# ICL Pathway
## *Bringing* Technology *to* Post Office Counters & Benefit Payments

# Monthly Progress Report

**ICL**

POH - 396D

# April 1999

| ICL Pathway | **Programme Monthly Report** | Ref: | PA/REP/037 |
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| | | Version: | 1.0 |
| | | Date: | 28/05/99 |

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Associated Documents:

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Approval Authorities:

| Name | Position | Signature | Date |
|---|---|---|---|
| J. H. Bennett | Managing Director | | |

# ICL Pathway Monthly Progress Report

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# Managing Director's Summary

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Managing Director's Summary

# PROGRAMME PROGRESS

- The migration of the Release 1c counters to NR2 began on schedule on Sunday 11th April and completed on Thursday 22nd April also on schedule with a total of just under 200 Post Offices successfully migrated. One or two Post Offices came out of the programme, following normal business rules of the Post Office.

- The conversion of the Data Centres from Release 1c to NR2 took place successfully on schedule on the weekend of 8th - 9th May. In the event we had good support from POCL for both sets of migration following some hesitate in their decision making. However, the Benefits Agency continued to frustrate progress although they were overruled in their request to defer both activities.

- The operational experience or running NR2 has been very good in terms of day to day operation of the system with most sub-postmasters finding the system intuitive and easy to use and able therefore to input all their business transactions across the counter through the new IT infrastructure.

- The major issue we face however is that they need to balance their cash accounts every Wednesday evening and this part of the system has proved very difficult for them to operate. Extra support activity has been put in place to guide them through the process and this is enabling them to complete their work more or less to schedule. However the big issue remains that such hand holding is not practicable during national roll-out and therefore there is critical work to be done to make the system much easier to use, much more reliable from the sub-postmaster's point of view and therefore requiring less support from POCL and Pathway. Although there are no system errors as such in the product delivered by Pathway, the fact that it has severe usability issues (it does fulfil the user requirements as signed-off by us and POCL) this does not remove the need for us to take urgent and effective action.

- Since completing the migration of the existing R1c Post Offices we have successfully moved on to implement a further 50 Post Offices in week-ending 21st May and these all completed on time and to schedule. A further 50 are due for completion by Friday 28th May which will then give us a population of 300 Post Offices which is seen by POCL to be a representative cross sample of their entire estate and these then can now move to live trial which will finally test their operational acceptability and pave the way for national roll-out which remains on schedule for late August.

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- Good progress has been made in Acceptance during the last period with 10 of the 11 Acceptance Trials closure reports now issued. These do cover the entire Benefits Payment Card and Horizon Systems and following the Treasury Review decision now taken, will need to be readjusted with the withdrawal of DSS from the contract. In addition we have completed 55 of the 62 review packs which form the second part of Acceptance. Ironically the reviews for the DSS services have gone particularly well albeit they are now withdrawn from the contract. Our target is to complete the final set of reviews by mid June so that the period following this can be used for clearing up outstanding issues and ensuring that Acceptance overall is achieved. Again with the revision of the contract we will need to watch carefully the attitude of POCL and ensure that they remain positive towards getting the right decision. So far there are 27 fully documented Acceptance incidents raised which at this stage is considered to be a manageable number and are being acted upon promptly.

- With the withdrawal of DSS from the contract and the cancellation of the Benefit Payment Card system we are now actively proposing transition plans to BA whereby the 38,000 people using the card can be migrated back to order books. This plan is now well developed and is now being discussed between the parties. It should be possible to remove cards within the next 8 weeks and as per the contract struck all costs for doing this will be charged to DSS on a time and material basis. Details of this are currently being negotiated with DSS.

# COMPLETION OF THE TREASURY REVIEW

- The review has now formally completed with a decision by Government to cancel the Payment Benefit Card element. A legally binding agreement has been entered into which will lead on to a new POCL agreement fully consolidated, which has the target dates for completion of 16th July 1999.

- They key features of the way forward are a revised contract which fundamentally has a stage payment structure to build, deliver and operate an infrastructure programme for the Post Office. The PFI elements of transaction fee income has been removed, the contract is much more simplified and the risks are more manageable. Nevertheless, a substantial provision has been taken in the ICL Group Accounts to cover for the abortive costs of the Benefit Payment Card and recognising the need to make prudent provision for this.

- Looking ahead considerable work needs to be done to finalise the new agreement, to resolve outstanding issues with our major suppliers and to re-focus the energies of Pathway staff on to the contract we now have and dis-engage on those areas where we now no longer have any responsibilities.

- We have in many ways drawn a line under the past and have a lot or work to build a solid base line going forward. However the clarity now presented does allow us to deal with these challenges and help construct a business for the Post Office which is more manageable by ICL.

# Systems
# Report

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Systems Report

# MONTHLY SUMMARY

- The final release Authorisation Board (RAB) for NR2 Live Trial took place 7th April. Horizon, POCL and ICL Pathway supported entry into Live Trial but the Benefits Agency did not. They believed that an additional Model Office cycle was required but could not produce evidence to substantiate this position. Consequently, POCL and ICL decided to go ahead and the migration of the 1C counters commenced on the 12th April as planned. The Data Centre migration from Wigan to Bootle is planned to occur over the 8/9th May and will require BA's co-operation if it is to be successful.

- All the regression activities required to generate the confidence to implement the NR2 hardware/software baseline was completed successfully. Testing is underway on the next version of the software (LT2) which contains important 'Acceptance' fixes. This will be intercepted in the live environment 12th July shortly before the 'observation period' ends. NRO is still scheduled to commence 23rd August 1999.

- The Benefits Agency commenced first cycle of the multi-benefit testing 12th April as originally scheduled and completed a cut down test plan on 27th April. The next cycle is due to start 6th June.

- Progress on new release 2+ continues with the development of KMS, VPN, LFS and AP Smart and the enhancements to RDMC, Data Warehouse and EPOSS but the changes to BPS are proving difficult to keep to schedule particularly 'soft EVP' which has not yet been approved by the Sponsors. Mapping progress against milestones is proving difficult in the absence of any baseline dates agreed with the sponsors. The uncertainty created by the 'Treasury Review' and the proposed changes to the development life cycle are the main factors preventing more detailed progress reporting.

- The transition to the new organisation of the Programmes and Systems departments is now underway and the response from the team has been very professional and supportive. ICL Pathway is now poised to deal more effectively with the additional and diverse workload expected in the latter half of 1999.

- The performance of the team during the past 4/5 months has been a credit to them all. 99% of all dates have been met and the system installed as planned. This has been achieved in spite of the enormous technical and managerial difficulties they have faced and with a demotivating uncertainty surrounding the Programme.

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# PROGRESS

- The final release Authorisation Board (RAB) for NR2 took place 7th April. Although Horizon, POCL and ICL Pathway supported progression into Live Trial, the Benefits Agency did not. They believed that an additional Model Office cycle was required but could not produce factual evidence to substantiate this position. Consequently, POCL and ICL decided to go ahead and the migration of the 1C counters commenced on the 12th April as planned. The data centre migration is planned to occur over the 8th/9th May and will require BA's co-operation.

- The software build containing fixes to issues identified in the KPR and found during live trial (LT2) is currently on the test rigs and undergoing blitz testing. No major issues have been detected.

- A regression cycle of the data warehouse and MIS/SLAM/FRMS/CCS systems has improved considerably and is now achieving a 95% success rate and is on schedule to complete 16th May.

- The first cycle of multi-benefit testing with CAPS started 12th April and concluded 27th April. A number of planned tests were abandoned due to data shortage from CAPS. This resulted in a 67% DSS success/coverage and a 75% Horizon success/coverage. CAPS plan to take an updated live snapshot for the next cycle which will also use live reference data. This is due to start 6th June.

- The CAPS 3.5 and on-line enquiry testing against NR2 is scheduled to complete in the first week of May. Regression testing the fall-back option i.e. CAPS 3.5 to Pathway release 1c is due to start 6th May but will be abandoned if the data centre migration weekend is successful.

- The BIT Regression run which completed immediately prior to the start of the data centre migration went very well, with fewer than 20 incidents raised and many of these were build and/or configuration issues. BIT regression will continue in parallel with the live trial. The next cycle is planned to start 17th May and will exercise the LT2 build which will be intercepted in the live environment 12th July, shortly before the end of the 'observation period'.

- The error clearance and regression activities associated with technical and security testing have been very successful. From a total of 750 test run only 8 failures occurred. This generated the level of confidence required to support the Data Centre migration exercise planned for 8th/9th May.

# COST DOWN

- No new cost down initiatives were identified this month.

# CURRENT CRITICAL PROBLEMS

- None.

# ISSUES

- We cannot meet the very tight time window for replacing a faulty PC in the outlets. The SLA allows for 20 minutes and only 5 minutes for system re-initialise activities. It is unlikely that we will be able to speed up the current system functions, so penalties will be incurred unless we can negotiate a change to the SLA.

- BT and Energis have indicated that there will be approximately 100 outlets with no land network connections possible. They are suggesting that we should consider a satellite solution and this is being evaluated. If this is unsatisfactory, we are facing the proposition that these outlets will continue to operate manually or will be closed. Subsequent negotiations with POCL are expected to be very difficult.

- We are still trying hard to remove the need to install PSTN for certain mobile configurations. If we can find a printer with the required footprint and if Fujitsu are prepared to make a few changes to their laptop platform we may be successful. Meetings with the suppliers and POCL have been scheduled throughout May.

- The future strategy regarding the desktop architecture for product development must be resolved very shortly. It is dependant upon our approach to International and Government Gateway opportunities and Escher's future aspirations.

- Fibre channel on EMC is undergoing trials in the US and the UK. Progress to date has been encouraging but further testing is required. This facility is critical for our implementation of NUMA-Q and the EMC discfarm approach.

# COSTS

- The Development Directorate is currently recasting the 1999/2000 forecasts to reflect the new organisational structure and these will continue to be the subject of regular financial reviews throughout the year. These are designed to enable management to monitor the detailed expenditure on a monthly basis.

# Commercial & Financial Report

Commercial & Financial Report

# MONTHLY SUMMARY

- No Input

# COSTS

- The Controller's report follows.

### APRIL ACTUALS 1999

### KEY NUMBERS (£000'S)

| | | Month of April 1999 | |
| --- | --- | --- | --- |
| | | Actual | Variance vs. Forecast |
| Trading/Project Costs: | Revenue | 25 | (17) |
| | Project Costs before Capitalisations | 9,843 | 1,421 |
| | Declared PBT Losses | 113 | (16) |
| Cash: | Business Operating Cash Flow | (19,361) | 4,946 |

| | | End of April 1999 | |
| --- | --- | --- | --- |
| | | Actual | Variance vs. Forecast |
| Balance Sheet: | Project WIP | 233,888 | 1,471 |
| | Net Fixed Assets | 47,864 | 3,406 |
| | Total Borrowings | 251,814 | 5,263 |
| Headcount: | Permanent | 231 | 26 |
| | Non-Permanent (ITs and Temporaries) | 11 | 2 |
| | (Memo):  Freelancers procured through ICL IT Contractor Services | 197 | (7) |

Summary:

Revenue and declared PBT losses were both slightly advers to forecast, due to the lack of any accrued international project revenues.

Project costs were well below forecast, the main savings coming from lower than forecast charges from A&TC relating to Technical Centre activities and Dublin- based development and support charges.  Other significant favourable variances arose on marketing expenditure, where the forecast spend on public awareness has not yet been committed.  The only major adverse variance was on interest costs, where interest swap arrangements prevented us from taking full advantage of the current low interest rates.

Recruitment lag resulted in lower than forecast headcount, which was partly offset by the above-forecast use use freelancers.

Borrowings were over £5m lower than forecast, due to a combination of lower than forecast project costs and capital additions, plus working capital control.

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## APRIL ACTUALS 1999

### PROJECT COST ANALYSIS (£000'S)

| | Month of April 1999 | |
| --- | --- | --- |
| | Actual | Variance vs. Forecast |
| Revenue | 25 | (17) |
| Direct Cost of Sales | 2,059 | 181 |
| Gross Margin (Deficit) | (2,034) | 164 |
| Opex:-   Labour - Own Staff | 897 | 124 |
| Travel & Subsistence | 48 | 19 |
| Freelancers | 2,033 | 76 |
| ICL Subcontracts | 534 | 1,124 |
| Other Subcontracts | 416 | (79) |
| Depreciation | 1,526 | 102 |
| Marketing | 48 | 245 |
| Professional | 172 | 30 |
| Other opex | 382 | 124 |
| Gross Project Opex | 6,056 | 1,765 |
| Interest costs | 1,753 | (508) |
| Costs before Capitalisations | 9,843 | 1,421 |
| Declared PBT Losses | 113 | (16) |
| Capitalised into WIP during year | 9,730 | 1,437 |

Comments:

UK project revenue was in line with forecast, but no international project revenue was accrued. This shortfall was also responsible for the slightly adverse PBT.

UK project expenditure was well below forecast in most areas. Cost of sales gains arose from the lack of any forecast charges relating to migration activities. Labour related costs reflected the below-forecast permanent headcount position, and freelancer costs were also slightly below forecast.

The main gains arose in ICL Subcontract charges, where almost half of the £1.1m underspend was on Technical Centre charges. Full details are not yet to hand from them, but the effective charging period was doubly curtailed by last month's invoicing right up to the year-end, and by the Easter break. Remaining variances under this heading were mainly due to the lack of charges from A&TC relating to development and product support activities. The overspend on other subcontracts was merely a timing variance, reversing last month's underspend.

Marketing costs were far lower than forecast, due to there being none of the forecast expenditure relating to public awareness and special interest groups. Other opex savings were in the areas of communications costs and foreign exhange differences.

Interest costs were £0.5m worse than forecast during the month, due to the higher than expected quarterly charge arising from interest swap arrangements.

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# APRIL ACTUALS 1999

## HEADCOUNT

| Permanent Headcount | End of April 1999 | |
|---|---|---|
| | Actual | Variance vs. Forecast |
| Systems | 47 | 11 |
| Implementation | 57 | 15 |
| Customer Service | 59 | 3 |
| All other departments (UK Project) | 50 | 10 |
| Total - UK Project | 213 | 39 |
| International Sales | 7 | (2) |
| **Totals - Permanent Staff** | 220 | 37 |

Recruitment activity remains high, but the conversion into filled positions is lagging behind forecast.

| Non-Permanent Headcount | End of April 1999 | |
|---|---|---|
| | Actual | Variance vs. Forecast |
| Industrial Trainees and Temporary Staff | 11 | 2 |
| Freelancers (sourced through ICL IT Contractor Services) | | |
| Systems | 154 | (5) |
| Implementation | 4 | 1 |
| Customer Service | 7 | - |
| All other departments | 24 | (3) |
| Total - UK Project | 189 | (7) |
| International Sales | 8 | - |
| **Totals - Higher Skills Freelancers** | 197 | (7) |
| **Totals - Non-Permanent Staff** | 208 | (5) |
| | | |
| Grand Total - UK PFI Project | 413 | 34 |
| Grand Total - International Sales | 15 | (2) |
| **GRAND TOTALS** | 428 | 32 |

The use of freelancers to cover the shortfall in permanent employees is a continuing feature, particularly in the Systems area.

# APRIL ACTUALS 1999

## CASH FLOW (£000'S)

| Inflows/(Outflows) | Month of April 1999 | |
| --- | --- | --- |
| | Actual | Variance vs. Forecast |
| Net Project Costs - capitalised into WIP | (9,730) | 1,437 |
| Project costs taken straight to P & L | (113) | (16) |
| Depreciation | 1,526 | (102) |
| Movement in other Working Capital Items | (8,579) | 3,218 |
| Fixed Asset Additions | (2,465) | 409 |
| **Business Operating Cash Outflow** | **(19,361)** | **4,946** |
| Opening Net Borrowings | 232,452 | 318 |
| Closing Net Borrowings | 251,814 | 5,263 |

## BALANCE SHEETS (£000'S)

**Comments:**

Borrowings were more than £5m lower than forecast at the end of April, due mainly to the lower than forecast capital expenditure in both March and April, togther with the savings in project costs.

The mix of borrowings was again quite different to forecast. The forecast had assumed a full drawdown of the Asset Company £200m loan facility, but the overall contractual situation has prevented us from doing this. Intermediate funding from ICL Finance Limited is relieving pressure on ICL Group borrowings facilities.

| | End of April 1999 | |
| --- | --- | --- |
| | Actual | Forecast |
| Net Fixed Assets | 47,864 | 51,270 |
| Project Work in Progress | 233,888 | 235,359 |
| Other Working Capital | (12,227) | (11,900) |
| Totals | 269,525 | 274,729 |
| Share Capital | 20,000 | 20,000 |
| Retained Earnings | (2,289) | (2,348) |
| Group Pooled Borrowings | 19,694 | 57,077 |
| Internal Loans | 59,000 | |
| External Loans | 173,120 | 200,000 |
| Total Borrowings | 251,814 | 257,077 |
| Totals | 269,525 | 274,729 |

# Customer Requirements Report

Customer Requirements Report

# MONTHLY SUMMARY

- Handling Acceptance continues as virtually the only activity.

- There remain 22 approved Acceptance Specifications out of a total of 24. For both of the others specifications are available for approval. The last of 11 Acceptance Trials Closure Reports will be published this week. Excellent progress has been made on Reviews, particularly for the Benefit Payment Service elements: We are now about half way through the Reviews programme.

## DETAILED PLAN ACTIVITIES

### RELEASE NEW 2

- John P has continued to support the daily QFP PinICL meetings and maintained control of new PinICLs from the standpoint of Acceptance.

### RELEASE NEW 2+

- Tony H has submitted the functional specification for Split Payment Payees and Death Arrears Payees for internal and external review (follows CP1627 / CR C0090b).

### CCNS / CRS / CPS

- CCN251a, the Release Contents for NR2, for which the outstanding CCN list was restated, is still not approved.

- Arguments in support of CCN 422 were produced. This removes the card extension period and introduces Temporary Agents to deal with housebound customers.

- CCNs 317b and 432a were reissued.

- CP 1799 remains on hold.

- A large number of EPOSS CCNs have been produced.

### ACCEPTANCE SPECIFICATIONS

- There remain two specifications requiring approval. That for BES has been available for approval since December 1998. A CCN to make some Requirements double key to facilitate POCL approval was produced and is with the Authorities. Horizon says it is taking other initiatives, which, if successful, would obviate the need for a contract change.

- The specification for Service Boundaries has been revised by Pathway following a successful way-ahead meeting and was also published for approval. A version of the SADD Appendix B to support this Acceptance was produced.

- The Trials for BES and the Reviews for both are going forward regardless of Acceptance Specification sign-off.

## ACCEPTANCE TRIALS

- Ten of the 11 Acceptance Trials Closure reports have now been issued. Horizon has issued a proposal to validate six, principally POCL, Closure Reports and this activity is now in progress. The four BPS and the Audit Closure Reports were based on witnessed tests and do not require further validation. The last, POCL Infrastructure, Trials Closure Report is forecast to be issued week ending 14/5.

## ACCEPTANCE REVIEWS

- There are now only seven of the 62 Review Packs left to issue. Of the 65 Acceptance Review Meetings 27 have now been held. The PAS and Customer Education have now completed their Reviews and excellent progress has been made on the DSS Services, PAS, CMS and DSS Interface, with only two Reviews left to do. Pam Barlow has also made excellent progress on the three Implementation areas, with just four Reviews remaining.

- The last Review proper is currently scheduled for 16/6. There are some demonstrations beyond that date that depend on actual Live Trial operation, the last currently scheduled for 7/7. Every attempt is being made to complete Reviews proper by 16th June so as to leave the maximum time for clearing up issues.

## ACCEPTANCE INCIDENTS

- There are currently 27 fully-documented Acceptance Incidents (AIs), mostly raised by Pathway, plus 16 probable AIs arising from the KPR entries for NR2+ closure, most of which will materialise. In addition there are 57 possible AIs that represent the KPR End of Live Trial closures. Of these only a very few will materialise.

- Within the 27 there are only two Mediums, both from PAS Reviews, and both Closed within Pathway.

- We have to ensure that any Medium (or High) AI encountered is dealt with immediately.

## NEW BUSINESS

- The POCL Disaster Recovery proposal was completed and issued.

- Simple Payment Module: Commercial discussions have continued concerning price and some features being factored into Design.

### 'OPTION B' / MODERN GOVERNMENT

- Significant effort was put into the Modern Government initiative, particularly for the use of the smart card and its basic architecture.

- We have worked with Mike Haynes and John Shipley of Financial Services in reviewing the current Persona work and assessing its potential for meeting Pathway requirements. This has centred on the business model developed by Nat West and understanding how its roles might be fulfilled within a Pathway / POCL context. We have also discussed the nature of the card itself.

- We also contributed to workshops developing the general ICL business model for HMG business, including review of the recent White Paper.

### OTHER TEAM ACTIVITIES

- Dave H chaired the Workflow standards meeting and received a recognition award.

- John D attended Technical Council dealing with the future of the IESE standardised tool sets programme.

- Dave H attended the DE spring event on tool sets and organising DEs wishing to join the FBCS scheme.

## CURRENT CRITICAL PROBLEMS

- None.

## ISSUES

- It is essential that:

    - the rerun of the MIS Technical Tests is completed satisfactorily this week - this is now the pacing item for all of Acceptance

    - the Audit system build must be corrected, Acceptance Review has had to be postponed one week

    - the EOLT build wipes out the EOLT KPR entries

    - we have a written plan in place to handle Royal Mail strikes

    - the Business Continuity documentation is completed by about 20/5

    - the PPDs are approved as soon as possible

    - the Reports & Receipts document is approved as soon as possible

# Customer Service Report

Customer Service Report

# MONTHLY SUMMARY

- Despite BA refusing to authorise NR2 at the RAB, POCL supported Pathway's view that BA had not provided any credible reason to delay the programme and so counter migration took place as planned.
- With effect from 10<sup>th</sup> May 1999 the Wigan Data Centre was successfully migrated and ICL Pathway is now operating wholly on NR2.

## RELEASE 1C VITAL STATISTICS

- Installed base: 203 Post Offices, 332 counters
- Number of Cards issued                49,772
- Number of Active Cards in use          37,847
- Total number of BES Counter Transaction   1,181,749
- BES Counter Transactions in month       81,701
- Total value of Benefit Payments received   £37.4
- Value of Benefit Payments received in month  £2.9m
- Total value of Benefit Encashments made    £36.4
- Value of Benefit Encashments in month     £2.8
- Total number of OBCS Transactions       7.7m
- Total number of books impounded        20,158

# PROGRESS - NR2

## OPERATIONS

- All attention has been focused on making ready for NR2 data centre migration. This was scheduled for the weekend of 8<sup>th</sup>/9<sup>th</sup> May and was very successful. The following is extracted from a brief witness report written by Rod Stocker of the Horizon team.

  *'The weekend was successful and migration to NR2 was achieved some 5 hours later than planned. As with any major exercise such as this, problems were experienced during the course of the weekend. This is intended as a very brief summary of those problems. The exercise was marred by the intransigent attitude taken by BA to sign off the weekend until a formal report was written by Pathway. Even now, their sign off has caveats.*

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*There was a failure of one of the correspondence servers at Bootle which resulted in using the one at Wigan in standby mode whilst the fault is investigated. The change over to standby working was achieved in 80 minutes.*

*At lunchtime on Saturday there were four offices that had not completed their close down before the Maestro Scheduler initiated end of day processing. Following analysis, it was concluded that this was not significant.*

*During the weekend it was found that, following the migration rehearsal last weekend, the links to OBCS had not been reset correctly with the result that information from them had not been received. Alarms to warn about this should have been given and the absence of these needs to be followed up. It was decided however, that the information received during this last week could be processed after the migration had been completed and this has now been done.*

*With the introduction of the automatic update of the CAPS post office codes file Pathway were advised by CAPS that post offices were open whereas they are in fact closed. Operationally, this process needs to be clarified.*

*During the migration of the database a question arose over the size of the file and this resulted in some lost time whilst it was investigated and validated.*

*Whilst undertaking the foreign encashment, an error occurred at the counter. This is a known error (referred to as Mutex and is already in hand with Pathway). The HFSO was instructed to reboot the counter and the transaction was undertaken without further problems with this transaction. The problem re-occurred when undertaking a Help Desk encashment and the same process was applied and the problem overcome.*

*The EOD handling in NR2 differs from that under 1c. As a result the TPS harvester has to undertake a catch up mode and it appears that for three offices this resulted in problems. There is evidence however, that some offices continued to transact business after EOD when they should have ceased entering further transactions on the system. The decision was taken to identify these transactions and to forward details to HAPS and TIP so that they could ensure that transactions are not processed twice.*

*Despite attempts to agree the Service IDs and Sequence numbers, everyone did not receive the agreed instructions and as a result, files with incorrect Service IDs were sent to CAPS. Pathway was able to correct this and re-send the files. Nevertheless there is a need to ensure that these are placed under formal change control (OBC) since problems have been experienced with this on every single implementation exercise to date.*

*One file, claimed by Pathway to have been sent, was claimed by CAPS not to have been received. This was eventually found to be an operational error by EDS (CAPS) and in the interests of time the file was resent by Pathway.*

*CAPS advised Pathway that the stop file received by them contained a significant number of records of previously stopped transactions. This arose from the PCHL and a change in the NR2 system that clears out all stops rather than simply marking them. Much time was lost on this issue simply because BA refused to provide a qualified sign off and allow Pathway to investigate this tomorrow even though they acknowledged that it would have no impact on NR2. Even now the CAPS sign off is qualified.'*

- From a POCL and Pathway perspective, the migration was a major success and so far, no serious issues with the software or system have been experienced.

## BUSINESS SUPPORT

- The overall incident rate increased to 0.05% in April with 44 incidents being received against 82k payments. Of these, 29 were 'Non committed' transactions all due to the clerk voiding the transaction after paying the customer.

- The number of incomplete transactions was 7 (0.009%) 3 of which were due to user log-out and 1 power failure.

- There were no SLA non-conformances and the BES stream continues to be fully reconciled.

- Since migrating to NR2 Counters, there have been repeats of incomplete transaction types experienced at R1c.

- 24 specific incident types have been passed to the Commercial Forum for ratification in relation to liability. Upon ratification they will be included in the Case Law database as precedents for future such incidents.

- The APS and EPOSS reconciliation panels have approved sign-off of the incident handling processes.

## BA & POCL SERVICES

- Service performance in April was very good and no new problems with the system were identified.

- The most serious issue is with the post masters' performance of the Cash Account process and rolling over into the next CA Period. The majority of calls received on NR2 are linked with this problem and Horizon and Pathway are jointly investigating the root cause.

- Some problems have been reported with back-office printer set-up and cash account report printing performance.

## CUSTOMER SATISFACTION

- Customer Satisfaction is being depressed due to the experience of having to perform an electronic cash account process each Wednesday. The process is lengthy and complex and postmasters are naturally experiencing learning difficulties.

## SYSTEM SUPPORT

- The problems being dealt with by SSC have included:

  - Failure by SMC to commit patches correctly, leading to failure to migrate counters to NR2.

  - Performance problems on the hybrid system have led to a significant increase in the timeout of transfers. This is being monitored and is expected to diminish post Data Centre migration to NR2.

  - A mutual exclusion (MUTEX) problem in the NR2 counters - symptoms for the customer are sometimes a Dr Watson message and sometimes a counter reboot. This problem is known to Development and has been passed to Escher. (The problem could be in the Microsoft code).

  - A number of NR2 counters have been getting messages about virtual memory problems.

# CURRENT CRITICAL PROBLEMS

- None.

# ISSUES

- The continuing failure of the SMC to adequately filter calls to SSC was escalated to Kevin Dowling (OSD Service Director). Kevin has promised an improvement plan by mid May.

- The ability of postmasters to perform the cash account process and its impact on the Horizon Systems Helpdesk. An action plan is in place to provide increased expert support on Wednesdays and involves Pathway, Peritas and POCL staff.

# Quality
# & Risk
# Report

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Quality & Risk Report

# MONTHLY SUMMARY

- **FRM** - CCN243a (EVP) rejected because of communication issues of BA with POCL; CCN368a (design) to be rejected by BA for very minor reasons. FRM testing for Release 2 continues; PinICLs are being cleared.

- **Risk Management** - CPs continue to be raised to deal with unauthorised encashment scenarios. A CCN has been raised to remove the requirement for PCHL authentication.

- **System Security** - Considerable work on acceptance - meetings and completion of documentation. Potential solutions to the 'follow the sun' support and Belfast home working support issues have been found.

- **Quality** - Policies & Standards; Segment 3 and 4 acceptance review packs have been distributed. Preparations for the QMS walkthrough are being scuppered by a lack of BA commitment. Disaster Recovery plans are being reviewed and revised..

- **Audit** - The Acceptance Trials Closure report has raised requests from BA on the status of closed PinICLs. Segment 1 of the reviews has been completed successfully. Segment 2 has started with comprehensive reviews of the invoicing process. Internal audits continue with Security policy deployment, Change Management and Implementation. PCHL auditing and invoice verification remain issues.

- **Year 2000 Conformance** - A PID to initiate Y2k contingency planning activity has been issued; it identifies gaps in existing plans and activities - these have been discussed with CS, Development and Implementation.

- **Cost Down** - A £100,000 reduction in the FRM contract for 1999 has been agreed with Girobank.

# PROGRESS

## FRAUD RISK MANAGEMENT

### GENERAL

- CCN 368a to introduce changes to the FRMS design document was issued. BA have informed us that they will reject the CCN as they want a minor change made.

- Processes:

    - E2E processes - BA are late - the delivery date for BA procedures has been put back one month - to 30/5/99.

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### RELEASE 1C

- One repudiated transaction was notified and information has been forwarded to BA.

- A draft analysis of FRM R1c incidents and irregular encashment patterns has been produced.

### NEW RELEASE 2

- FRM testing - Further Blitz testing has revealed more problems with the build of the client PC. It has still not been possible to successfully test an FRM Client User profile on a live PC. All attempts to utilise the correct login account result in failure. It is understood that this is a common problem throughout the MIS clients. The outstanding FRM PinICLs raised during MOT are being cleared steadily.

### NEW RELEASE 2+

- EVP - CCN243a was rejected. The issue appeared to be that negotiations held in October 1998 to replace the 2nd line of Customer address with Name and address (first line) of NPO were not communicated to POCL by the BA. The upshot was a joint review of the document and minor changes being agreed. There was no change to the data items or functionality. A complete waste of time.

## RISK MANAGEMENT

- NRO Risk Register continues to be produced to time, however the updates from POCL are less than useful and the level of input from within Pathway has reduced to a minimum due to the reorganisation of Implementation.

- Unauthorised Encashment - Three CPs were raised to deal with potential dual encashment scenarios.

- PCHL Authentication - A CP and CCN has been issued to Horizon to formalise the removal of this requirement.

## SYSTEM SECURITY

### NEW RELEASE 2

- Considerable support continues to be given to Acceptance activities (Security and Segment 2 Policies & Standards). A 'BS7799 Statement of Applicability' is being produced to resolve category 'b' incidents in both streams. Amendments to various security documentation is also required.

- Horizon require a comprehensive threat assessment of the Bootle site as part of Segment 3 of Security Acceptance. In addition, Wigan will be visited to review the new palisade fence and the revised Security Guards operational procedures and Lytham St. Anne's will be visited to confirm the 'hardening' of the communications room in 'J' Block.

- Discussion with the Departmental IT Security Group of the DSS on a solution to control / audit Oracle "follow the sun" technical support from outside the UK has resulted in a proposed solution - BRENT, a CESG approved ISDN line encryption solution, from Cogent.

- Belfast home-working. A CESG approved PSTN-based encrypting modem (SafeDial from Racal) has been identified. Test kit has been requested for OSD to test.

- Pathway-specific technical penetration testing is being progressed with Admiral and is expected to commence on 21ˢᵗ June on the NR2/LT2 baseline.

- Live NR2 Rambutan keys have been created and distributed.

- Physical security audits of all the Regional Offices have begun. The deliverable will be a report containing a threat assessment and suggested mitigations.

**RELEASE 2+**

- The Key Management Application front end has been further reviewed and improved and default reports have been identified.

- A requirement for additional, specialist resource to document manual key processes has been agreed.

## QUALITY

- Disaster Recovery Planning. Business Recovery, Incident Management and Crisis Management Plans are undergoing review. Changes to the presentation approach, to use Deployed Flow Chart methodology have been recommended. SMH resource is now at Feltham regularly to update quickly.

- Policies & Standards Acceptance Test

  - Segment 3 and 4 review packs have been submitted.

  - Problems during NWML retest have necessitated further tests. If these tests are successful a report is expected w/b 17/5. Segment 5 review is proposed for 16/6, based on this test / report schedule.

  - Preparations for QMS review are in hand for 12/5, although there appears to be a lack of firm commitment from BA to provide qualified reviewers for this date.

  - The Implementation team has been supported in the development of a process map and identification of gaps / priorities requiring definition.

## AUDIT

- Acceptance.

  - The draft of the Acceptance Trials Closure Report (ATCR) has been sent to the Authorities for review. Inevitably BA required further information on the status of closed PinICLs. I suspect that they will want to conduct some retrospective review of the PinICLs to confirm that they have been closed 'correctly'.

  - Segment 1 has been conducted successfully.

  - Segment 2. Presentation and discussion of the invoicing process involving Finance, Data Warehouse, RED, Reference Data were held. Initial feedback suggests no AIs. The Authorities still need an interim invoice to validate against transaction details held in the Data Warehouse.

- Internal audits:

  - Customer Services Audit. A CAP has been agreed with CS.

  - Security Policy Deployment Audit is progressing.

  - Change Management Audit; initial report is due 7th May.

  - Implementation Audit; has started although is hindered by the lack of documented processes.

- Invoice Verification. Discussions continue; it is accepted that it is an issue and it is likely that the customer will conduct a full audit as soon as possible (i.e. after acceptance).

- PCHL Auditing. BA will raise a Medium Acceptance Incident on this problem despite any early assurances. PinICL 23739 has been raised and placed on the KPR for LT2 fix. Unfortunately this may not be possible. Alternatives are being sought.

- DLTs and Tape Silos. Alternative handling is being considered.

## YEAR 2000 CONFORMANCE

- Y2k testing continues, with no major issues.

- Pathway Contingency Planning. The draft PID to initiate the Y2K contingency planning activity, which is largely dependent upon normal contingency plans has been issued for comment. Our normal contingency plans, and the inherent resilience / redundancy of the architecture, mitigate against many of the Y2K risks arising from failures of the National Infrastructure. To an extent Y2K contingency is a delta on that baseline.

- Progress has been made by John Hobson on determining a compensation package for working over the millennium weekend and responses received from most areas; the planned staffing levels will are likely to change as we drill down with the units involved and become more pro-active.

- Third party issues:

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- NT4 Service Pack 3. 18 previously undeclared faults have been declared of which there is no plan to fix 6. A review of the faults indicates there are no critical issues compelling us to move to Service Pack 4; SP5.

- There is concern that some vendors are still changing their compliance status; monitoring is needed.

# COST DOWN

- The cost of the Girobank FRM contract for 1999 has been agreed at £150,000 - a saving of £100,000.

# ISSUES

- NWML report: non-availability is impacting P&S Acceptance plans and may impact our schedule for weigh scale connection during Live Trial.

- Supplier / sub-contractor staff security vetting arrangements require clarification to support P&S Acceptance.

- Audit Workstation has not been fully tested.

- Data WareHouse availability following DC migration, for acceptance of invoicing.

- PCHL auditing.

    - Getting formal sign off from our service providers, of their Y2k readiness.

    - Managing BA and POCL expectations of systems stability during Q4 1999 and Q1 2000 in the context of the SIP plan and NR2+ target dates.

    - Ensuring the Y2k readiness of external support organisations (Sequent, SUN, HP, Microsoft, ORACLE, WTL, CISCO etc.) Ownership seems to be uncertain in some cases and overlapping in others.

    - Ensuring the overall business continuity plan for Pathway provides adequate mitigation against Y2k risks.

# Business Development Report

Business Development Report

# MONTHLY SUMMARY

## BUSINESS DEVELOPMENT

### NETWORK BANK

- POCL continue to block discussions between ourselves and their key client development areas (e.g. Network Bank) pending outcome of Treasury review negotiations.

- We are, however, starting to receive solid level of enquiries and interest from UK Banks via the ICL Client Directors. This is encouraging from a transaction volume and client commitment point of view, but presents some client management challenges as POCL is still very defensive with regard to ICL Pathway contacting its existing and potential clients, even when it is at the client's request.

### SMART CARDS

- POCL are keen to include additional smart card applications in New Release 2+. This is positive from the transaction volume and client commitment point of view, but presents commercial and programme planning challenges for New Release 2+.

### EFTPOS

- POCL have asked us to provide quotes for various technical options. As there is no signed off specification of these options, we have referred POCL to their internal Horizon team, as this approach has caused significant commercial problems for POCL in the past. We are happy to provide the information, but only on a provisional basis until a signed off requirement is received.

## CUSTOMER EDUCATION & COMMUNICATIONS

### EXTERNAL COMMUNICATIONS

- Communication activities for the completion of the HMG review have iterated and are now at an advanced stage of readiness. They cover a number of scenarios and for a positive outcome require POCL co-operation. As ever, achieving POCL engagement requires perseverance.

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### POCL COMMUNICATION

- Internal communications concerning the developments of Live Trial within POCL are very low key and with a tendency to over negativity. Joint working on the NFSP and CWU exhibition front is yielding results. Doncaster was a success - the proof of the success of a joint approach will become more obvious at Scarborough. Planning for Scarborough is underway - relevant ICL Pathway managers have been notified.

## INTERNATIONAL

- The Namibia project has been kicked off with the first task being a definition of the requirements. This will lead to a formal assessment of the overall task and a key milestone check. Our contract with Namibia is a Time & Materials contract which will limit our exposure.

- The development resource within the International team is now in the process of transferring to the new Generics team led by Chris Humphries.

- We are currently concentrating on re-focussing the team's efforts on selling high value added consultancy in the key areas of Pathway expertise, security, fallback/resilience and scalability.

- The consultancy approach is being taken up by Deutsche Post and Austria Post, and meetings are planned with both.

- The Portugal Post contract has still not been signed by Escher or Siemens

- We have had a very successful workshop with South Africa Post where again they were impressed with our knowledge of the postal industry, especially counters. They have since asked for another 'paid' workshop to be held in the near future.

## PROGRESS

- Girobank have been provided with the AP TIS. This is the first stage in preparing them for AP client migration, and has been very difficult to achieve due to joint working being suspended between POCL and Girobank.

- POCL are keen to include additional smart card applications in New Release 2+. This is positive from the transaction volume and client commitment point of view, but presents commercial and programme planning challenges for New Release 2+.

- Work progressing internally with Customer Requirements, Architecture, and Design on new products (e.g. Global Banking Product, & Generics).

- Revenue Collection Services: This is the name used by Girobank when selling POCL's Automated Payment (AP) products. We have appointed a manager to lead our business development activities in this area, and to co-ordinate ICL Pathway's approach to meeting our transaction volume and revenue targets for the AP products.

- Global Banking Product: This product will be used to satisfy the Network Bank, Alliance & Leicester Giro, and National Savings requirements in the UK, plus the banking requirements of overseas Postal Authorities. The initial scope document is being enhanced by Richard Stockton to produce a comprehensive set of requirement documents. At this point we plan to engage with POCL to obtain their buy-in.

- We still await the POCL appointment of a Managing Director for their Network Bank business.

- All external communication activity - leaflets, marketing suite, internet, government relations, Charity policy and PR strategy - is on hold until the HMG review completes: there are lots of ideas but clarity of direction is the key.

- Doncaster Federation exhibition was a success with good co-working on the panel messages and shared manning. Currently there is a lot of work liasing with POCL.

- The proof of the success of a joint approach will become more obvious at the NFSP Annual Conference in Scarborough. Planning for Scarborough is underway - relevant ICL Pathway managers have been notified.

- Good progress on ICL Pathway internal communications; Brief EnCounters was published this month and a dress down day held which raised £130 for charity.

- We need to do more on the wider ICL communications front but again, there is the issue of the HMG review. An article has however been submitted about Live Trial - this will be published in June.

- The ICL Pathway question time - rumour line is to be reinvigorated as part of the implementation progress updates with Live Trial.

## CRITICAL PROBLEMS

- A decision on the programme! The delay is now causing serious staff demotivation.

# Implementation Report

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Implementation Report

# MONTHLY SUMMARY

- The Pathway Implementation programme continues to make good progress, having achieved all planned programme milestones this month. There are no unmanageable critical concerns in Implementation at this stage and the project remains on target to commence National Rollout on 23$^{rd}$ August 1999.

- Infrastructure activity in preparation for rollout has now amassed more than 3,000 outlets that are ready for installation and over 12,000 outlets that are part way through the infrastructure process. The level of suspends from the infrastructure programme remains high but it is expected this will reduce following agreement with POCL on modification levels.

- Migration of 1c outlets to NR2 for live trial was completed during the month on schedule and 100 further NR2 outlets will enter the programme before the end of May. At this point there will be 300 outlets live on NR2 which will participate in live trial. This month training of Post Office staff for the role of in-office migration began, with 64 staff now trained and experienced in manual migration. Training of sub-postmasters and counter assistants took place for those new outlets entering the programme.

- Contract negotiations have proceeded with Implementation suppliers WTL, Exel logistics and POCL. WT negotiations are practically complete and the others are at an advanced stage.

# PROGRESS

- Recruitment into the team made good progress during the month with the majority of key positions being filled. The Implementation management team and business operations structure are now complete and internal control and reporting mechanisms have been enhanced as a result.

- The infrastructure rollout programme is continuing to make steady progress (see weekly statistics below) although the level of office suspends is still impacting the target beat rate. Visits to POCL Regional management teams have been made with the aim of increasing their awareness of this issue. Recent agreement on modification ceiling levels should result in reduced numbers of suspended offices from next month.

## IMPLEMENTATION WEEKLY STATISTICS

(For week ending 14$^{th}$ May 99)

| Activity | This Week | Cumulative |
|---|---|---|
| RGM letters issued | 281 | 12846 |

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| | | |
|---|---|---|
| MIB events held | 10 | 256 |
| MIB Attendees | 293 | 12300 |
| Site surveys undertaken | 300 | 9882 |
| Site re-surveys required | 118 | 3753 |
| Site re-surveys undertaken | 114 | 3341 |
| Site modifications done | 101 | 1792 |
| Site preparations done | 193 | 3773 |
| Sites RFI | 193 | 3773 |
| Live NR2 Offices | 2 | 198 |

- This reporting period saw the commencement of outlet migrations from Release 1c to NR2 in readiness for the start of live trial. A successful manual office migration rehearsal was performed during Easter weekend and the first manual office was migrated to Release NR2 on 11th April 1999. During April and early May, a total of 196 outlets were successfully migrated to release NR2. Of 204 outlets targeted, only 8 were suspended from the programme and these were due to POCL resignations and closures. A 100% success rate of migrations was therefore achieved.

- The service of performing outlet migrations has been let back to POCL and is performed by their team of Horizon Field Support Officers (HFSO). This was only possible following the successful running of HFSO training courses run at the beginning of the reporting period during which 64 POCL HFSOs were trained in manual and ECCO office migration. Outlet migrations were supported by Pathway Transition Executives (migration tool specialists), operating in the field for the first time during this month.

- Live trial requires the addition of 103 additional sites to have had the Horizon system installed and includes 25 outlets currently operating the ECCO automation system. Over the late May bank holiday weekend an ECCO migration rehearsal was successfully completed at Morpeth in North East England in readiness for the migration of these 103 additional outlets. On the 11th May the first two ECCO outlets were migrated to the Horixon NR2 system. There are currently 198 outlets live using Release NR2 and the programme to install the remaining 101 outlets will commence on schedule on 17th May 1999.

- In the training programme, a total of 64 POCL HFSOs were trained during the month to provide the migration service. Training also took place for sub-postmasters and counter assistants for new outlets entering the programme.

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- In the first 4 weeks of live NR2 service, it has become evident that postmasters have been experiencing difficulty managing the change from a manual balancing process to automated balancing. To address this concern improvements in training have been made to put a greater emphasis on practical experience in balancing. HFSOs, supporting first office balances, have received a refresher course with the focus being on balancing. The Sub-postmasters managers course has been extended to two days, with the extra half day being used to provide additional time on the topic of balancing and practical experience in the balancing process.

- In view of the concerns postmasters are having over the change in balancing process, Implementation have been supporting Customer service and their support of live operations. Specialist trainers have been made available to provide expert advise at the Horizon Systems Help desk and trainers have also been despatched to specific outlets to support balancing where it is envisaged there may be particular difficulties. It is also envisaged that Transition Executives will be made available to support balancing in coming weeks.

- The revised profile for the National Rollout installation programme will be reviewed with POCL and the Benefits Agency during the next reporting period. Initial indications are that there will be no major issues and that final preparations for rollout will continue.

# CURRENT CRITICAL PROBLEMS

- None to report.

# ISSUES

- Continuing high level of suspends in the infrastructure programme although it is anticipated that this will improve following agreements with POCL over modification levels.

- Implementation teams in the regions are struggling to support the infrastructure and installation programmes in parallel, particularly with the difficulties being experienced with balancing. Consideration is being given to the level of resource required to support these activities.

- There are outstanding contract re-negotiations with key suppliers claiming increased costs for additional work. These are being addressed with the support of the commercial team.

- Contract re-negotiations with key suppliers are continuing. Negotiations with WT have been concluded and those with Exel are at an advanced stage.

- The following issues reported last month have been addressed and are currently not considered to be of serious concern:

  - 10 day training window for ECCO offices

  - HFSO In Office Migration Service agreement

- Completion of acceptance documentation

# COSTS

- All key appointments in the Implementation business operations team have now been made and a revised financial baseline is in preparation. This will be reviewed on 13th May 1999.

- Contract re-negotiations with key suppliers are continuing. Negotiations with WT have been concluded and those with Exel are at an advanced stage. A strong stance is being taken during the negotiation process to limit the cost impact although some increases, attributable to changes in requirements is unavoidable. Some, but not all, cost increases, will be recoverable from our customer.

# Organisation
# & Personnel
# Report

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Organisation & Personnel Report

# MONTHLY SUMMARY

- Recruitment activity continued at a high level. Progress was made in securing space within FEL01 to accommodate these new employees. The salary review was completed and authorised; ready for implementation in June and the Employee Opinion survey was distributed to employees.

# PROGRESS

- Appointments in April:

| | |
|---|---|
| External Recruits | 8 |
| Transfers | 3 |
| A&TC | 5 |
| Linkwise | 0 |
| Freelance | 10 |
| Temporary | 0 |
| Total: | 26 |

- Known joiners:

| | |
|---|---|
| External Recruits | 3 |
| Transfers | 1 |
| A&TC | 1 |
| Linkwise | 1 |
| Freelance | 3 |
| Total: | 9 |

- Offers outstanding:

| | |
|---|---|
| External Recruits | 6 |

# PROGRESS

- The number of registered permanent vacancies decreased from 46 at the end of March to 44 at the end of April. 56 appointments have been made since the beginning of the year (not including freelance contracts). The appointees are a mixture of external recruits new to ICL, transfers from other divisions, secondees from A&TC and Linkwise. The flexible resourcing model is working well, with A&TC responding quickly to fill a wide range of resourcing requirements.

- ICL Pathway attended the VISIT recruitment fair held at London Olympia. This was a very successful event, with several thousand CV's being presented. However, encouraging more recruiting managers to attend and meet candidates face to face will increase the effectiveness of such events. An open evening was held in the Feltham area to follow up on the Recruitment Fair.

- Managers completed the 1999 salary review with support from the personnel department. The work was completed in good time to meet the salary timetable deadlines. Letters will be issued, via mangers, in late May. In addition all bonus claims for 1998 have now been processed.

- Significant work took place in the month to agree the bonus arrangements for the current financial year. Letters and targets will be issued later in May.

- The new structure for Systems and the Programme office was agreed and announced, with the creation of a Development Directorate, led by Terry Austin. The ongoing programme of Organisation and Management Reviews continued but with completion now planned for May.

- The 1999 Employee Opinion Survey was issued to all employees as planned.

- Approximately 66% of ICL Pathway employees now have a current appraisal logged with the Personnel department and on their personal files. This is a significant increase on last year and members of the department will be progress chasing outstanding appraisals to ensure maximum compliance by the end of May.

- ICL Properties are implementing a plan to move a significant number of the non ICL Pathway staff based at FEL01 to a new location in the Feltham area. The objective is to achieve this by as close to the end of May as possible. This will allow our space requirements, based on current manpower projections, to be accommodated within FEL01.

# CURRENT CRITICAL PROBLEMS

- None
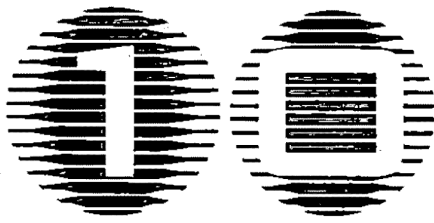
# Post Office Client Report

The Post Office - Client Director's Report

# MONTHLY SUMMARY

- The DTI/Treasury lobbying on Modernising Government has continued as input to the Treasury Review.

## MODERN GOVERNMENT

- Intensive work completed to present Post Office's case for a leading role in delivering Modern Govt, utilising ICL Pathway services. Joint paper and meetings with DTI and HMTreasury.

## 1999 BUSINESS

- Revenues from Post Office overall were excellent in March, with £4.9m business in the month, giving £10.5m in Q5. The rush for PCs in March foreshadows predictions of much reduced business in the new financial year as capital budgets have been cut back everywhere to create a new acquisitions fund for buying e.g. parcel companies.

- Q5 breakdown:

| Div | Rev | Margin |
|---|---|---|
| MC (Desktop supply) | £9.2m | 900k |
| CE  (Tech Resources) | 160k | 39k |
| OS (ALPS) | 259k | 146k |
| Pathway | 881k | 37k |

## CURRENT CONTRACTS

### TECHNICAL RESOURCES SUPPLY CONTRACT

- This is still very slow in winning substantial business and we have put a review in place, with ICL Govt who own the contract and with PO.

### ONE STOP SHOP

- Business accelerated in March (PO year end), April figures awaited.

## NEW BIDS

### SERVICE MANAGEMENT TOOLS

- ICL is shortlisted together with IBM and DMR. The debate has moved on in PO, with our encouragement, to look at services delivery issues including Help Desks and SMCs. The timescales are slipping - the selection of preferred supplier by end-April has gone, June now earliest.

### SPICE

- "Supporting Post Office in a Commercial Environment": a broad ranging invitation covering Customer Contact, Client Relationship Marketing and data warehousing. Initial responses were submitted in March, we await RFI. Decision will not be until Jan 2000.

### POCL INTERNET

- Hyperlink and POCL have missed the deadline of new service by 6th April.

## REORGANISATION

- Under SCS (Shaping for Competitive Success) the IS/IT appointments to the new divisions are yet to be made, with the exception of RM International where Doug McClure stays in post. The view in the IS community is that the combination of setting up the new divisions and the Year2000 moratorium on new systems from October until March will slow everything down.

## COST DOWN

- No change.