

ICL Pathway
Bringing
Technology
to Post Office
Counters

**Monthly
Progress
Report**

ICL

September 1999



ICL Pathway

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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

Managing Director's Summary

PROGRAMME PROGRESS

- Acceptance was achieved on 24 September triggering the 1999 element of National Roll-out. The Roll-out ramp up has progressed better than expected given the potential impact of compressed time for the processes and the start stop nature of decision making resulting from the difficulties experienced during the Acceptance Process. As at the 10 October 978 offices had been installed and migrated in total with 199 installations being completed the previous week.
- The level of suspensions and aborts from the Roll-out installation process is falling towards the level predicted. Given they remain at that level by completion of the 1999 element of National Roll-out, the number of offices that will be installed and migrated is predicted to be:-

Best case	1782
Worst case	1623

- A new Programme Plan (Version 9) has been produced to reflect additional work resulting from the Acceptance Resolution plan. The effect is to move the plan date for the CSR+ RAB to 25 August 2000 from 26 May 2000. A joint POCL/ICL Pathway activity has started to identify if the effects of the slip can be mitigated by re-phasing element of CSR+, optimising POCL user testing and introduction of CSR+ products into the live estate.

ACCEPTANCE

- Acceptance was achieved on 24 September and the resultant invoice for £68m delivered on 27 September for payment within 30 days.
- A Second Supplemental Agreement resulted from Acceptance and introduces an optional 1600 milestone for National Roll-out prior to Christmas. This yields a £80m payment, with £10m held over to the next milestone (May), but we would still get the full £90m in December if we were to achieve 1800. In addition this Agreement introduced an Acceptance Resolution Timetable into the contract.
- The Acceptance Resolution Timetable contains some 300 activities and events that are pacing items for the restart of National Roll-out on 24 January 2000.
- Amongst these are performance measures relating to Acceptance Incident 298 (System Stability), 376 (Accounting Integrity) and 408 (Help Desk) which will be monitored during October and the first half of November and reviewed to see if the criteria have been achieved on 24 November.

- The other key item in the plan is the development of a new Reconciliation Module that has to be introduced into Live Service by the end of 1999 and a successful parallel run with existing processes completed by 14 January 2000.

ADDITIONAL POST OFFICE BUSINESS

- The SMPP (Service Management Productivity Programme) contract was signed by A&TC with the Post Office on 1 October. The initial order is for the design of the Royal Mail East Anglian Network Management worth an estimated £500k. The contract has the potential to delivery £5m over three years.

COST DOWN

- Girobank have settled for an amount well within that provided for in March.
- The Business Plan is being updated to reflect events since the letter agreement in May. Favourable BPS settlements with Girobank and De La Rue (Forecast) together with underspending this year will not be enough to offset adverse impacts resulting from Acceptance Incident resolution and the moderation of previous "optimism" on operational cost down.
- A number of negotiations with sub-contractors require completion, to reflect changes to the project following the signing of the Second Supplemental Agreement and the associated CCN's. These include:-

KNOWLEDGEPOOL

- Inclusion of Pre-entry event and improvements required within AI218 Acceptance Resolution Plan and changes to training requirements incurred as a consequence of revisions to the roll-out profile for the Christmas 1999 period.

CELESTICA

- Changes to build requirements incurred as a consequence of revisions to the roll-out profile for the Christmas 1999 period, changes to the software build plans and adjusting Celestica build plans for the installation programme tail in 2001.

EXEL

- Revisions to the installation programme over the Christmas 1999 period and adjustments to the installation plans during the tail in 2001.

- Timetables for concluding these negotiations are in place such that all are complete by the end of December.

ISSUES

- The performance criteria in the Second Supplemental Agreement will not be easy to achieve. Achievement of these for AI298 and AI376 depend on actions already being put in place by ICL Pathway having their desired effect and no new unexpected issues arising.
- Failure to achieve all the performance measures associated with AI408 had led to OSD being placed on Corporate Red Alert. This is intended to ensure the correct level of resource, support and management attention is in place to deliver ICL Pathway's contracted level of service to POCL - specifically over the six week monitoring period.
- Issues with Software and Reference Data Distribution still exist both in terms of technical issues, which are being pursued, and the performance of the SMC, which has been escalated through Red Alert and direct discussion with OSD management
- The issue with Workplace Technology (WT) reporting Post Offices as being "Ready for Installation" when quality issues exist has persisted. WT have been acquired by NTL and a meeting has taken place with NTL to get them to commit to actions needed to put WT's subcontract activities back on track. Progress will be monitored closely.
- Although National Roll-out rates have risen to 200 Post Offices per week, the level of issues occurring on installation day and the level of training scheduling failures puts achievement of the 300 offices per week roll-out rate required in 2000 at risk. Knowledgepool are introducing new scheduling software and a plan of activity to remove/reduce the causes of the other issues is being put in place for the November to January break in National Roll-out.
- Live performance monitoring has identified a problem with capacity of the ISDN Network and CISCO router configuration. Options to improve the throughput capability are currently being evaluated.
- There has been little improvement in POCL's willingness to enter into discussions with us concerning the new business development plan and future programmes.

Development Report



Development Report

MONTHLY SUMMARY

- Once again the development team struggled to maintain progress on CSR+ whilst supporting the demands of the CSR 'Acceptance' process. Although acceptance was achieved on 24th September, the emerging rectification plan included additional development, which has impacted the delivery of SIP16 and CSR+.
- The NUMA interception is still on target for early October. The equipment will be installed at each Data Centre on different weekends.
- The SIP16 release, which comprises of enhancements to the cash account and reference data elements, has been rescheduled for release mid November.
- The Technical Integration and Business & Technical Conformance teams continue to make good progress but issues regarding the speed of rig building and the level of change in CSR require management attention.
- Progress on all other products in CSR+ is in line with expectations. APS, LFS and AP Client migration system testing has not identified any serious problems and the concern surrounding the readiness of British Gas and SAPADS for direct interface testing has receded. The resource pressures in the EPOSS team are still present but actions are in hand to address this.
- The Data Warehouse, RDMS, TPS, migration tools, the RoDB, Estate Management, KMS, VPN, FTMS, message broadcast, auto-configuration, Audit, Maestro, Tivoli and training mode are all keeping to schedule but there is no room for complacency. Problems and issues are arising but close management monitoring is ensuring that they are dealt with promptly and effectively.

PROGRESS

- The additional development required to support the 'acceptance rectification plan' as caused the delivery schedule for SIP16 and CSR+ to be replanned. Version 9 of the plan, which includes a new incremental release on CSR in December, has been submitted to POCL for approval. Work on the EPOSS reconciliation modules has started and will need to be managed very carefully if the aggressive dates are to be met.
- All of the POCL Infrastructure products i.e. EPOSS, MiECCO, MiMan, Reference Data and TPS have now entered system test and no major problems have been encountered so far. Business integration testing of SIP16 has commenced and is now planned to be released mid November.
- Revised plans for the KMS and VPN deliveries have recently been agreed internally. These are designed to address problems and issues which have occurred at the detailed level.

- System test main pass cycle 1 of the Data Warehouse/MIS has commenced on both rigs and we are currently experiencing a high pass rate on the test scripts.
- Progress on Pearce RoDBv2.5 and 2.6 and estate management (OCMS) continues in accordance with the plan with no significant issues being reported.
- Scripting and integration testing in B&TC is going well but there is concern regarding the speed of rig building and the level of change impacting CSR. These are being addressed. Additional regression testing of CSR is being carried out by B&TC to supplement the usual PinICL testing conducted by Customer Services.

COST DOWN

- There were no new initiatives in September.

CURRENT CRITICAL PROBLEMS

- None

ISSUES

- The KMS product currently limits the outlet distribution population to circa 600 per week. This places an unacceptable constraint on the implementation of CSR+, consequently design reviews are being held to resolve the issue.
- BT and Energis have indicated that there will be approximately 85 - 100 outlets with no land network connections possible. They are suggesting that we should consider a satellite solution and this is being evaluated.
- A proposal for the lightweight mobile configuration required to operate in a variety of locations throughout the UK, will be submitted to POCL shortly. It does not include a receipt printer and will only be connected to the Data Centres from the home base i.e. it will be free standing when operating in the remote locations.
- The live performance monitoring activity has identified a problem with the capacity of the ISDN Network and CISCO router configuration. Options to improve the throughput capability are currently being evaluated.
- POCL expect under the terms of the new agreement i.e. time and materials, to closely monitor our resource consumption during the design and development of any new product or service. Their expectations could put a huge burden on the administration resources within our Programme office.

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COSTS

- The 1999/2000 forecasts demonstrate that costs are under tight control and subject to regular financial reviews throughout the year.

Commercial & Financial Report



Commercial & Financial Report**MONTHLY SUMMARY**

- The highlight was Acceptance on 24th September, on schedule, and the resulting invoice for £68m delivered on 27th September for payment within 30 days.
- The Second Supplemental Agreement has committed us to satisfying a number of Acceptance Incident related performance measures and other actions prior to the restart of roll out in January. It also introduced an optional 1600 milestone for roll out prior to Christmas. This yields a £80m payment, with £10m held over to the next milestone (May), but we still get the full £90m in December if we achieve 1800.
- September was also a 'cost down' month, with Girobank settled for an amount well within that provided for in March.
- The margin on the revenue and the release of provision enabled ICL Pathway to post a profit of £16m in the month. There is still a long way to go to recoup the £180m lost last year, but this is a good start.
- The Business Plan is being updated to take account of events since the Letter Agreement in May. Favourable BPS settlements with Girobank and De La Rue (forecast) together with under-spending this year are not enough to offset the adverse impacts of Acceptance Incident resolution and the moderation of previous optimism on operational cost down. Overall, there is more rather than less pressure on the P&L.
- Consideration is being given to business development scenarios to enable Pathway to close the profit gap. The downside of the 'lower risk' milestone style contract is that the upside of transaction based revenues has been lost from the current contract.
- A limited number of specific risk scenarios are also being considered. These could easily wipe out any upside gains from new business and are identified so that avoiding action is taken.
- The Joint Change Control Board set up under the Codified Agreement is beginning to reduce CCN lead times and to provide an escalation route although there is still plenty of scope for improvement.
- A number of important supplier discussions are going on, aimed at a combination of better performance and cost reduction. These include Fujitsu Siemens Corporation on PC price reductions and buffer stocks, De La Rue on the BPS settlement, OSD on the Corporate Red Alert and the pricing of systems service, Work Place Technologies on performance, and Oracle on extending the scope of the POCL software licence.

PROGRESS

- Acceptance completed, albeit with hurdles still to cross before roll out recommences in January.
- CCNs and A2As are in much better shape than they were, with almost all key CSR+ agreements now in place including the infamous Reports and Receipts (although there are still notable exceptions such as AP reconciliation).
- Girobank have settled. De La Rue are talking in reasonable terms.
- We have drawn up the BPS transition invoice. This is ready to go once the DSS indicate that it is acceptable. At just £2m, it reflects the rapid close down of the BPS and a faster shedding of cost than was anticipated.
- Roll out is underway and going well with one thousand offices now installed (despite some difficult product / operational problems of the 'learning experience' kind).

KEY LEGAL ISSUES

- Looking back to where we were immediately before the Codified Agreement, significant progress has been made.

ACCEPTANCE

- None – Acceptance is unconditional
- We do have hurdles to jump, on AI 298, 376 and 408 in particular

RELIANCE ON DSS REQUIREMENTS

- On closer inspection, there were just three specific areas to address in the Codified Agreement, and this was done.

'WHAT ARE WE BUYING?'

- Dealt with satisfactorily in a series of non-contractual reviews.

RATE OF ROLL OUT

- Dealt with. CCN 561 requires both parties to use reasonable endeavours to smooth peaks and troughs, which is very much in both parties' interests. Initial signs are encouraging. POCL have agreed to constrain postmaster choice with regard to day of installation.

DISPUTED REQUIREMENTS

- None remaining

HOW TO TREAT POCL REQUIREMENTS NOT IN CSR+

- The CSR+ RCD has been signed off under CCN.

- Only those features which are listed as specified additions to CSR are committed: all other features are held over to later releases and are subject to T&M charges to be agreed.

CONFORMANCE OF CCDS

- CCDs which relate directly to CSR have been dealt with.
- Many other CCDs have been withdrawn because they related specifically to the BPS.
- All others must conformed to the new contract as soon as possible. The principle of doing this at the same time as checking for updates has been agreed.

CCNS AND A2AS YET TO BE AGREED

- The number of outstanding CCNs has continued to fall steadily and the general status is much more current than it was. However, there has been a recent increase in 'fail rate' and the JCCB has adopted a set of corrective actions which will need to be monitored closely.
- Very few of the original A2As remain. Most are subject to CCN. Some work will still be required to finish these off by yearend, which is the target set in the Codified Agreement.
- The Supplemental Agreements introduce a handful of new A2As. The most significant are:
 - Agree under CCN561 new procedures to smooth roll out within week and between Area Implementation Programmes (including early warning of aborts such as to enable resource balancing) and, under the rectification plan timetable, the actual roll out plan for 2000;
 - Agree how to apply the new testing policy initiatives (derived from lessons learned on AI298) to the introduction of both CSR+ and the AI376 Integration check facility;
 - Agree new procedures to deal with reconciliation incidents (AI376 and CCN562);
 - Agree new methods for using ad hoc enquiry facilities (AI412);
 - Bring in under CCN (ie. it needs to be agreed as a CCD) the 'Pathway Generalised API for OPS/TMS' document to enable POCL (or PONU) to invite tenders for applications from software houses (AI314): note that this does not extend to agent or host systems.

- Not explicitly stated as an A2A is the need to agree the effect on CSR+ introduction of the latest testing ideas. POCL favour a 'live trial' in a subset of the rolled out estate and appear to want to shorten the various BIT etc. test cycles first dictated by the DSS but adopted by POCL for Acceptance. Model office has already given way to 'User Trials', and even these are being questioned as being too late in the cycle to be useful. The fact that CSR+ is subject to Release Authorisation only (ie. not Acceptance per se) could help remove some constraints and enable time to be put to better use.

OTHER ISSUES ARISING LATER IN THE PROCESS ('GAPS' IN THE LETTER AGREEMENT)

- No new issues.
- The Supplemental Agreements (and related CCNs) deal mostly with specific short term matters and have limited applicability over time. However, two elements will endure:
- the revised roll out Schedule;
- introduction of pre-training events (AI218), new SLAs for help desk (AI408), system stability targets (AI298), new SLAs for accounting errors and compensation payments

BUSINESS CASE

- The Business Case is under active review. Account is being taken of the additional Acceptance work and operational commitments and of actual data from live operations and roll out. These are being matched against prior modelling assumptions.
- Opportunities for additional business are being itemised and calibrated by Business Development and Finance jointly according to different strategy options. Options are limited under the 'cost plus' regime of the current contract.
- Opportunities for 'cost down' are being actively progressed as a matter of course, but the current view is that there is slightly more risk than opportunity in the plan.
- A number of risk scenarios are being overlaid on top of the new base case. These have the capacity to outweigh the opportunities if the right skills are not brought to bear in timely fashion.
- To better the £50m loss position at Pathway level (better at Group), a realistic and sustainable 'break-out' approach will be required, one which addresses successfully the Key Issue highlighted below..

RISKS

- A range of risks has been identified, mostly focused on various delay scenarios and on increased operational costs.

- None of the risks is as acute under the new contract as when we had to deliver transactions to earn revenue, but delay and poor operations metrics can both still have a serious impact.

ISSUES

- The customer's attitude towards us, in particular the stance that we should deal with delivery issues while the Post Office talk to others about new requirements. That mould of distrust and continuing resentment has to be broken if we are to stand any chance of building on the core contract.
- Assuming we can crack the attitude problem, identifying who will call the shots in the new Post Office organisation.

FINANCIAL PERFORMANCE

- Profit was £16m, £10m better than forecast and Business Plan.
- Net cash at £180m borrowings was £5m better than forecast and £11m better than Business Plan.
- The Controller's report follows.

COSTS**Key Measures**

(amounts in £m)

	Month of September		Cum./Month End	
	Actual	Var. from Forecast	Actual	Var. from Forecast
Revenue:	69.7	(2.3)	71.3	(1.8)
Declared Profit / (Loss)	16.0	10.0	15.6	10.0
External Borrowings:			158.4	(3.0)
Total Project Borrowings:			180.0	5.0
Headcount:				
Permanents			231	10
ITs/Temps			17	(6)
Freelancers			219	(40)
ICL Contractors			131	46

COMMENTS

- Acceptance achieved and invoiced! Revenue from BA Transition activities are now expected to be lower than forecast.
- In addition to £6m declared profit from the UK project, a partial release of £10m has been made from the Supplier Compensation Provision set up in the March '99 books.
- Pathway cash is £3m less than forecast, but only because we have paid all intercompany liabilities ourselves, rather than call upon Group resources whilst waiting for acceptance cash.
- Overall project borrowings remain well below forecast, due to lower working capital and lower fixed asset additions.
- Overall headcount is within forecast levels, but following the transfer of contracts of a number of freelancers formerly on the books of A&TC ES there are large offsetting variances between the freelancer and ICL Contractor categories.

Project Costs

(amounts in £m)

	Month of September		Year to Date	
	Actual	Var. from Forecast	Actual	Var. from Forecast
Direct Costs	1.9	0.0	10.7	0.4
Opex:				
Staff Costs and Freelancers	2.9	0.2	17.7	0.5
ICL Contractors	1.2	0.4	8.7	(0.1)
Other Subcontract Costs	0.2		1.5	(0.1)
Professional Fees	0.3	(0.2)	3.0	(0.5)
Government Contribution			(6.0)	
Other Opex	0.3	0.2	2.8	0.2
Total "Cash" Opex	4.9	0.6	27.7	0.0

COMMENTS

- Lower OSD costs have allowed us to absorb extra costs relating to acceptance.
- Freelancer savings.
- Cumulative now virtually on track with forecast.

- Extra acceptance related cost accruals re. Masons, plus SG fee from last month.
- Various Opex savings.

"Capital" Expenditure
(amounts in £m)

	Month of September		Cum. Var. from Aug F'cast
	Actual	Var. from Aug F'cast	
Tangible Assets:			
Counter Equipment:			
PCs	2.8	0.1	0.1
Component Cost Clawback	(1.4)		0.8
CTX Monitors	(1.0)	1.9	0.1
Other Counter Equipment	0.3	(0.1)	0.1
Network Implementation	0.2		0.1
ODUPE/Support Kit	0.3	(0.1)	
Total - Tangible Items	1.2	1.8	1.2
Intangibles:			
Site Preparation/Modification:			
WT plc	1.8	(0.2)	0.7
Pearce	0.9	(0.2)	(0.1)
Training (Knowledgepool)	1.1		0.1
Hanging/Distribution		0.3	0.4
Total - Intangible Items	3.8	(0.1)	1.1
Total - "Capital" Spend	5.0	1.7	2.3

COMMENTS

- Cumulative gain from Fujitsu back-dating of clawback of advance component purchases September reversal of CTX's August invoicing shambles.
- "Intangible Asset" costs are recorded as current expenditure, but are directly related to the Rollout assets and form part of the asset financing of Asset Co.
- Slow invoicing from suppliers

ICL Pathway

Commercial & Financial ReportRef: PA/REP/042
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(amounts in £m)

	September (Total)		Analysis of Actuals	
	Actual	Forecast	OpCo	AssetCo
Tangible Fixed Assets	39.6	40.7	2.4	37.2
Project WIP	133.2	133.3	25.8	107.4
Other Working Capital	48.1	51.9	32.1	16.0
March 99 Provisions	(57.7)	(67.7)	(57.7)	
	163.2	158.2	2.6	160.6
Share Capital	151.7	151.7	151.7	
Retained Earnings	(168.5)	(178.5)	(168.5)	
Bank Loans	173.1	173.1		173.1
Cash at Bank	(14.7)	(17.7)	(2.2)	(12.5)
External Borrowings	158.4	155.4	(2.2)	160.6
Group Payment Terms	21.6	29.6	21.6	
Total Borrowings	180.0	185.0	19.4	160.6
	163.2	158.2	2.6	160.6

COMMENTS

- Lower additions.
- Higher accruals, lower receivables.
- Release of Supplier Compensation provision.
- Higher profit declaration.
- No intercompany payments made by Group on Pathway's behalf



Customer Requirements Report

Customer Requirements Report

SUMMARY

- With formal CSR Acceptance now achieved, the team has regrouped around the actions within the Acceptance Resolution Timetable. This contains individual action plans for 13 former Acceptance Incidents (AIs). These are the pacing items for restarting rollout in January 2000. Some Requirements activities have restarted.

DETAILED PLAN ACTIVITIES

ACCEPTANCE RESOLUTION TIMETABLE

- The Acceptance Resolution Timetable forms part of the Contract, as a result of the Second Supplemental Agreement, and contains some 300 activities and events that are pacing items for the restart of rollout on 28 January 2000. These are grouped principally under 13 former Acceptance Incident headings.
- (Pat C): The activities are being reviewed weekly. Joint activities are being split where possible to show the contribution of POCL and Pathway so that documentary evidence may be available in the future in the event of POCL non-performance.
- There are two further groups of former AIs: those where there is a disagreement as to severity - None (Pathway) and Low (POCL) - and Low/Low items. There are now two or three of the former for arbitration (232, 242 and possibly 379) and 55 of the latter, for which one-line resolution plans are required by 31/10. Of these 55, 16 are against Security and those that are Business Continuity related will only close when we have a settled estate.
- At present the purpose is to keep the timetable activities absolutely stable and to force demonstrable completion of Pathway responsibilities. In places POCL are redefining and rescheduling their activities but Pathway contributors are under remit to disregard this.
- The 13 former AIs are reported in Timetable order:
- 211: (John P) This is now resolved and in monitoring until 31/10.
- 342: (John P) This is now resolved, monitoring is complete and formal Closure has been requested.
- 390: (Dave C) A change to AP counter is due for distribution 30/11. It is in test.
- 376: (John P) This area is of particular concern. The six-week observation period has started. The work is in three parts: fixes yielding a target stability figure of merit of a maximum 0.6% of Cash Accounts in error (approximately 42); additional reconciliation facilities; and new Operational Business Change (OBC) procedures. Although all fixes are implemented, problems arising from Pathway Reference Data handling were encountered and are proving difficult to solve without letting through Cash Accounts in error. The definition work for additional reconciliation is on plan and design is in progress. All the OBC

procedure work is completed. The POCL Acceptance Test Manager has left the project and several new people are now involved and are not yet familiarised.

- 378: (John P) A "diagnostic" fix is in place to find, and if necessary repair and report, a problem not previously defined. We do not expect to find such a problem, believing it to have been an isolated incident whose true cause was not originally reported and is no longer present.
- 369: (John C) The actions in this group are largely the responsibility of POCL. All formal Pathway actions are complete. The underlying issue is a commercial one between POCL and DSS for the introduction to service of OBCS (outlets are banned from using it). We have successfully rebutted all attempts at implicating the bar-code scanner performance. ICL Pathway, POCL and BA mounted a four-day monitoring exercise. This provisionally showed that there is a print quality issue with some of the benefit books. This will be confirmed shortly when six impounded books have been independently analysed by PIRA (Printing Industry Research Association).
- 372: (Dave H) A first report on the distribution of Riposte 5.4.10 and EPOSS roll-up release package has been produced for review and will be issued to POCL (target 15/10). DLL corruption monitoring is not yet fully in place: CP 2116 is being worked on.
- 298: (Tony H and Dave H) The four week observation period will start on 21/10. (CCN555 has been raised to make the observation Cash Account Week integral.) All fixes are available and a tracking document to record progress set up. On the cut off date of 1/10 the test sample was established as 782 eligible rolled-out outlets representing 1777 eligible counters. The target is a figure of merit of four units per counter per year, a unit being an authorised reboot or various numbers of workaround. The CAP 28 figure result was around five units on a very good trend. For CAP29 the result rose to around seven units because of 376-type issues (see above), new offices not being brought up to current software revision levels immediately before first use and some offices not yet equipped with fixes for printer incidents.
- 218: (Dave J) The Pre-Entry Event actions have progressed well, now paced by CCN 543a approval. Trainer Quality Monitoring actions have been completed such that actual monitoring is in progress. The new PSA Process is with POCL for approval. Post Training Consolidation actions are all Joint or POCL. The Performance Measures on which the eventual closure will be based were due to be finalised 8/10.
- 391: (Dave J) Physical security of Wigan and Bootle. All actions to date are complete or on target.
- 314: (Tony H) The technical authors have started work on the manual required, with first delivery by 23/11 and Appendices by 28/12.
- 408: (Dave C) All early actions are complete and the main one to recruit and train the required complement of Help Desk staff is progressing to plan.
- 412: (Dave C) Ad hoc service reports. The remaining actions are paper-based ones for completion by 28/10 and are on track.

CSR

- The CCN to introduce new Inland Revenue order books into OBCS was raised. From 05/10/99 these books are processed as a simple EPOSS product. Following CCN sign off POCL will advise the go live date to change processing to OBCS.

CSR+

- Preparation of SADD Version 5.2, describing CSR and CSR+, has restarted. The Associated Document and CCN tables have been brought up to date. Appendix B is being rewritten to remove DSS-related material (CMS/PAS/BES) and to add material on Service boundaries between EPOSS and other counter applications.
- Security Documentation: (Dave J) The Security Functional Specification and Access Control Policy require reissue to strip out DSS content and simplify.
- AP (Dave C): POCL has sought to add an unjustified level of detail into APS Reconciliation: reports. ICL Pathway's formal position has been documented based on correspondence. We believe that POCL will agree to the current level being baselined, but are seeking contractual guidance as to how their "extras" should be managed. We have provided POCL with a requirements specification for PISCES (Smart Token) that describes ICL Pathway's understanding and identifies the areas where POCL must supply more information. We assisted CS in preparing a Token Service specification. POCL withdrew the CR and will provide a complete Service Description.
- We have had a first meeting to define the pseudo-acceptance activities for CSR+ that will inform the RAB (currently scheduled for August 2000). Much is predictable (Acceptance Criteria, AI, KPR and PinICL resolutions hung over from CSR) but there is pressure to re-prove some Acceptance Criteria particularly in the performance and security areas.

OTHER ACTIVITIES

- Dave H has provided some assistance to Utilities Branch for the Centrica workflow bid, similar to that provided for the Post Office IWIM bid.
- DOORS - We have obtained a licence extension and converted the new Requirements schedule (Codified Agreement Schedule A15) into DOORS format. The next logical steps are to extend this to top level contract document (Solutions / Service Definition Schedules / SADD) and, decide how to interface would be with other tools and processes particularly PVCS and the existing CCN / CR / CP procedures.

CURRENT CRITICAL PROBLEMS

- It is essential that the estate software revision levels are complete and operations stabilised, such that 376 and 218-type incidents are minimised.

ICL Pathway

Customer Requirements Monthly Report

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ISSUES

- None.



Customer Service Report

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Customer Service Report

MONTHLY SUMMARY

- September SLA performance figures to date indicate we have not achieved the minimum acceptable level for APS data delivery; TIPS data delivery (day D) and OBCS file delivery.
- The most significant operational problem of the month was the reporting of Index corruption on correspondence servers and counters. Riposte 5.4.10.1 will be implemented as soon as operational testing can be completed.
- The NUMA-Q was installed at Wigan, replacing the SE70.
- The workload pressure on SSC has intensified through September with high volumes of calls being received. SSC are struggling to contain the workload: the WIP is in three figures. A major factor in this is the overall performance of the SMC.
- MSU are receiving EPOSS incidents directly from POCL TP and are managing to resolve all in an acceptable time scale (RED report within 48 hours).
- The number of outlets not returning transaction details to TP, due to ISDN problems or powered down, is increasing.

VITAL STATISTICS

Installed Base: 749 Post Offices, 1819 counters

- *Total number of OBCS transactions to date* 13.4m
- *Total number of OBCS transactions in September* 1.6m
- *Number of books impounded* 28,030
- *No. of EPOSS Transactions to date* 9.3m
- *No. of EPOSS Transactions in September* 2.8m
- *Value of EPOSS Transactions to date* £365m
- *Value of EPOSS Transactions in September* £85m
- *No. of APS Transactions to date* 1.3m
- *No. of APS Transactions in September* 417,299
- *Value of APS Transactions to date* £32.4m
- *Value of APS Transactions in September* £10.0m

PROGRESS

OPERATIONS

AVAILABILITY MANAGEMENT

- Final figures are not yet available for September SLA performance. Figures to date indicate we have not achieved minimum acceptable level for APS data delivery; TIP data delivery (day D) and OBCS file delivery. We will be carrying out a complete analysis of the figures to ascertain reliability of SLAM output and root causes and solutions for each of the incidents leading to SLA non-conformances.
- The most significant operational problem of the month was the Riposte Index corruption on correspondence servers and counters. Riposte archiving has now been switched off at the correspondence servers. This circumvents the problem and Riposte 5.4.10.1 will be implemented as soon as operational testing can be completed. Testing is underway of a fix to address the more serious problem of index corruption on the counters.
- Another problem, which occurred at the same time, was disk time-outs being reported on the Wigan Correspondence Server. This is suspected as a hardware fault and is being investigated as such.
- In line with the SIP14 plan, the NUMA-Q was installed at Wigan, replacing the SE70.
- The number of non-polled Post Offices has been increasing in line with rollout. The task in managing these is increasing and we need to improve the process and root cause analysis before we have a significant increase in the numbers.
- Dave Tanner and Mark Jarosz are still analysing high ISDN charges. Progress is slower than anticipated.

CHANGE MANAGEMENT

SOFTWARE DISTRIBUTION

- In order to ensure no 'regression incidents' were reported during the 6-week observation period a decision was made to make all fixes to the counter 'immediate' rather than 'catch-up'. Over the weekend all fixes, with the exception of Riposte_Signed_3_1 were repackaged as immediate fixes and are now distributed to new counters as part of auto-configuration.
- There are still more than 100 counters that require residual fixes applied. The reason for the high number of suspended counters during software distribution is under investigation by Dave Tanner.
- Although reasonable progress was made over the weekend by SMC in the distribution of fixes, this is being accomplished under direct management of CS rather than any proactive management by the SMC. This has been escalated through Red Alert and direct discussions with OSD Service Director.

REFERENCE DATA

- Major operational problems were experienced with Rem In/Rem Out, Stock-unit Transfers and scales. On Friday 1 October a number of outlets experienced problems Rem'ing in and out, transferring stock between stock units and scales functionality. This was diagnosed as the office details having a change in the Reference Data pipeline that caused a previous change to be released with an end date on the data when the actual change containing this end date had not been released. Although the Rem and scales problems were resolved, the stock transfer amendments were not made until Monday, which resulted in the number of outlet calls raised on that day. A resolution plan is in place to ensure there will be no cash account balance problems on Wednesday.
- A total of 66 reference data changes were released into the live service last week. The total number of PinICLs has reduced to 30.

SLA MANAGEMENT

APS

- Although there are some issues regarding the Reconciliation report document under discussion between Design and MSU, all issues preventing sign-off are now resolved.
- POCL believe that the terms by which the AI was signed off are not being met, with issues around late polling and day 1 reporting. These issues have been addressed through the MSU and the report is now back on track.

CTO

- We have had criticisms from the OSG manager re the quality of service and personnel supporting the service within Pathway. We are asking for more details for a full analysis of the customers concerns but suspect this is being driven by motives other than legitimate concerns about the quality of the service.

AP CLIENT MIGRATION

- POCL have changed the original plans for us to be involved in the practice sessions of the presentation by Account Managers to POCL clients. There is a POCL team meeting on 7th October where they are reviewing their strategy.

TIP

- A steering meeting has been held with the customer and progress is now being made towards the establishment of OLAs and a disaster recovery strategy.

SUPPORT SERVICES

SYSTEM SUPPORT CENTRE

- The workload pressure on SSC has intensified through September with high volumes of calls being received. SSC are struggling to contain the workload: the WIP is in three figures. Also a number of additional tasks were undertaken to support the resolution of Acceptance Incidents. SSC had significant involvement in the management and resolution activities for the Correspondence Server index corruption problems that occurred over the last week of the month. A major factor in this is the overall performance of the SMC. A pre-scan function is being put in place to ensure that calls get the appropriate level of attention, but a tougher stance will be taken on "invalid" calls passed across by SMC. A RAR has been raised to recruit additional resource.
- The responsibility for the management of HSH and SMC within OSD has moved to Multi-National Operations. MNO are experienced in helpdesk operations and HSH should benefit. Doubts, however, remain about the extent to which the full range of SMC's operation will benefit. A review has been held with MNO management and areas of concern reiterated – a further get-well plan has been promised. The OTI link between PowerHelp and PinICL remains problematic. A new OTI is forecast but precise plans are not yet forthcoming from OSD. The matter has been escalated to the OSD Service Manager.
- A meeting has been held involving Development and A&TC to push forward A&TC proposals for the take-on of Host Applications support in the medium to long term. Out-of-hours support for APS is not in place within A&TC. A further response from Terry Anderson is due early October.
- The SSC disaster recovery PCs have been delivered to FEL01 and a successful pilot access has been achieved.

METRICS.

	<u>August</u>	<u>September</u>
• Total Calls raised through SSC	536	815
• Total Calls closed through SSC	529	737

OPERATIONAL TEST TEAM

- There has been constant pressure on OTT during the month, especially in relation to handling the fixes related to Acceptance Incidents.
- Additionally, OTT staff have undertaken OBCS bar-code scanning exercises with POCL in connection with Acceptance Incident 369 – this has involved visits to a number of Post Offices in the Northeast. No issues with Horizon equipment were noted.

ICL Pathway

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- The number of CSR changes (including PinICL fixes and CPs) remains very high and priorities for testing and release have to be assessed. The key criteria are AI-related, operational need or Y2K. A detailed testing and release schedule covering the short term CSR changes in the pipeline has been published.
- SMC's performance in catching up on delivering outstanding fixes to newly-installed counters and to replacement counters is unsatisfactory and this is likely to cause problems during the Acceptance monitoring period. Proposals are therefore being worked on to install all fixes to such counters at the time of their installation/replacement.

INFRASTRUCTURE SERVICES**BUSINESS PROCESS ENGINEERING**

- Joint Pathway/POCL Service Management Frameworks and Generic Processes progressing to plan. Incident Management, Problem Management, Business Continuity Management, Change Management and Generic Service Management Process Definition draft documents circulated within POCL and Pathway for comment. No adverse comments received.
- A new process issue, HSH Call Coding, is being progressed. Two workshops have held. Pathway and OSD are working together to identify the best process for defining, communicating and managing changes to call coding.

MANAGEMENT SUPPORT**BUSINESS / RECONCILIATION INCIDENT MANAGEMENT**

- APS continues to reconcile daily.
- We are receiving EPOSS incidents directly from POCL TP and are managing to resolve all in an acceptable time scale (RED report within 48 hours). The first incident review of CSR is scheduled for 15/10 where we will clear up any remaining confusion over the RED reporting process.
- The expansion of the live estate has meant that the number of outlets not returning transaction details to TP, due to ISDN problems or simply that the terminal is powered down, has increased. This is becoming a job in itself to track and resolve. We are obliged under the rectification plan for AI376 to raise an incident on each office that hasn't polled. This is time consuming and probably pointless for those offices only down for 24 hours. Richard Brunskill is due to talk to the customer (with the Requirements team) to try and find a more efficient way of tackling this problem.

MANAGEMENT INFORMATION:

- A very busy month in the incident management and MIS areas. We have been dealing with a large number of 'non polled' Post Offices as the live estate has rolled out, causing a bottleneck of incidents which we are only now beginning to clear. As more offices have become live, the demands on the MIS team have increased, as there is a need to monitor the performance of the system for the acceptance rectification plan. There has also been a significant amount of time spent re-working SLAs to portray the accurate values for the SRB.
- AI298: Monitoring work is taking place for AI298. Martin Johnston is running with this in close co-operation with POCL. This is a time consuming job that takes up Martin's entire day although I believe we have now developed a 'system' that is consistent and accurate. We are now monitoring a base of 750 offices.

DESKTOP I.T.

- WP2000 rollout has been suspended – no ICL Group budgets available.
- Y2K audits have taken place in BRA01, KID01 and FEL01. FEL01 is now being made compliant. All users will be on MS Office 97 and using either MS Outlook 97 or 98. This project is expected to finish at the end of October.
- As users migrate to MS Exchange Tim Patteson is assisting in closing down the users' TeamOffice mailboxes. It is expected that TeamOffice will be switched off at the beginning of December.

STRATEGIC SERVICES:

- OSD is now on Corporate Red Alert. The Red Alert will enable them to ensure they have the correct levels of resource and support in place to deliver ICL Pathway's contracted level of service to POCL – specifically over the 6 week monitoring period.
- The performance of delivering reference data is cause for concern. The impact of reference data failure has been evident over the past two weeks where recent failures have had a major impact at the Post Office counter. Given an estate of 20,000 Post Office outlets any reference data failure will cause enormous problems for the postmaster, the HSH and support teams. The end-to-end reference data system needs to be fault tolerant – at present it is not.
- Good progress has been made this month with regard to cash account scripts. The latest review was held with POCL last week. Clear targets have been agreed established for the completion of the scripts, which will enable us to finalise the baseline. Script use will be closely monitored by POCL and there will be an on-site audit of script use by the HSH on 13/14 October.



Quality & Risk Report

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Quality & Risk Report

MONTHLY SUMMARY

- Security Acceptance incident. The rectification plan was agreed and actions are on schedule.
- Security. An approach for Penetration testing needs to be developed. The continued lack of an agreed implementation of anti virus software for the system is an ever increasing risk.
- Risk Management. The Predict! Tool implementation continues; processes and reporting are being developed. A business risk analysis has identified and quantified 5 risk scenarios against the business case.
- Quality. Audits of Post Office installations have highlighted the poor site preparation quality of WTplc. These will continue on a sample basis to provide input into the process improvement exercise over the NRO break.
- Continuity planning. A Working Group has been established to address readiness of plans, in particular for Y2k, and test scenarios are being developed.
- Audit. The development audit is well underway; report is due by the end of October. Audit server issues with OSD are still not resolved. Customer Service and Implementation audits are being followed up.
- Release Management. A project manager to implement the process has still not been appointed.
- Y2k compliance. The major risk now is the level of change to be introduced to the system over the millenium period and Pathway's plans to mitigate risk.
- Mobilising Knowledge. The opportunity to transfer knowledge, experience from Pathway into other parts of ICL is being considered. The Customs and Excise PFI will be used as a trial.

PROGRESS

RISK MANAGEMENT

- Programme risks. Risk identification workshops with Development Directorate have continued and are scheduled to complete during October. Quantification and reporting within the Directorate have been agreed. Implementation risks have been entered into the Predict! Tool. The Risk Management Process is being modified. Bugs in the tool are being addressed.
- In conjunction with revision of the business plan, a business risk scenario analysis has been conducted, which identified and quantified 5 high level risks:
 - A 3 month delay to NRO
 - Further slip to CSR+
 - Instability of EPOSS code

- Inability to maintain the roll out beat rate
- Operational costs higher than currently budgeted

SYSTEM SECURITY

GENERAL

- AI391. Site security improvements at Bootle and Wigan have been agreed with A&L. The rectification plan was agreed with Horizon and the first major milestone has been met.
- Masons have produced an analysis of the implication for Pathway, POCL and the DSS of the new Data Protection Act 1998. The analysis has been reviewed with ICL Group Legal & Commercial and the picture remains unclear. It is important that the three parties engage soon to establish each group's status under the Act: Data Controller, Data Processor or None. Slaughter & May's interpretation of the Act is at odds with that of Masons.

CSR

- A threat assessment has begun to identify the business risks that may be introduced by the inauguration of the RollOut DataBase Replication Server.
- A continuity plan for the security administration workstations is in first draft.

CSR+

- Review of KMS development programme. This identified additional requirement for definition of crypto processes for CSR and CSR+. This amounts to about 6 man of A&TC work and a CP is being raised.
- Technical Penetration testing. A meeting is planned before the end of October to agree an approach with Horizon.

QUALITY

- A programme of audits of the installation of Post Offices is underway, reporting ongoing to Implementation. The main issues remain with WTPlc performance. Issues are also being identified with the time to fix errors and responsiveness and knowledge of the Exel Help Desk.
- Disaster Recovery plans. SMH plans continue to be progressed. LDRPS software has been purchased and training of QRM staff in hand.
- Business Continuity Working group has been set up to ensure that plans are co-ordinated and completed. The target of end 1999 is being used as a driver, and Y2k scenarios are being developed to test the plans.

AUDIT

- Internal audits:

- Implementation Audit. Agreement of the Corrective Action Plan is being progressed.
- Customer Services Audit. CAP progress is being reviewed.
- CSR+ development audit. A very broad range of interviews has been conducted. Initial findings suggest that there have been improvements, but are variable. A draft report is scheduled for w/e 15/10/99.
- POCL continue to attempt to get fraud investigation data from the audit route. This is not a contractual requirement and is being resisted.
- Requests for data from SSC continue. This is potential use of audit data, and it is time consuming, requiring the 'building' of a correspondence server for each request.
- Commercial Audit Trail. The process for invoicing POCL, determining and recovering penalties is being discussed. The RODB data is being proposed for evidence that Pathway has achieved milestones. Penalty / remedy payment calculations are dispersed and need to be collated.
- There are still significant issues with issues with operating the audit solution, which OSD appear unable to address or resolve. This is being escalated.

YEAR 2000 CONFORMANCE

- Contingency Plans are being progressed. The major gap is now in Development.
- The major remaining issue is the planned amount of change to the end of 1999. This gives rise to considerable concern as to the likely stability, in particular at the outlets. SIP16/C12 has slipped to December for roll out to counters, and EPOSS reconciliation amendments will be introduced no later than 31/12/99. This requires high level of assurance of the software changes and of the distribution capability. The latter is vulnerable to defects in our systems, inappropriate actions in outlets (eg switching off pc's) and failures in the national infrastructure. We must ensure that a high level of support readiness is in place over the Millenium period.

GENERAL

- Mobilising Knowledge. Initial contact has been made with Elizabeth Lank, to explore the opportunity to transfer knowledge, experience from Pathway into other parts of ICL. The Customs and Excise PFI will be used as a trial.

CURRENT CRITICAL PROBLEMS

- System changes to be introduced over the Christmas period and support readiness.

ISSUES

- There is still no agreed implementation of anti virus software in the live estate.

- We are still dogged with workstation build problems – the SecurID Administration workstation has been out of service since 20th September.
- DQAs of installations have highlighted the poor site preparation quality of WT plc.
- Audit server issues with OSD
- Release Management. A project manager to implement the process has still not been appointed.
- Ensuring the overall business continuity plan for Pathway provides adequate mitigation against risks, in particular Y2k.

Business Development Report



Business Development Report**SUMMARY**

- A number of Horizon business development opportunities are emerging, however the key focus over the next few months has to be putting in place a manageable and effective way of working with the Post Office. There is no agreement within the Post Office Network team as to how they wish to work with us. We are actively facilitating discussions with the various parties to improve the situation.
- The contribution to the business plan is being worked on currently. Emphasis on safeguarding identified revenue and avoiding penalties and on identification of real opportunities to improve the bottom line.
- The latest Post Office organisation charts are now being finalised and put onto our network for access by all staff. We are in the process of developing an executive relationship plan that will involve all directors. The first version will be presented to the management team on 17th October.
- We have just received a letter of intent from Deutsche Post. This is good news and although the maximum value is £200k, this should lead to much higher spend by them over the coming years. This is also the first example of business from international based on the revised approach of selling high value consultancy rather than trying to play in the product arena.
- We have started discussions with Post Office Network regarding the development of a single Help Desk to handle all first line calls from offices. This would be run by Post Office and have obvious impacts on both our HSH help desk and SLA's. We have involved Kainos in this work as they have core skills in this area. Again, we will undertake some scoping work with a view that any future work will be on a chargeable basis.
- PITCOM are due to visit ICL Pathway later on 26th October. Post Office have been alerted to this and invited to attend.
- We are about to embark on another round of post office visits. The main aim is to get feedback direct from office managers and to maintain high level contact with the territories.

PROGRESS**BUSINESS DEVELOPMENT:**

- DVLA: We have presented Horizon to the Post Office's client director for DVLA. This was very well received causing him to consider a number of ideas for exploitation of the system. This should also help position ICL to be a partner with Post Office for the DVLA re-bid. It will also lead to a number of re-engineering opportunities being fed through the Post Office network team for fulfilment by ICL Pathway.

- AP Client Migration: Post Office Network Banking client managers are starting to take ownership of this activity. We have created a slide set and a script for them to use and this was presented to them in a recent visit to Feltham. They used this for a team meeting as well as the Pathway input session. This is a formula that we can re-use with other teams. The approach with the AP client teams is to ensure that they are selling the generic technical interface rather than accepting the specifics of the client requirements which historically they have been doing, thus leading to multiple different interfaces and consequent re-work.
 - The initial Network/Pathway meeting to discuss service development was cancelled by PON as they have not yet agreed internally how they wish to:
 - Manage requirements capture and prioritise them within the business and
 - Manage future activities with Pathway.
 - Discussions continue to re-arrange.
-

MARKETING COMMUNICATIONS:

- Internal Communications in ICL Pathway
 - Acceptance was communicated within ICL Pathway and ICL; this involved a number of audiences – EMC, SMT (ICL Pathway), ICL Pathway staff, ICL staff via CASCADE, CafeVIK and an article in MSMS.
 - National roll-out communication is now a priority. We must ensure our own staff and the wider ICL community understand the size of the task that is being achieved.
 - Another dress down day has been held – always a successful staff motivator as well as a valuable contribution to charity.

EXTERNAL COMMUNICATION

- Marcomms support and future planning is being provided to the Post Office Virtual Account Team. Work includes the design and build of an Intranet such that information is captured, shared, distributed and co-ordinated and that messages are consistent.
- Chrissie Kennedy has attended a number of ICL Marketing meetings in order to grow ICL Pathways reputation and to keep in touch with ICL corporate comms. teams.

POCL COMMUNICATIONS.

- POCL review meetings are on going – pleasant but fruitless, although we hope to be involved in the Horizon relaunch activities.

- NFSP Exhibition takes places 9th & 10th October at the NEC. ICL Pathway does not have a stand at this event on the request of the Post Office. We do however, have an Horizon demonstration plus presenter on the Post Office stand. KnowledgePool is supplying this, and an invoice is in the post to the Post Office to cover this cost.

GOVERNMENT COMMUNICATIONS

- PITCOM invitations have been sent. To date approx. 15 favourable replies have been received. Date is 26th October, FEL01.

MARKETING COMMUNICATION TEAM

- Work is being done on the function, staff and responsibilities of the Marketing Communication team. I do not intend to replace Anna in the short term, rather split the activities between Chrissie & Stacey with my support and the support of Group comms.

FUJITSU TEAM:

- Greg continues to do sterling work with the FJ team both socially and work related.

INTERNATIONAL:

- Deutsche Post have given a letter of intent for consultancy work. This work, in the first instance, will be undertaken by Alan Ward and his team. The first task will be in the area of security.
- Portugal Post (CTT) wish to spend two days with us later in October. Their prime interest is to identify areas of skill and experience where we can help them, much similar to Deutsche Post. Although CTT will use Siemens as their prime SI, there exists an opportunity for profitable low risk revenue over the life of their contract.
- The Namibia Post implementation continues to progress well. The change of focus to limiting our exposure while still delivering a working solution is proving successful. ICL Namibia will provide the on-going support of the system with back-up from Pathway if needed.

CRITICAL PROBLEMS

- None

Implementation Report



Implementation Report

MONTHLY SUMMARY

- All Implementation programme milestones were achieved during the reporting period and the project remains on target to achieve the first rollout programme milestone (1600 live outlets by 5th November).
- Satisfactory progress is being made on the only Implementation-related Acceptance Incident resolution plan (218), and activities are on track to complete on schedule. Work to implement the rollout implications of the Second Supplemental Agreement and the associated CCN 561, is on track and making good progress.
- Particular concerns within Implementation this reporting period are the level of issues on installation day requiring attention to ensure installations are achieved. This is taking a considerable amount of effort and unless the causes are addressed this will result in the need for additional staff. Action is currently being taken to resolve the causes. Another particular concern is in the level of training scheduling failures, which has arisen through the need for a more capable training scheduling system. Further details on these issues are included later in this report.

PROGRESS

- Recruitment against the agreed Implementation headcount profile remains on track. Only one position remains to be filled – Financial Assistant to the Financial Controller. Three additional temporary staff were recruited during the reporting period to cope with the current high level of issues being experienced at the front end of the installation programme. This includes a Project Leader in IP2 region for one month and two help desk operatives for a period of two months only (see Issues section for more information).
- The infrastructure programme, preparing outlets for installation, continues to make good progress and all outlets currently entering the programme are being sourced from outlets released from suspension. In terms of the quantity of outlets completing the infrastructure programme, good progress is being made although the level of infrastructure issues being experienced in the installation programme is a concern (see Issues).

**Implementation
Monthly Report**Ref: PA/REP/042
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Date: 21/10/99

- National Rollout installations are making very good progress with almost 800 outlets live as of Friday 8th October 1999. The project remains on target to achieve the programme milestone of 1600 outlets by 5th November 1999. The level of suspensions and aborts from the installation programme has now fallen to the predicted level, despite initial high levels. The installation programme and achievement of the first National Rollout programme milestone remains the highest priority for Implementation. Contingency measures to ensure achievement of these milestones are working well and have proved invaluable.
- Progress has been made on implementing the rollout aspects of the Second Supplemental Agreement and the associated CCN 561. A workshop to agree amendments to rollout processes for CCN 561 was held on Tuesday 5th October. A capping proposal for National Rollout has been forwarded to POCL and a second workshop is planned for 20th October 1999.
- Implementation has continued to make progress on the resolution plan for Acceptance Incident 218. The main element of the resolution plan is the Pre-Entry Event. This has now been fully specified and a dry run has been performed for POCL and has been given their approval. AI218 resolution plan remains on track to complete within the allocated time scale.
- The concern with Workplace Technologies quality of continues although improvements are being made slowly.

IMPLEMENTATION STATISTICS (TO 8TH OCTOBER 1999)

<u>Activity</u>	<u>Cumulative</u>
INFRASTRUCTURE PROGRAMME	
RGM letters issued	17395
Site surveys undertaken	15794
Site re-surveys required	6164

ICL Pathway

**Implementation
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Site re-surveys undertaken	5620
Site modifications done	3959
Site preparations done	8533
Sites RFI	7570
INSTALLATION PROGRAMME	
ISDN lines installed	1628
Sites installed	785
Sites migrated and Live	779
Counters Live	1772

CURRENT CRITICAL PROBLEMS

- One critical concern persists from last month. It relates to the number of sites reported by Workplace Technologies (WT) as "Ready For Installation" which may still be incomplete despite their reported status.
- WT continued, throughout September, to make progress against the action plan imposed on them by Pathway in June, however progress was still slow. WT were acquired by NTL during October and an introductory meeting has been held with the Parent Company to appraise them of the concerns relating to this sub-contract. NTL have been requested to commit to a number of demands in order to put WT's sub-contract responsibilities back on track. POCL have recently indicated their awareness of issues in the completeness of infrastructure activity in a letter to the Implementation team. It is anticipated that this concern can be managed and that sufficient contingency actions are in place to ensure the POCL concerns can be addressed.

- The level of issues requiring attention at individual sites during installation to ensure installation is completed is currently concerning and is putting a considerable strain on the regional implementation teams and the rollout helpdesk. In IP2 region, which is currently operating at full beat rate compared to the three lesser stressed regions, an additional temporary Programme Manager has been recruited from within A and TC in order to cope with the current level of issues. It is anticipated that, by addressing the causes of these issues, this resource can be released after the 1999 rollout completes on 5th November 1999. If these causes are not addressed and the current level of issues persists when all regions move to full beat rate next year, then additional resources will be required in each region. A programme of activity to address and reduce the causes of these issues is currently being planned for the Christmas break between November and January.
- There is currently a serious issue relating to the scheduling of training events within the Implementation programme. The training scheduling system of Pathway's training sub-contractor, Knowledgepool, has been struggling to cope during the early part of national rollout, although a planned system replacement was imminent. During September the training scheduling system crashed resulting in a loss of data and some data corruption. The new system was introduced over the weekend 2/3 October, with some teething troubles. Recent training scheduling failures (late training invites or no training prior to installation in a small number of cases) were caused from the data loss and data corruption of the original system. Manual checks have been implemented to minimise further disruption and the benefits of the superior replacement system will be available for future training scheduling, although the main benefits will only be seen after the Xmas break.

ISSUES

- (Including progress on issues reported last month)
- Although good progress has been made in the installation programme, and the rate of dropout from this programme has now settled to the levels predicted, there is a significant number of issues at installation sites occurring on a daily basis. Of particular concern are failures in the scheduling of training, the volume of ISDN line faults not being discovered until installation day and discrepancies in the quantity of counters to be installed at individual outlets. In each of these cases action has been taken to resolve the cause of the issues and temporary action has been taken to alleviate the level of issues until the causes have been fully resolved.

**Implementation
Monthly Report**Ref: PA/REP/042
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Date: 21/10/99

- POCL's release of suspended outlets into the Infrastructure programme has continued and has further eased pressure on the scheduling for the infrastructure phase. However there is still a need to continue this release in both introductions to infrastructure, and outlets in process.
- The Rollout database still has a number of software bugs in the current live version 2.5. Progress is being made with these issues although this has been delayed due to acceptance resolution priorities. With a large amount of issues outstanding and the imminent implementation of the Pearce software release and the Secure Managed Environment, considerable work is still required to ensure deficiencies in the RODB capability do not impact the installation programme. A considerable amount of manual effort has been required to manage the RODB data integrity whilst software bugs are resolved and planned releases become available.
- Progress on reducing the backlog of outstanding calls logged at the rollout help desk has been hindered this period by the high level of issues reporting during the initial weeks of national rollout. Two temporary staff have been recruited to assist in reducing the backlog of calls.
- With the trolley solution design having been agreed with POCL, site surveys for trolley sites have commenced and installation planning for these sites is now underway.
- Following the delays to installation of Powerhelp help desk systems with Implementation suppliers and regional teams, considerable progress has been made in this reporting period. All Implementation service providers now have Powerhelp systems installed and have received appropriate training. The final parties to receive Powerhelp will be Pathway regional teams and their installations will be completed during October.
- Progress has been made in determining the design solution for non-ISDN sites and mobile system sites. The communications solution for non-ISDN sites is likely to change from frame relay to satellite, subject to conclusive feasibility analysis. The solution for mobile system sites is likely to be a bespoke system build by Celestica, again subject to conclusive feasibility analysis.

COSTS

- A number of negotiations with sub-contractors require completion, to reflect changes to the project following the signing of the Second Supplemental Agreement and the associated CCNs. These include:

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- Knowledgepool Inclusion of Pre-entry event and improvements required within AI218 acceptance resolution plan and changes to training requirements incurred as a consequence of revisions to the rollout profile for the Christmas '99 period.
- Celestica Changes to build requirements incurred as a consequence of revisions to the rollout profile for the Christmas '99 period, changes to the software build plans and adjusting Celestica build plans for the installation programme tail in 2001.
- Exel Revisions to the installation programme over the Christmas '99 period and adjustments to the installation plans during the tail in 2001.
- Timetables for concluding these negotiations are in place such that all are complete by the end of December.
- A baseline budget cost for the Implementation project was presented at the business monthly financial review on 13th October. The baseline figure of £203.3M will be the project's target cost within which the budget will be managed (Implementation).



Organisation & Personnel Report

Organisation & Personnel Report

MONTHLY SUMMARY

- Recruitment activity was still at a high level, both to fill the remaining vacancies within Implementation, to deal with specific skill shortages within Development and to replace leavers. There was a strong emphasis on reducing the cost base by replacing Freelancers with ICL employees and by working with A&TC to ensure that wherever possible vacancies are filled by A&TC people.

PROGRESS

- Appointments in July:

External Recruits	6
Transfers	0
A&TC	10
Linkwise	1
Freelance	1
Temporary	3
Total:	21
- Known joiners:

External Recruits	4
Transfers	3
A&TC	0
Linkwise	1
Freelance	1
Total:	9
- Offers outstanding:

External Recruits	0
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- Leavers in September:

Permanent	1
Freelance	3
Temporary	1
Transfers	3
Total:	8

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- The number of authorised vacancies, 15 in total, confirmed at month end is relatively low in comparison to previous months. Of these, only 2 are new positions. The rest are replacements for leavers.
- A key success is having filled eight outstanding vacancies within Implementation in the month.
- Objectives for Professional Variable Pay were still not returned by managers as quickly as required and therefore the personnel department spent time progress chasing to ensure that the objective of 100% compliance is reached. Directors and managers are supplied with regular reports to help them monitor their progress towards this objective.
- Significant progress has been made in holding down costs by tight control of rate increases to freelancers whose contracts are up for renewal. In general managers have held a zero increase position. Where increases have been needed to retain key people, we have in three cases been able to negotiate rates that are significantly below the market rate.
- We are working closely with A&TC to replace Freelancers with ICL employees and are starting to have some success. However, in the month we still had to extend more freelancers than we were able to replace with people from A&TC. We have taken a number of actions which will hopefully improve our success in this area:
 - We have emphasised to our managers the importance of a swift response to CV's sent to them by A&TC. Suitable candidates are in demand across the company and we have to move quickly to secure them.
 - We have improved the screening of candidates by A&TC to ensure that managers only see candidates with the right skills.
 - We have emphasised to managers that they cannot expect a 100% skills match in all cases and they should expect a period of induction training before an individual is upto speed. A sensible handover period between an outgoing freelancer and an incoming A&TC employee is allowable so that this can take place.
- There has been a significant increase in the numbers of employees required to work non-standard hours. This includes shift work and on call arrangements to provide support. The staff concerned are being paid the appropriate allowances.
- The transfer of the Freelancers supplied to us via Enterprise Systems was completed successfully with no major problems. This group of people are now supplied directly to ICL Pathway by ITCS with a consequent cost saving to the project.
- The move of the Implementation team was successfully completed. The next step is the clearing and re-desking of the remainder of D-block and work is in hand to complete this.

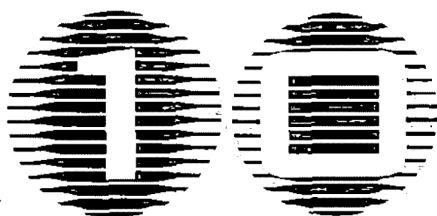
ICL Pathway

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- As ICL Pathway's involvement in the Namibian contract draws to a close, the employees working on it are being progressively transferred into other parts of the company. Three transferred in September.

ISSUES

- A large number of our skill requirements are for testers and this is not a community represented within A&TC to any significant degree. This limits the ability of A&TC to supply ICL Pathway with employees with the right skills in this area so that freelancers can be replaced. To remedy this situation, which has wider implications than purely for ICL Pathway, it is necessary for a cost/benefit analysis to be undertaken to decide whether the creation of a pool of people with these skills would be worthwhile. As a first step ICL Pathway will initiate discussions with A&TC.



Post Office Client Report

ICL Pathway

**The Post Office - Client Director's
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The Post Office - Client Director's Report

MONTHLY SUMMARY

- The SMPP contract has been signed, initial order value £500k, with potential to deliver £5m over 3 years.

SERVICE MANAGEMENT PRODUCTIVITY PROGRAMME

- This contract was signed by A+TC with PO on 1st October, with the initial order for design of the Royal Mail East Anglia network management worth an estimated £500k. This follows an 18-month sales campaign involving two sets of ITT and the usual presentations, reference visits and negotiations. Competition for this final phase was IBM and DMR. Good work by Chris Mitchell A+TC sales and Tony Gale, Chief Architect.

MODERN GOVERNMENT

- The general pace of development across government remains painfully slow and Post Office are buried in the implications of setting up the new business units: Government Gateway does not appear to be a priority.

COMMERCE

- Following a series of meetings with Electronic Services Business Unit, run by Jim Pang, and Graham Marriner in PORG, we are working with EBS to develop a case for PO moving ahead with ICL.

CORPORATE CLIENTS

- Following my meeting with Ken Wright, MD Corporate Clients, we have had two meetings with the PO Client Director for DVLA, facilitating discussions with Anne Ware ICL Client Director for DETR, regarding the current Vehicle Inspectorate (MoT) bid and the future rebid of DVLA.

KNOWLEDGE CLUB

- I have arranged for Post office to join Elizabeth Lank's new ICL-led "Knowledge Club: A Consortium of Companies Intending to Thrive in the Knowledge Society." First meeting held Oct 6th.
- Other founder members are:
- Bank of Scotland

- Centrica
- Department of Trade and Industry
- ICL
- Kingfisher
- Leeds City Council

CURRENT CONTRACTS - TECHNICAL RESOURCES SUPPLY/ ICL ONSITE CONTRACT

- The troublesome Onsite contract will, by agreement with the Post Office, be wound down in its current form as it is not delivering what either party expected.
- The Technical Resources (bodyshop) contract continues successfully with revenues now increasing. Government Division have, with our encouragement, submitted new pricing based on higher rates for ICL professional consultancy and project management - these have been accepted.

NEW BID - HELP DESK

- From a long list of eleven suppliers we expect to be shortlisted for the ITT, now due for issue 7 Nov (one month slip). It has taken substantial effort from John Bell to get OSD to treat this professionally. Competition expected from IBM, Andersens, Sema, PwC, Dun & Bradstreet.

1999 BUSINESS

- MC business has held up well, but will be severely impacted from now until February by PO's Year2000 moratorium. In September Pathway delivered a substantial profit (but Sep figures not yet available).
- Latest available figures April-August 1999:

ICL Pathway

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<u>DIV</u>	<u>REV</u>	<u>GM</u>
MC	8,291k	877k
Govt	926k	133k
OSD	331k	258k
Pathway	<u>1,541k</u>	<u>49k</u>
TOTALS	11,090k	1,317k

COST DOWN

- No change.