

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

**Monthly  
Progress  
Report**

**September 2001**



ICL Pathway

**Programme Monthly Report**Ref: PA/REP/070  
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**Approval Authorities:**

Name	Position	Signature	Date
Stephen Muchow	Business Director		



# ICL Pathway Monthly Progress Report

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## Business Director's Summary

## **1 PROGRESS AND ISSUES**

### **1.1 BUSINESS PLAN**

September's financial performance was on forecast for Revenue, PBT and Cash. Cash costs continue to track lower than budget largely due to lower payroll costs, ISD costs and non-utilisation of risk provision. The full-year September forecast for revenue and PBT remains unchanged.

We are reviewing possible ways of achieving the goal set by David Courtley to improve the year-end cash position by £10M.

New Business orders now exceeds £9M against a full year revenue forecast of £10.5M.

We are progressing the actions from the successful visit to Japan in August and a follow-up videoconference to review progress is planned for early October.

Richard Christou is scheduled to meet John Roberts on 11<sup>th</sup> October.

### **1.2 PROGRESS**

#### **1.2.1 CORE SYSTEMS RELEASE**

There was a major network problem overnight on the 28<sup>th</sup>-29<sup>th</sup> September caused by Energis imposing severe call concurrency restrictions and approximately 8,000 outlets were not harvested. This issue is under review with Energis senior management. The rest of month operated satisfactorily.

The main part of S10 testing has been completed.

The rollout tail is now down to 12 outlets for installation plus a further 3 outlets to be migrated.

#### **1.2.2 NETWORK BANKING**

During September, ICLP explained to POL that a BI3 Implementation in August 2002 could not be achieved and that the delay to base lining their requirements was having a direct 3-month impact to the completion of the ICLP testing activities.

ICLP have restated the commitment to work with POL to help them create an end to end plan that support an April 2003 fully Live NWB Estate.

### **1.2.3 YOUR GUIDE (GOVERNMENT GP)**

The Pilot continues to go well. PO held a re-launch event on Leicester in September. ICLP are talking to Consignia about lobbying Government on the national rollout potential.

### **1.2.4 ERA**

The programme may be resurrected, with likely focus on Mails, Stock Sales and Stock Management.

### **1.2.5 CONTRACT EXTENSION**

This topic is on the agenda for the RC/JR meeting.

Following the LPD strategy review on contract extension on September 20<sup>th</sup>, a resourcing and costed bid plan are being prepared.

## **2 ISSUES**

Despite the redeployment under the PLUTO 2 and EMEA resources, the planned freelancer replacements in the Development team are still not being achieved, as there appears to be no further suitable candidates from within ICL. Currently, headcount savings are being reflected as an underspend in the monthly results, but further freelancer contract extensions and increase overlap of permanent resources for training and induction may put the full year labour costs forecast at risk.

The FJ Business Support Team have been briefed on the contractual issues around Network Banking and further technical and other further briefings are planned to assist in obtaining FJ approval for the Network Banking proposal.

LPD HR and Resourcing Managers are progressing incremental RARs to support the increased activities.



## Commercial &amp; Financial Report

## 1 MONTHLY SUMMARY

- Financial performance for September shows revenue on forecast at £10.1M, PBT on forecast at £1.4M. Year to date revenue is £5.3M above budget and PBT £1M above budget.
- Total Cash Costs continue to track lower than budget and in September were £1.8M better than forecast largely due lower payroll costs (headcount for both permanent and freelancers were below forecast) ISD costs, and non-utilisation of September risk provision. Year to date cash costs are £5.3M better than budget.
- No comments were received from POL on the draft CCN and schedule changes in respect of Day D rectification plan submitted in August and thus the CCB approved CCN has now been submitted.
- Work continues on drafting changes to the schedules to the Codified Agreement in respect of Network Banking.
- Four alternative Network solutions required for Network Banking and EFTPOS were presented to POL, the alternatives described as Platinum, Silver, Bronze and Silver/Bronze Hybrid reflecting the price banding and service levels. It is likely that POL will select an option based on the FRIACO service offered by Energis, the basis for the Silver and Bronze options. Discussions with Energis continue to further fine costs, service levels and performance risks.

## 2 PROGRESS

- Continuing convergence on the SLA package and CCN.
- Neil McLaren (ICL Customer Finance – DrKW) met with Bob Jarvis of Consignia's treasury department to further discussions on Flexible Finance.
- Discussions started with Yasui-san and Imanishi-san (FJ Business Support team) on possible request by POL to extend scope of FJ Guarantee to cover Network Banking. It was also agreed that FJ Business Support team should start to understand the project in order to facilitate FJ business approval required above ICL Group approvals. An initial introduction meeting is planned for early October.

## 3 RISKS

- POCL's demand for work will outstrip our ability to supply. Currently ICLP are trying to resolve the issue of POCL demand, ICLP resourcing and limited software release windows until 2003.
- Work has started in assessing a risk plan for Network Banking. In parallel risk for the Core Programme is underway.

## 4 ISSUES

- Approval is being sought to allow external recruitment for RAR for a Commercial Executive.
- The Finance Graduate identified last month chose to join ISD. Recruitment of a temporary resource has started. This role is required to lend support to new business, the LPD requirements for implementing Oracle Gold Build system and LPD financial central services plan.

## 5 FINANCIAL PERFORMANCE

Please see pages 4,5,6 and 7

ICL Pathway

Key Numbers - September 2001

£000s		Month of September 2001			YTD (vs Budget)		
		Actual	Forecast	Variance	Actual	Budget	Variance
Revenue & Profit:	Revenue	10,105	10,132	(27)	65,821	60,499	5,322
	Profit Before Tax	1,407	1,402	6	8,940	7,975	965
Costs:	Cash Costs	5,900	7,698	1,798	44,469	50,635	6,165
	Net Interest Cost	174	179	5	899	1,139	239
Cash & Investment	Net Borrowings	18,738	18,823	85	18,738	28,211	9,472
	Capital Expenditure	3	71	68	486	3,685	3,199
	Project WIP	11,502	13,386	1,884	11,502	22,427	10,925
	Gross Working Capital	9,311	7,552	(1,758)	9,311	3,857	(5,454)
Month End Headcount:							
Permanent		294	296	2	294	321	27
Non-Permanent		65	68	3	65	65	0

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		Actual	Forecast	Variance
Analysis of Cash Costs	Headcount related:			
	Own Staff	1,409	1,632	223
	Freelancers/ Temps	568	675	107
	Main (CS) Subcontract Costs	3,218	3,823	604
	Plan Risks	0	382	382
	Other Costs:			
	Other Subcontracts	106	523	417
	Accommodation	194	208	15
	Communications	261	50	(211)
	Maintenance	8	178	170
	IT	107	114	7
	Marketing	0	17	17
	Legal & Professional	(37)	37	74
	All other	67	60	(7)
		5,900	7,698	1,798



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**Cash Cost Sub-Analyses**

	Actual	Forecast	Variance
<b>Staff Costs</b>			
Pay	902	1,001	98
Bonus Accruals	100	110	10
Pension/NHI/Medical	255	304	49
Company Cars/Allowances	97	110	13
Travel and Entertainment	40	38	(2)
Training	(0)	34	34
Recruitment & Relocation	14	35	21
	<b>1,409</b>	<b>1,632</b>	<b>223</b>

**Direct Subcontracts**

Data Centre	738	775	37
Help Desk	282	641	359
Field Maintenance	927	793	(134)
SMC	397	282	(115)
OBC Costs	17	77	60
Energis Network Costs	763	1,010	247
SLAs	(7)	110	117
CP Contingency		50	50
New Business Direct costs	102	85	(17)
Other Costs			0
	<b>3,219</b>	<b>3,823</b>	<b>604</b>

**Other Support Subcontracts**

Implementation Contracts	22	175	153
Implementation Resources	(148)		148
New Business	38	40	2
Other Support	144	217	73
Other Work Packages	50	91	41
	<b>106</b>	<b>523</b>	<b>417</b>

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**Cash Flow and Borrowings**

	Actual	Forecast	Variance
Opening Net Borrowings	(23,947)	(23,947)	
Closing Net Borrowings	(18,738)	(18,823)	85
Movement	5,209	5,124	85
Cash Costs	(5,900)	(7,698)	1,798
Net Interest Costs	(174)	(179)	5
Revenue Recognised	10,105	10,132	(27)
Working Capital Movement	1,181	2,939	(1,758)
Capital Expenditure	(3)	(71)	68
Movement, as above	5,209	5,124	85

**Working Capital**

	Actual	Forecast	Variance
Invoiced Debtors	14,208	12,527	(1,681)
Accrued Debtors	11,664	10,033	(1,631)
Invoicing in advance	(533)	(500)	33
Trade Creditors	(4,364)	(3,380)	984
Advance Payments	1,348	1,250	(98)
Intercompany Balances	(3,232)	(3,575)	(343)
ICL B2B Accruals	(2,072)	(2,300)	(228)
Accruals	(5,755)	(5,062)	694
VAT	(1,952)	(1,441)	512
	9,311	7,552	(1,758)

**Business Development & Consultancy Services Report**

## **1 MONTHLY SUMMARY**

New Business signed to date now exceeds £9million. The major focus now is closing the principal Network Banking contract by end December.

The two other main focus activities revolve around Contract Extension and the Consignia outsource business. These remain two opportunities that need significant effort in this fiscal year but will not close until next.

Post Office Ltd. came into operational effect on 1<sup>st</sup> October. Last week saw a major announcement from Consignia regarding the need to significantly reduce costs. There was a widely-reported (3 Oct 2001) plan to reduce operational costs by £1.2bn in order to increase profit to £300m by 2004. A key plank of the cost-reduction strategy will be to focus on the core business of letters and parcels distribution, and not on supporting services including technology. Reduction in staff numbers will involve both outsourcing and compulsory redundancies (trimming of costs by 15% could involve 1 in 10 staff reductions out of 200,000 employees). This will have an immediate impact on any R&D type work and some work with the FJ Animo product has already been cancelled.

We continue to review the actions from the visit to Tokyo but the comments in the previous paragraph will have a direct impact.

Richard Christou is scheduled to meet John Roberts for lunch on 11<sup>th</sup> October.

## **2 PROGRESS**

### **2.1 BUSINESS DEVELOPMENT**

#### ***Network Banking:***

Discussions continue to resolve any outstanding requirements issues. We are now closer to finalising costs covering development, integration and testing; network upgrades and pinpads. Fujitsu are now involved in the approval process.

#### **SRS**

Issued draft version 0.8 of the Network Banking SRS on 11/09/01, which was aligned with version 1.2 of the Requirements catalogue. Comments were received back from POCL on 20/09/01 (along with some internal comments). These were formally responded to on 27/09/01, and a draft version 0.9 of the SRS prepared.

A Change Request was received on 27/09/01 requesting that PIN pads be supported from Release 1. This is currently being impacted.

The version of the SRS with PIN Pads is unlikely much before the end of October.

### **Contract Schedules**

The last two weeks in September have been taken up completely with the draft Network Banking Contract Schedules, which are now being issued to POCL for review. This activity has in turn fed back some changes to the SRS to ensure consistency.

### ***ERA:***

- Appears to be coming out of the ashes. Concentration is likely to be on Mails, Stock sales and Stock Management. We need to engage with Escher on their Mails product.

### ***Your Guide:***

- Pilot continues to go well. We are talking to Consignia about joint lobbying of government. They are proving very slow to take up this offer as it may cut across their being seen to be fair to all potential suppliers. This is on the agenda for Richard's meeting with John Roberts.

### **Contract Renewal:**

- This again is on the agenda for the RC/JR meeting. I remain of the view that this will not happen within this fiscal year as operational issues take over in Post Office Ltd., especially around bedding down the new organisation. The bid budget for a renewal team has been prepared. Initial planning has taken place.

### ***EFTPOS:***

#### **SRS:**

- V0.2 issued internally
- V0.3 (incorporating internal comments) issued to POCL on 10<sup>th</sup> September.
- Meeting with Retail Logic to discuss messaging issues
- Following a meeting with POCL to review V0.3, our responses to their comments are being compiled, and will be incorporated in V0.4

### ***EURO:***

- The Euro study project proceeds roughly as expected, with two workshops held in the month.

### ***Current Services:***

**APS / Talexus**

The Talexus programme has now been formally suspended by POL, albeit that the official instruction (as per CCN 798) has not been received. This has arisen due to the continuing inability of POL to agree a contract with Schlumberger. Earlier in the month the rectification plan ended which enabled Pathway to make good progress at both Requirements and Design / Development. CCN 883 was issued for an additional £250k to cover the extended time that Pathway would have to spend on the programme.

However as the requirements phase was about to conclude Schlumberger again changed the basis of some of our work and introduced further changes or 'clarifications'. The POL project board took the view that this was unacceptable, and since they had still not agreed a contract with Schlumberger, issued an instruction to Pathway on 27/09 to 'freeze' the project. Pathway are now working to close down all current activities against the current version of the requirements specification. This will take approx 4-6 weeks and require approx 270 mandays.

We are endeavouring to find out whether POL ever intend to re-instate Talexus (spend will exceed £1M). There may a slim chance of Pathway providing a release slot in early summer 2002, but development resource is about to be reallocated to NBS as soon as the 'closedown' activities are complete. This may therefore push us into 2003 which of course will impact the already fragile POL business case.

***Future Services:*****E-top ups / Smart Travel**

Meeting held with Post Office to review direction. No real direction shown on their part. I have now escalated this as an issue to Dave Truslove, Director (acting) of Commercial Clients.

**Future AP strategy**

Met with POL Client Management team (Karen Molloy etc.) to discuss future opportunities. We demonstrated the 'AP file server' concept but no immediate demand. No immediate follow up since POL do not have a future AP strategy. Again, the issue has been raised to David Truslove.

**Other:**

- PWC bid meeting. Attended a PWC DVO bid meeting to assist in positioning Horizon. Mostly unproductive since PWC were wholly concerned with their own bid strategy. Subsequent brief discussion has identified some opportunities. However, it also became clear that Post Office do not position themselves well in this sort of potential bid.
- ID cards / Local Govt. initiatives. Attended internal events to discuss these topics.

**2.2 CONSIGNIA:**

- **P&PS Division** IS/IT Consultancy /e-infrastructure.  
*P & PS Security* practice have an assignment at £1,100 per day for 5 months. Activities under way to exploit this contract such as consultancy on Directories, Penetration Testing and PKI etc for David Lacey.
- **ISD**  
Nothing to report other than some new bidding (see below) and outsourcing discussions.(Neil Bagshaw). Re WDM - we now have an October date for meeting Vanessa Leeson, Group MD, P & E & ICL/Escher.
- **MCD**  
Nothing to report.
- **e-Innovation**  
*ViaCode*. Technical pilot to start following agreements on Ts&Cs.  
*Knowledge Management*: All set up to proceed but key KM expert now in Linkwise

### 2.2.1 BIDS

#### OJEC Receipted Mail Managed Service.

Active procurement and Tim Carroll providing useful background information for ISD. Awaiting to see if funding/Business Case fully approved before proceeding.

*If this turns into a sizeable piece of work, then we'll need to "prime" it.*

#### OJEC Firewall Managed Service.

Active collaboration between ISD (for the service) and P&PS (for security consultancy under the framework)

Note. It is noticeable that there has been an increase in cancelled procurements by Consignia.

#### Horizon Communications:

Nothing new to report.

## 3 ISSUES

None.



## Programme Report

## 1 MONTHLY SUMMARY

- The Your Guide Pilot has completed its first month of operational running, with five months to go. Usage remains high and availability has been good.
- Talexus phase 1 maybe suspended whilst POL resolve outstanding issues with Schlumberger. Consequently the recently revised Live date of March 2002 will not be met.
- A first complete draft of the NWB Application Interface Specification was received from IBM, reviewed and comments provided. ICL Pathway are progressing the Technical Interface specification, a first draft on which is intended to be available early October.
- The PO have introduced three CRs as an addition to the NWB Requirements baseline. One of these is Pin Pads and ICLP is busy assessing the impact of how these can be implemented by April 2003.
- A joint architecture document describing the re-architected Framework was produced by ICLP and Escher and provided to POL. There is good agreement on the structure and components required and we need to achieve agreement with Escher on progressing these changes.
- Good progress continues on Infrastructure NWB Releases, BI1 and BI2, and these holding the original schedule.
- ICLP has declared that the delay to the start of HLD of NWB, caused by the delay to baselining requirements, cannot be absorbed. The indicative plan showed ICLP testing completing in July 2002 and this is now October 2002. POL will then embark on their own testing and this will place a Live Pilot into Jan 2003.
- Network upgrade options to support on-line authorisation have been presented to POL who now needs to balance service availability against cost.
- EFTPoS SRS has been held awaiting resolution of issues by POL. Progress is again now being made, although POL has not currently brought NatWest Streamline under control to achieve their goals.

## 2. PROGRESS

- The last 55 Girobank clients were migrated during September. The original AP Client Migration programme, as agreed with POL on 24th October 2000, is now complete. There are two remaining new clients: NIE, which requires a CR to be implemented, and BT, for which POL have no agreed dates.

- POL have been reviewing the size of the Cash Account change for 2002/2003 and are considering reducing the amount of change to allow additional CRs to be developed in the same window.
- Following the POL Talexus Project Board, ICL Pathway has been informed that POL has no confidence in the design specification provided by Schlumberger and therefore considers the March 2002 pilot date for Talexus unachievable. POL are currently evaluating their options and a suspension of the Talexus programme is likely, whilst POL resolve their issues.
- Your Guide usage continues at a high level. The indications are that the number of user sessions is remaining constant, but that session duration's are reducing. The most popular topic is job searching, followed by local information
- We have initiated a short internal study into the overall impact of a Your Guide National Rollout. However, the way forward on National Rollout remains uncertain, with no business case or customer funding currently in place.
- We have taken a small contract to upgrade all kiosks in the field with a higher capacity printer hopper. We have submitted proposals to relocate individual Pilot outlets, should any move during the life of the pilot, and to enable rapid call-off of minor purchases or services. We are developing proposals to install kiosks in non-outlet sites, such as the DTI Futures Laboratory, and to address a number of other minor change requests. The first of three maintenance releases has been implemented.
- A date of Mid October has been set for agreeing the NBE AIS, with a first complete draft received and commented on. IBM is however behind on achieving this and are trying to put a dependency back on ICLP for the availability of the NBE TIS. HLD work will continue based on assumptions and a first draft of the TIS will be provided to IBM in early October.
- We believe that IBM are de-scoping their initial deliveries to POL and offering an initial simple switch between ICLP and LINK, with Web Sphere delayed for a later implementation.
- The NWB baseline has been modified to include three CRs, one of which is Pin Pads. The SRS is being updated to reflect these changes and will be re-issued to POL in Mid October, with a further version of the NWB Message Flows.
- SDS documents for Reconciliation and Reference data have been completed and made available under NDA for review by POL. SDS documents for Security, Infrastructure and Applications are nearing completion and are undergone change for the new CRs.
- A joint architecture document describing the proposed re-architected Framework has been produced by ICLP and Escher and made available to POL. There is good agreement on the structure and components required within the Framework and Escher are now required to document the Interfaces. POL has authorised moving forward with the new Framework.

- The first Release of NWB, BI1, continues through its testing phase in preparation for Live distribution in December 2001.
- The second Release of NWB, BI2, is now baselined and development and testing work progresses towards an April 2002 commencement of implementation.
- During September, ICLP explained to POL that a BI3 Implementation in August 2002 could not be achieved and that the delay to baselining their requirements was having a direct 3 month impact to the completion of ICLP testing activities. This has been improved by a few weeks during September, but ICLP has held fast, refusing to place any further risk into the plan by cutting our own test activities further. POL have declared that they wish to spend 8 weeks testing, after ICLP completes their testing, and this will place any Live Pilot into January 2003. This just allows migration to complete by the important April 2003 date.
- The re-introduction of Pin Pads mainly affects Security in BI3, but also requires distribution of a test device driver in BI2 to allow early Roll Out of Pin Pads to commence. ICLP is progressing discussions with suppliers and POL in order to minimise the impact of this late inclusion.
- Various Network upgrade options to support the switch from a batch orientated system to that of on-line authorisation have been created and presented to POL. These range from a fully nailed up Platinum Frame Relay solution to Silver FRIACO fully nailed up and Bronze FRIACO dial on demand. ICLP will recommend Platinum, push Silver, but expect POL to choose a Silver/Bronze Hybrid that financially meets their Business Case, and only reduces the service at the minor usage Outlets.
- Contract Schedule workshops are continuing between POL and ICLP, but the level of effort required is impacting what can be achieved.
- The EFTPoS SRS has due to be complete by the end of September, but there have been a number of issues for POL to resolve. A productive meeting was held with POL and resolved most of the review comments and outstanding issues, but there are four key issues outstanding that POL expect to resolve shortly, namely Transaction Volumes, Allocation of Merchant Id, Authorisation Reversal Rules and confirmation of their requirements baseline. POL now need to improve their management of NatWest Streamline, the Merchant Acquirer, in order to allowed continued progress.
- The POL ERA Project has appointed a new Project Manager who is tasked with defining the new first phase. ICLP is working under a CR to provide assistance in preparing options and a Product Initiation Document is due by the end of October. If a way forward is approved, it is planned to produce SRS and SDS documents by the end of March 2002.
- ERA Phase 1 is currently viewed as MAILS, Stock Management and Stock Sale, with DVLA re-engineered into the APS type model and DNS re-engineered to use the NWB Framework.

### 3. ISSUES

- ICLP has now firmly declared what can be achieved for BI3, but this does put pressure on the overall plan due to the delay in agreeing a requirement baseline. ICLP will continue to work with the POL Programme to help them create an end to end plan that supports an April 2003 fully Live NWB estate.
- IBM continue to impact the progress ICLP can make regarding the link to the NBE. It is imperative that we are not wrong footed and keep the visibility of IBM delays recognised by POL.
- Discussions between ICLP and Escher continue regarding the timescales and commercials for the re-architected Framework. Crucial milestones have been stated to Escher, but these have not yet been agreed.
- We are now increasing the level of visibility regarding EFTPoS to ensure problems are resolved and progress maintained to allow the parallel development with NWB.

## Development Report

## 1 MONTHLY SUMMARY

The main part of S10 testing has completed.

S12 (Talexus) work is continuing, pending confirmation of the project being temporarily suspended.

Network Banking development continues for Phases 1 and 2, in conjunction with planning and estimating for Phase 3.

## 2 PROGRESS

Work on changes to OCMS has been completed, and the Live Trial has commenced.

Sufficient S10 counter testing has been completed in time for the rollout to commence, although there are some agreed (with CS) outstanding issues.

S10 counter testing is continuing in order to prove some outstanding issues with OBCS and Data Warehouse. An October release date has been scheduled for these.

Changes to support the introduction of NI electricity as migrated AP client were started and completed during the month.

The Laptop/PSTN changes to support Day D Data collection are progressing to schedule for a November implementation date.

There has been no significant activity on YG.

There has been no APCM testing performed (none scheduled).

Discussions have taken place on the content of the Cash Account release (S11) and its potential replacement with other functionality. Development work has started on the Mails Labels printing which is an agreed constituent of this release.

Network Banking Phase 1 (Tivoli upgrade) is in the final stages of testing, and is still progressing to plan for a November implementation.

Network Banking Phase 2 (infra-structure) build and early testing work is continuing to plan.

Network Banking Phase 3 (applications) – much support is still being provided to production of the SDS's. In order to hold the Programme intended schedule, wherever possible early design work is being done in parallel with these activities. Planning and estimating of development activities continues, working towards defining a 'contract bid' situation. Prototyping of counter facilities is continuing.

Talexus – Phase 1 development and test preparation has continued, working to the revised requirements resulting from completion of the PON rectification plan. Pending receipt of confirmation from PON that the project is to be suspended, work is still continuing in October, aimed at reaching a 'clean' stopping position.

### 3 ISSUES

The planned freelancer replacements are still not being achieved as there are no suitable candidates presenting from within ICL, and this is adversely affecting the forecast.

The NWB plan is not fully resourced.



## Customer Service Report

## 1 MONTHLY SUMMARY

There was a major network problem overnight on the 28<sup>th</sup>/29<sup>th</sup> September caused by Energis imposing severe call concurrency restrictions and approximately 8000 outlets were not harvested.

Significant progress is being made on call reduction due to a combination of counter news articles, introduction of SPOC and general product maturity

S10 counter migration has now started. Current progress is not encouraging but is being reviewed. The S10R bucket for counter fixes is very full

Work on costing and non-functional reqts for network banking is now nearing completion.

### 1.1 VITAL STATISTICS

Release Notes raised  
Release Notes Applied to live  
Release Notes withdrawn

Live Base as at 30<sup>th</sup> September 2001: 17,558 Post Offices, 37,992 Counters

Cumulative Data is from 1<sup>st</sup> December 1999 to 30<sup>th</sup> September 2001 inclusive

Monthly Data is from 1<sup>st</sup> September 2001 to 30<sup>th</sup> September 2001 inclusive

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#### OBCS

Total number of transactions to date	806,222,226
Total number of transactions in September	49,811,011
Total value of payments to date	£63,483,853,971
Total value of payments in September	£4,047,908,243.31

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#### EPOSS

Total number of receipts to date	963,458,435
Total number of payments to date	169,957,988
Total number of zero value transactions to date	81,950,918
Total number of receipts in September	56,266,907
Total number of payments in September	7,994,522
Total number of zero-value transactions in September	5,475,588

Total value of receipts to date	£55,574,444,354
Total value of payments to date	£16,227,063,788
Total value of receipts in September	£3,535,199,681
Total value of payments in September	£791,880,401

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**APS**

Total number of transactions to date	353,199,077
Total number of transactions in September	26,406,684
Total value of receipts to date	£9,228,566,591
Total value of receipts in September	£687,835,355

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**NOTES:**

- EPOSS zero-value transactions include issue of books, change of address, etc.
- Weekly data is now available on the Customer Service web site.

## **2 PROGRESS**

### **2.1 OPERATIONS & SUPPORT**

There was a major network problem overnight on the 28<sup>th</sup>-29<sup>th</sup> September caused by Energis imposing severe call concurrency restrictions and approximately 8,000 outlets were not harvested. For the rest of the month there was a good record regarding delivery of files to TIP, OBCS, HAPS and AP Clients. The severe call concurrency restrictions that Energis imposed on 28<sup>th</sup> September were not advised to Pathway CS in advance and Energis took an unacceptable length of time to resolve the problems that these restrictions caused to Pathway. This is being taken up with senior Energis management. There is however work that Pathway needs to do to understand what is causing a peak workload for the Energis network to deal with.

The ISDN availability returned to a more suitable performance percentage(99.93%), following the first downturn for many months for the month of July. The upturn in VSAT performance has been continued, although the unusual figure of 100% may be difficult to maintain. This performance is no doubt a reflection of the continued effort put in by Energis to closely monitor HOT performance and address all issues. Similarly the satellite workshop, held with all service delivery units, has already borne benefit.

Tania Reynolds is working with the Pathway CS BC Team to specifically work on the development of revised Disaster Recovery plans across Pathway. It is proposed that a model, similar to that used for in the production of BRA01 CS Disaster Recovery plans, will be adopted. Initial planning meeting have been arranged within Pathway.

Mik Peach has given presentations to SMC/HSB/UKSS staff to reiterate the importance of the processes which prevent marooned transactions.

Day to day Reference Data service has in general run well. Message broadcasts are continuing to run at an average of 1 per day. AP CTO automation work is continuing (CP3032/CCN807). The first tool in the set (Token Data Capture Tool) should be ready for PON testing during the coming week. The Scavenger Agents is now being used on a sample of offices on the Live system – offices which have Reference Data but are not currently in use. Results so far are very encouraging. Use of the Scavenger is expected to increase steadily. So far 3 runs have been performed on a total of 102 FADS (all old offices not currently in use). This has removed approximately 20,000 objects and 10,000 pointers on each outlet. Performance is good, approximately 70-80 FADS per hour, but currently this is only running on Bootle.

APS Client Migrations/Connections: The last tranche of Girobank Clients (55) have now been migrated from HAPS (total 442) and 9 new Giro Clients connected (grand total 451 Giro Clients). There are now 16 AP client interfaces of which 5 are new connections (not ex-HAPS). The outstanding HAPS migrations are NIE and BT. APS Client service: file transfers generally good – occasional problems with individual clients: Girobank, Quantum. Tri-partite Meeting (Pathway/PON/Agent) being scheduled with each of Girobank, Quantum & SPM, to improve management of the service interface.

The Quantum Gas Termination problem has been this closed by agreement with PON. However, there is an outstanding issue re the action to be taken on impounded keyboards - we are expecting Cliff Wakeman to progress this.

On LFS, PON SAPADS is still in pilot mode – and they have yet to provide us with a clear understanding of their plans & progress. This will be pursued at the October LFSORF, and if no progress will be escalated to HSRF. Regarding LFS SLAs, after internal discussions over proposed changes, John Pope is now in dialogue with PON. Icon Service: There is significant work still to be done to agree and document an ongoing service with PON. A CP will be raised to introduce the service.

Icon production: The Batch 2001-01 (released to the estate in S06) CCN to charge for 7 Icons, has been agreed by PON. Batch 2001-03 (including icons for Quantrill), has been produced by Escher, and bitmaps document sent to PON for approval. The target delivery is S10R. A CP for the batch is to be urgently raised, to allow the release to be scheduled.

## 2.2 INFRASTRUCTURE SERVICES

An initial review of the historical (Software) System Service remedial payments for September 2000 to March 2001 has been conducted. These will be issued to PON once other contractual issues have been addressed. As far as the “steady state” remedial figures are concerned, we are delivering them in the agreed time scale. However PON has only addressed and agreed up through to May 2001.

Remedial Penalty for September 2001 appears to be less than £500.00. This final figure has yet to be confirmed.

DFD SLA has surpassed the rectification SLA for the month of September. This was accomplished through efficiencies in the process by HSH/SMC in addressing Non polling.

A meeting took place with the relevant parties to discuss the implementation of the Day D Laptop solution. It became clear that SMC have already implemented a number of activities that have assisted in improving the current Day D results. Through further work with Energis and using 'spare' capacity in the ISD Pathway organisation, further improvements to the daily results will be seen. These should be implemented within the next two weeks.

Given this, it begs the question of how much UKSS involvement we will need to meet the new SLA – not a lot appears to be the answer. Certainly the original headcount prediction of an additional 15 engineers and 6 SMC staff has reduced to 5 engineers and 2 SMC staff. The November pilot will help us firm up on the actual requirement.

Wrong advice complaints remain fairly high; but again many of these after investigation are shown to be unjustified. This is clearly a misunderstanding between what the PM feels they have asked and the advice provided by HSH. System issues include complaints about non- polling issues and system problems that appear to have been unresolved for some time. The attitude complaints remain constant, but again the bulk have been found to be unjustified, again seems to arise when PM's problem is complicated and PM cannot accept the explanation or fails to believe they are at fault. There is currently 1 complaint outstanding awaiting response from HSH.

The new SVR Reply cards are now with the engineers ready to start using them on Monday. We have had one or two drift in by mistake already, at least it has shown the extra questions don't seem to have put the PM's off responding.

Further success has been achieved in directly affecting the number of calls being raised by the HSH from Postmasters. At the end of July an update to postmasters on what they should do in particular circumstances was documented in Counter News.

The results show;

Printers: -5%

A&G: reduced by 11.6%

Training: reduced by 34.8%

Reversals: 23.5%

AP / AP Recovery: 15.2%

Remittances: 13.1%

System Admin.: 13.1%

This equates to: from July to August 4,279 calls @ £15/call = £64k saved

Take this with the saving from the MBS message earlier in the year. The total saving for the life of the project is £884k (MBS) + £2816K (Counter News) = £3.7M.

The rollout tail is now down to 12 outlets for installation plus a further 3 outlets to be migrated.

Of these remaining outlets, Pathway have only 4 scheduled with dates, the remainder having issues to be resolved by PON (8) or awaiting planning permission (3). One months notice has been given to KnowledgePool for the cessation of training courses at the end of October. In addition to the above there are approximately 62 outlets that



have previously been removed from the rollout programme, that are now to be installed under normal OBC (no training required). PON BSM have expressed a desire to install these this year, so that HAPS can be closed down.

By the end of September a total of 509 Site visits will have been completed by the FSM team. Frensham Way Post Office closed as expected on the 7<sup>th</sup> September. The removal of the equipment was achieved without problem. All remaining PinICL calls relating to this site have now been closed. A plan has been compiled for the replacement of the resistive monitors at Guiseley PO with standard CTX flat screens, and will now proceed to be actioned.

The FSM Team Leader has now taken on additional responsibility for the Your Guide service management. Site specific Your Guide problems are now the remit of the FSM Team to resolve, and some additional problem management is also likely to be delegated to the FSM team. One long-running site specific problem has already been resolved.

Concern has been raised with PON regarding feelings that Postmasters had expressed, suggesting that they would be "black balled" for raising too many helpdesk calls. This was compounded by the discovery that certain call rates are monitored by National Audit, and used to identify offices for investigation. PON BSM are moving to reassure Postmasters and to encourage them to log calls in the correct manner, through a programme of information.

## 2.3 SECURITY MANAGEMENT

Implementation of anti-virus software on the live estate and supporting processes has been completed. Additional work is now underway to expand the scope of delivery to incorporate new Horizon platforms and to re-visit the virus threat in light of emerging, high-impact virus strains.

A high-risk worm identified as "Funlove" had a significant impact across parts of the ICL and Pathway corporate network. Extensive effort was expended in liaising with Corporate Infrastructure, Pathway Administrators and GSI to upgrade quickly to the latest virus definition files and ensure that all potentially vulnerable domains were identified, scanned and patched. The virus' ability to infect via network shares necessitated the introduction of some additional protection for the live Horizon system as a precautionary measure. Work was hampered by a simultaneous outbreak on the corporate network of the "Nimda" virus, another high-risk virus that uses different methods of propagation. The virus was controlled following upgrades to anti-virus software. A plan is being developed to rationalise and improve procedures for updating anti-virus software across the Pathway Corporate and Development estates.

Discussions on security requirements for Network Banking have continued with PONU and changes consolidated in final revisions to the SRS and SDS. Input was provided to the draft Codified Agreement schedules primarily in respect of information security, data retrieval, prosecution support and data protection areas.

Input continues to be provided as required to consolidate emerging security requirements for the YG kiosks and contents hosting service. We are currently awaiting recommendations from the CGEY/Consignia penetration testing activities.

Three audit data extractions were completed in response to PON Security/Audit and Ad-Hoc requests. One request spanned a wide date range and took a considerable time to complete. Associated witness statements were provided where appropriate on a "without prejudice" until contractual agreement is reached.

The Key Manager successfully processed all key requests received this month. Automated key expiry has run throughout the month apart from a few days when POCL requested a temporary suspension for assessment. The total number of outlets in the KMS key expiry exercise has reached 3,203. Results continue to indicate that at least 10% of outlets will either ignore prompts or fail to download new security data successfully. A procedure has been introduced for managing non-compliance with refresh requirements and related documentation is being agreed with POCL. This procedure has successfully reduced the backlog of outlets operating with unchanged keys. As part of the process, the Key Manager continues to provide reports of Outlets that are operating on unchanged keys. However, this solution is viable only in the short-term and it is essential that an automated Tivoli process is developed to alert SMC to outlets that are not responding to prompts.

The co-incidental DLT failure that resulted in an incomplete TMS audit trail continues to be managed under normal problem management procedures. Mitigation action for a "read after write" process and automated media management has been introduced and work continues to attempt recovery of data from other archived sources.

## 2.4 SERVICE INTRODUCTION

Work is continuing on Network Banking implementation plans, costings and the non-functional requirements. Plans for BI1 are well under way and ISD are holding a meeting on 3<sup>rd</sup> October to finalise all the activities required.

GGP is now running as part of the normal business. Reg Barton is taking over as the service manager for GGP.

The S10R bucket for counter fixes is very full. One CP has been deferred and the remaining fixes are under review.

S10 Counter migration is ongoing. Initial commit rates seem low but this is under review.

## 2.5 STAFFING

Paul Curley is leaving in October. A RAR will be raised for replacement.

We are having difficulty finding a replacement for Kevin McKeown and must now start looking at external recruitment.

Tanya Reynolds has joined Operations.



Kath Greenwood has left Support.

Jan Ambrose has joined Infrastructure Services

## 2.6 FINANCE

CS Budget for OPEX 2001/02 is £57.9

Business Model 050601 is £56.5m

Forecast (CSAug01) is £51.8m

The major forecast improvement from July actuals and forecast of £300k are from the £232k saving in the month taken through to the full year and a few other adjustments.

## 3 ISSUES & RISKS

The delay in implementing OCMS is creating discrepancies in the KMA database and may lead to failure in key deliveries. KMA relies on appropriate feeds to ensure that outlet and key data is kept up to date. Until this is resolved Pathway is expending additional effort in developing and maintaining manual processes for tracking outlet changes.

PON requirements for investigation support, ad-hoc requests and the provision of witness statements continue to place a strain on the existing Audit solution architecture. Requests for AP Client transaction data is exacerbating problems. A study is underway to review the issue with a view to making recommendations for meeting the Customer's long term information retrieval requirements.

Work on the Codified Agreement for Network Banking has reinforced the need for POCL to formalise with Pathway the Data Controller / Processor responsibilities necessary to ensure compliance with the new Data Protection Act which comes fully into force in October.

Security input to Network Banking and EFTPOS requirements continues to place a strain on existing resource, which is fully engaged in supporting the existing Horizon solution.

The time available to fix the live estate is becoming more worrying. A number of the items that have to be applied to live are time critical and if any should slip the rest of the programme could be affected.

## Organisation &amp; Personnel Report

**1 MONTHLY SUMMARY**

- Appointments in September:
 

External Recruits	1
Transfers In	2
P&PS	0
LINKwise	0
Freelance	0
Fixed Term Contracts	0
Adecco Temps	0
<b>TOTAL:</b>	<b>3</b>
- Known Joiners
 

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

Permanent Staff	2
Freelance	3
Transfers Out	0
Linkwise assignee	0
P&PS	0
Fixed term Contracts	0
Adecco Temps	0
<b>TOTAL:</b>	<b>5</b>
- Known Leavers
 

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

**Resource Management**

The redeployment of people under the Company's PLUTO 2 programme continued during September, with the focus on EMEA resources. This has not yet had any impact on filling vacancies or freelancer replacements.

A new electronic RAR system has been introduced which should speed up the processing of RARS.

#### **Freelancer Reduction and replacement**

<b>Update</b>	<b>30-Sep-01</b>
<b>Summary</b>	<b>No of Heads</b>
<b>Freelancers in Pathway 01/09/01</b>	<b>63</b>
<b>Freelancers in Pathway 30/09/01</b>	<b>61</b>
<b>Freelancers in Pathway 01/10/01</b>	<b>60</b>
<b>Current FC of Freelancers in Pathway on 31/03/02,</b>	<b>46</b>

As well as the roles that are currently filled by contract staff that are budgeted to be replaced by permanent staff, there is now an increase in permanent roles due mainly to Network Banking and the Contract Renewal team.

In the meantime, there are currently 60+ people based in MAN27 actively seeking redeployment, in most cases there is a good skills match against Pathway jobs. However, they are not willing/able to relocate to the south to fill these roles and Pathway Management are currently unable to move the work to them. A few short assignments have been identified where MAN27 resources are going to be used, and APDU are in discussions about the feasibility of moving the Data Warehousing service to Manchester.