suppliers are being considered and discussions have been opened up with Capita.

We are still looking at redeploying people from LPD, P&PS, Linkwise and other parts of ICL. Vacancies are now being published on CafeVik Opportunities as well as the P&PS Assignment Register. A single point of contact with ICL Permanent Recruitment has been established.