ICL Pathway
Bringing
Technology
to Post Office
Counters &
Benefit Payments
January 1998

Monthly
Progress
Report

POH-381D

ICL

ICL Pathway	**Pathway Programme Monthly Report**	Ref: PA\REP\022
		Version: 1.0
		Date: 16/02/98

Document Title: Pathway Monthly Report - January 1998

Associated Documents:

	Reference	Vers	Date	Title	Source
[1]	PM/PRO/0002	1.0	26/09/96	Pathway Programme - Project Planning, Reporting and Control	

Approval Authorities:

Name	Position	Signature	Date
J. H. Bennett	Managing Director		

ICL Pathway Monthly Report

Contents:
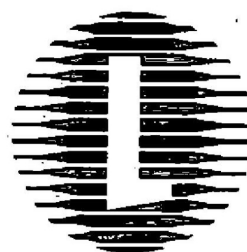
ICL Pathway	Pathway Programme Monthly Report	Ref: PA\REP\022
		Version: 1.0
	Managing Directors Summary	Date: 16/02/98

Managing Directors Summary

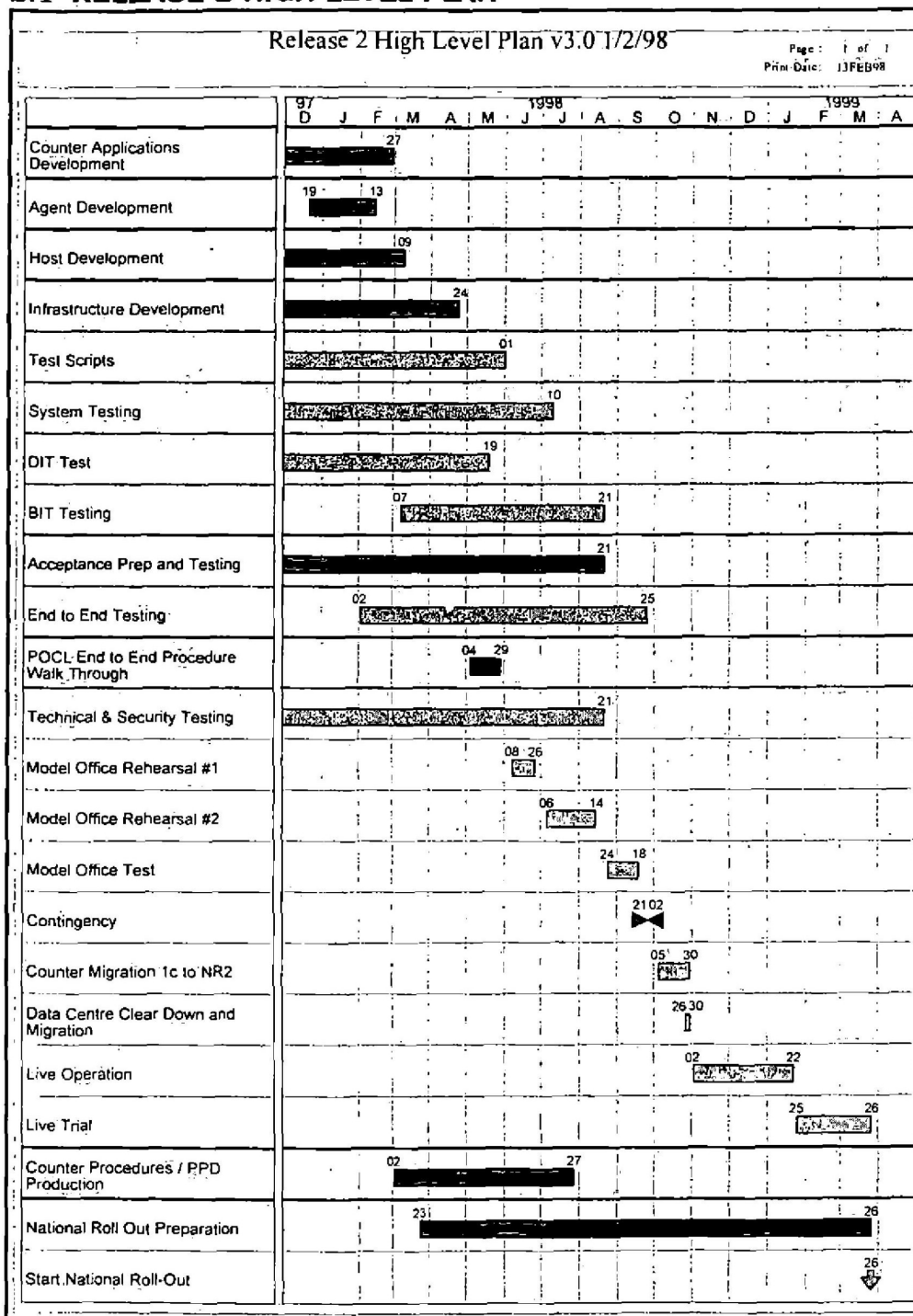# 1. MANAGING DIRECTORS SUMMARY

- Substantial progress has been made with Release 1c over the last four weeks with a large number of major operational issues successfully fixed. This system is now much more operationally easy to use by the counter staff and this should help considerably. There remains some tricky backend system improvements to be made in the area of reconciliation and this does point rather disappointingly to some poor quality software from Oracle which still has bugs and fixes to be applied.

- Planning work NR2 has moved forward vigorously and we now have a new high level plan with all the key handshake milestones with BA and POCL/PDA all properly included and agreed. This has required extensive collective workshops and a more co-operative style of working is beginning to emerge, particularly when the dialogue is direct to BA or POCL. NR2 ready for live use remains on target for the 5th October although two of the six weeks built in contingency have now been released.

- Alongside NR2 planning and development, good progress has been made on the key tasks for implementation. This is a 39 week process to prepare the physical state of the Post Offices and we have now reached agreement in principle to building up a stock of 3,000 "ready to go" Post Offices before national rollout begins. This will mean active work on the ground starting next month. Now surprisingly, this has forced into the open the vexed question of who pays for the poor state of the post office counter estate. We need a good argument to get this fixed.

- An active month on the marketing front with the demonstration suite being used heavily to promote our capabilities. We have seen over 8 clients and international visitors and three further external presentations carried out, including to the DTI and the Inland Revenue. It is coming sadly clear that we cannot rely on POCL to market and sell the Horizon system to their existing clients or potential new clients and we have to fill the vacuum. More of this will be necessary and fresh thinking is being given to how we move to a stronger basis for this.

- An extensive month of lobbying has taken place to promote the strength of ICL Pathway and the Horizon programme for government use today and in the future. This is reported elsewhere in more detail.

- A Post Office Group opportunity to mount major call centres has been pursued through our Client Director Post Office activity and this has led to ICL being on a final short list of two for substantial business this year and next. This is entirely outside the Pathway contract as such and is the first signs of finding new streams of business for ICL at large across this major client.

- Press activity continues with both Government Computing and Computer Weekly collecting their facts for another major onslaught. So far the collective press offices have maintained a consistent line which has made it difficult for a big story to be constructed. However, there are chinks and in particular Government Computing are getting quite hostile.

ICL Pathway	Pathway Programme Monthly Report	Ref:	PA\REP\022
	Managing Directors Summary	Version:	1.0
		Date:	16/02/98

2. PROGRESS

2.1 RELEASE 2 HIGH LEVEL PLAN

Release 2 High Level Plan v3.0 1/2/98

	97 D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A
Counter Applications Development			27														
Agent Development	19		13														
Host Development				09													
Infrastructure Development					24												
Test Scripts						01											
System Testing							10										
DIT Test						19											
BIT Testing			07					21									
Acceptance Prep and Testing								21									
End to End Testing		02							25								
POCL End to End Procedure Walk Through					04 29												
Technical & Security Testing								21									
Model Office Rehearsal #1						08 26											
Model Office Rehearsal #2							06 14										
Model Office Test								24 18									
Contingency									21 02								
Counter Migration 1c to NR2									05 30								
Data Centre Clear Down and Migration									26 30								
Live Operation										02		22					
Live Trial													25		26		
Counter Procedures / PPD Production		02					27										
National Roll Out Preparation			23											26			
Start National Roll-Out															26		

2.2 GENERAL

- The release of new payment cards on Release 1c is stepping up quickly now with over 16,000 currently issued and approximately half of these now in active use. This has triggered of a lot more calls to the Help Desks and is therefore a good test of our complete system. We still have issues with reconciliation and the data warehouse which affects the backend systems and our interfaces into CAPS and POCL. Probably the most important area for joint investigation is how the Pathway CAPS interface is used in live service. This is not a surprising area but one where rapid and professional activitiy and progress is essential. Working relationships with CAPS on this are proving good.

- Feedback from the users and customers on Release 1c has been encouraging, particularly with the use of the Help Desks and the Systems Service provided through CFM by ICL Sorbus. Satisfaction levels in the 90 percents are already being achieved.

- On NR2 good work has been done to flush out exactly how migration from 1c to NR2 can be carried out and this will be done by migrating the counter systems first following the 5th October release date, followed by a full conversion of the data centres by the 2nd November. This has been agreed with the sponsors. We continue to work to the sponsor timetable for live trial 25th January 1999 with national rollout end of March, but are looking at ways to inject more worthwhile activity on the basis that we can hold the 5th October date. This will require persistent management for several months.

- Configuration management has moved on with successful implementation of PCMS which is already delivering benefit. A critical issue which needs careful watching is the level of change control still being applied to NR2. There are still too many change proposals coming through and a large part of these are internal.

- We still hope to get a POCL product into our NR2+ release targeted for Summer 1999 and the most likely candidate is their logistic feeder system, essential for better cash management.

- Support and help from across the Pathway teams is being given to the International Group for their bid at Deutsche Post. This is a fine balance with our key people doing sufficient to maintain a strong presence on the bid, but with minimal or manageable impact on the critical domestic programmes. This will be the nature of play for at least the next 12 months.

- Active work is now taking place on the Risk Management front looking at now just NR2 risks but also the beat rollout rate for implementation, how to cover resilience and recovery.

- The subject of audit is now high on the agenda and a lot of work is being put together to see how this requirement can be met. The critical issue, is the sheer volume of data and the need to take a pragmatic view as to what to save and what to dump.

- The Year 2000 programme actively moves forward involving all our service providers as well as injection into the test and integration activity for NR2 and a check on all our own IT systems.

- POCL will not be proceeding with the Pathway Bill Pay initiative and instead will extend their existing APT systems. In the final event the real system they want is that designed for NR2 which not surprisingly is only available at NR2.

- Internal work is going on rapidly to determine what a Social Banking proposition might look like and eventually to persuade POCL to follow our views. Considerably selling effort is still required here.

- Further opportunities for Post Office Group IT contracts include a major one stop shopping opportunity for TPLC which we are helping where we can and a forthcoming RFI for a Group wide Service Management contract. It is expected that CFM and The Solution Centre will be able to mount competitive bids using Pathway experience.
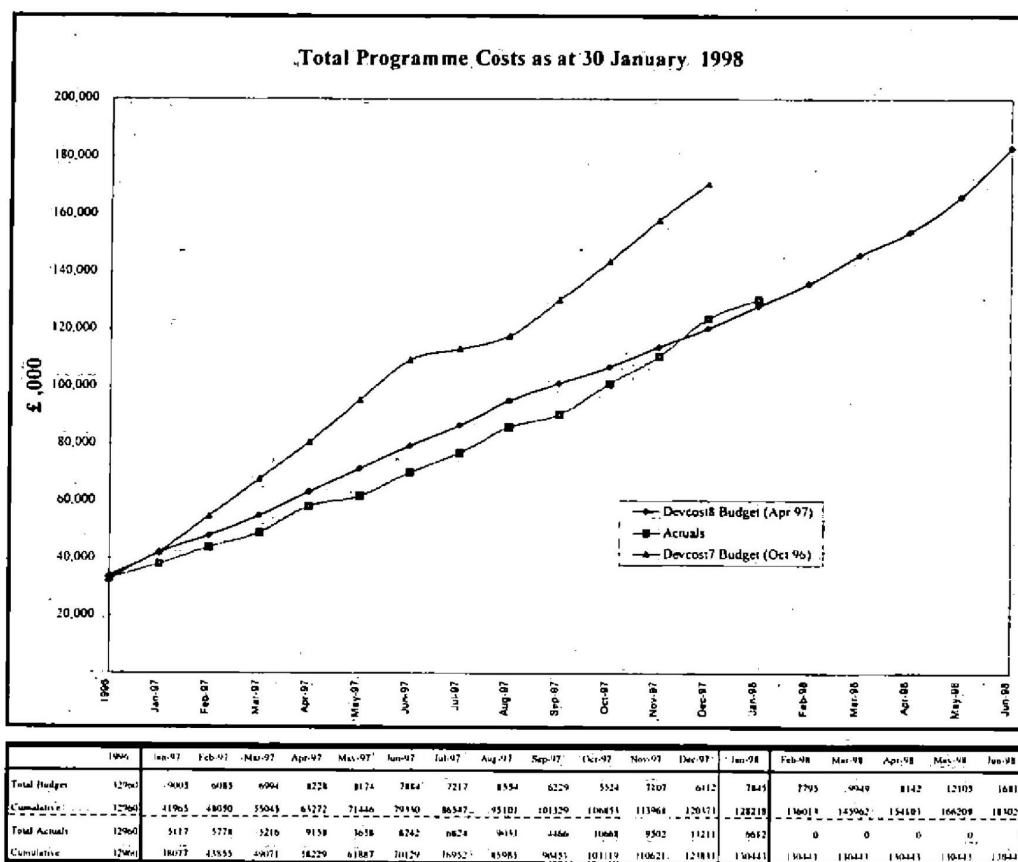
3. ISSUES

- The need to determine a release plan for NR2+ and Release 3 which can be implemented whilst National Rollout is in process, without causing delay.

- We need to find a stronger way of working with POCL to strengthen their approach to client management for both existing and new clients.

- Acceptance requires considerable work, yet 1c issues and NR2 planning continue to make demands on key individuals.

- Resolution on the poor physical state of the Post Office network requires a new commercial agreement.

- Work must complete in April to determine the validity of the Pathway Light solution.

- Achievement of the replanning work to establish the commercial viability of the BA/POCL Programme.

ICL Pathway	Pathway Programme Monthly Report	Ref: PA\REP\022
	Managing Directors Summary	Version: 1.0
		Date: 16/02/98

4. COSTS

4.1 TOTAL PROGRAMME COSTS

Total Programme Costs as at 30 January 1998

	1996	Jun-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98
Total Budget	12960	-9005	6985	6994	8228	8174	7884	7217	8354	6229	5524	7207	6112	7845	7795	9949	8142	12103	16813
Cumulative	12960	41965	48050	55045	63272	71446	79330	86547	95101	101329	106851	113961	120171	128218	136013	145962	154101	166209	183026
Total Actuals	12960	5117	5778	5216	9158	3658	8242	6828	9151	4466	10668	9502	11211	9652	0	0	0	0	
Cumulative	12960	18077	43855	49071	58229	61887	70129	76952	85983	90453	101119	110621	121811	130443	130443	130443	130443	130443	130443

ICL Pathway **Pathway Programme Monthly Report** Ref: PA\REP\022
Version: 1.0
Managing Directors Summary Date: 16/02/98
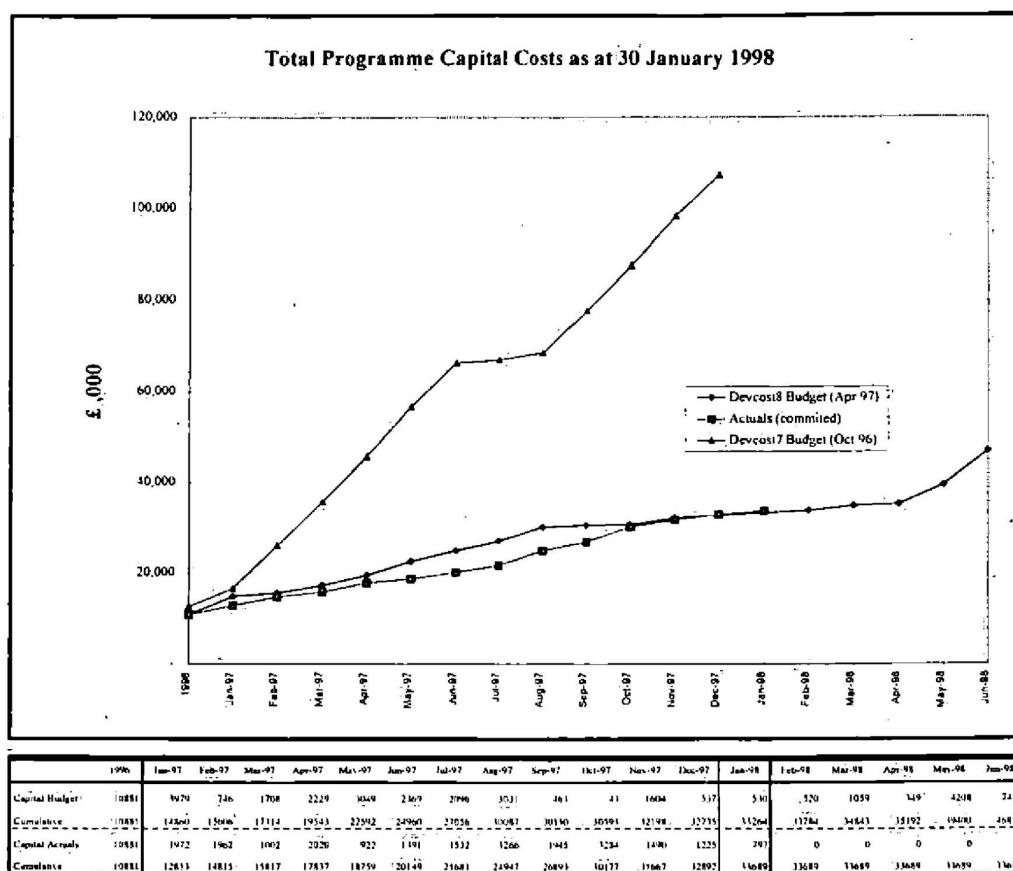
4.2 TOTAL PROGRAMME CURRENT COSTS
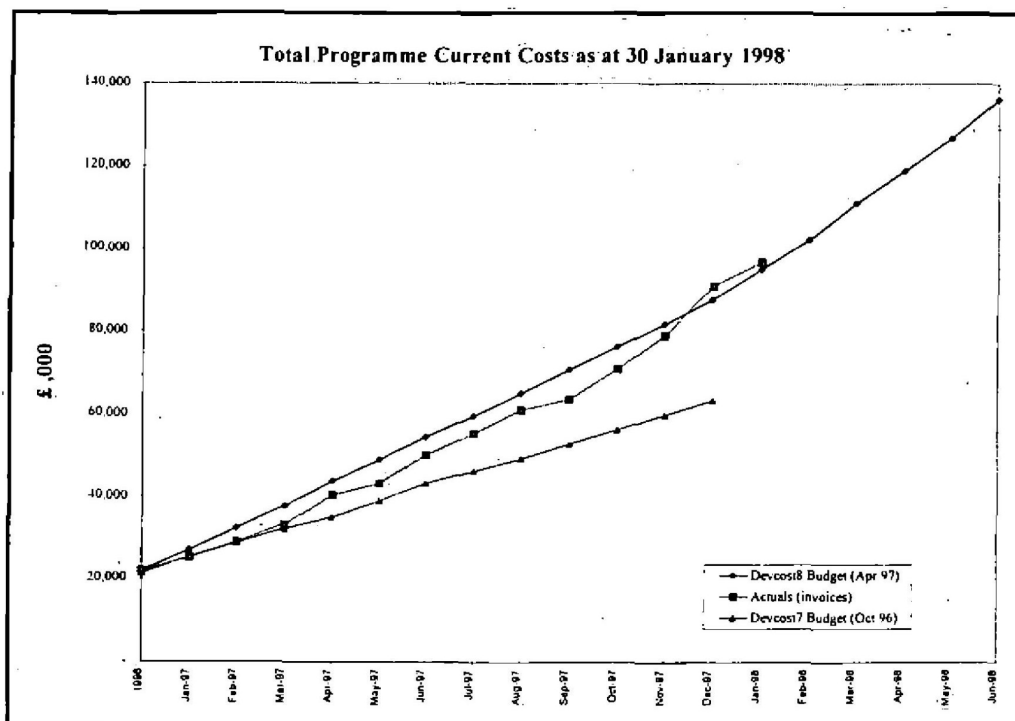
Total Programme Current Costs as at 30 January 1998

	1996	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98
Current Budget	22079	5026	5339	5286	5999	5125	5515	5121	3523	5766	5481	5503	5873	7315	7275	8899	7793	7897	9181
Cumulative	22079	27101	32444	37731	43729	48854	54369	59491	63013	70779	76260	81761	87619	94952	102229	111139	118911	126808	116189
Current Actuals	22079	3143	1816	4214	2138	2736	6851	5292	5767	2521	7384	8011	11986	5815	0	0	0	0	0
Cumulative	22079	25224	29040	33254	40192	41128	49979	55271	61038	63558	70942	78953	88939	96754	96754	96754	96754	96754	96711

ICL Pathway	**Pathway Programme Monthly Report**	Ref: PA\REP\022
	Managing Directors Summary	Version: 1.0
		Date: 16/02/98

4.3 TOTAL PROGRAMME CAPITAL COSTS

Total Programme Capital Costs as at 30 January 1998

£,000

Devcost8 Budget (Apr 97)
Actuals (commited)
Devcost7 Budget (Oct 96)

	1996	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98
Capital Budget	10881	9979	746	1708	2229	3049	2469	2990	3031	361	41	1604	337	530	520	1059	349	4208	7437
Cumulative	10881	14360	15606	17314	19543	22592	24960	27036	30067	30430	30591	32195	32235	33264	33784	34843	35192	19400	46817
Capital Actuals	10881	1972	1962	1002	2020	922	1191	1532	1266	1945	1234	1490	1225	797	0	0	0	0	
Cumulative	10881	12833	14815	15817	17837	18759	20140	21681	22947	26893	10177	11667	12892	13689	33689	33689	33689	33689	33689

Systems Report.

Systems Report

1. MONTHLY SUMMARY

- January was a month of mixed fortunes, we made significant progress with OBCS (Order Books) and APS (Bill Pay) and are on schedule to deliver the latest version of EPOSS into technical integration prior to system testing.

- However we ran into serious difficulties with the TIP interface software which has prevented the continuation of the direct interface testing (DIT) with POCL. In addition, we encountered delays in the development of the file transfer mechanism (FTMS) used in most of the interfaces with POCL.

- Initial concerns regarding the level of design and development support required for release 1c have subsided. The early indications that delays to the final development activities for new release 2 may occur have not materialised.

- We were notified by POCL that they did not wish to proceed with the 'Bill Pay' proposal submitted by Pathway. This opportunity had the potential to become diversionary for certain key people in the Systems Directorate. This risk is now removed.

- The danger that we may not be able to retain and access the vast amounts of data required to meet the audit requirements is still present but good progress has been made in identifying an acceptable solution. The plan for New Release 2 did not anticipa : a large amount of software development work in this area so the emerging approach is being reviewed very carefully.

- POCL agreed to proceed with the survey and preparation activities in the outlets, a decision applauded by Pathway. This enables the programme to build up a buffer of suitable outlets for installation, thereby derisking the roll-out schedule.

- Considerable effort was expended on detailing the manpower and hardware forecasts within the System Directorate and expect the work to be completed in February.

- There is a growing sense of urgency and focus throughout the team as they ramp up for the demanding months ahead.

2. PROGRESS

- The Benefit Payment System (BPS) was delivered as planned and we are now in the early stages of system testing. However, this functionality is suffering from a large amount of internal change and this has had a major impact on the test scripting work. We have allocated a further two weeks of elapsed time, taken from the Pathway schedule contingency, to enable this work to catch up. Several amendments have made to the change proposal process in an attempt to get this activity under better control.

- The 1ˣ pass of system testing the APS and OBCS systems is complete. The main pass is expected to be finished in February. The pre-DIT stage (interface testing) for all of the systems has now been concluded.

- The task force created to address the development slippage on EPOSS has been successful. The software was delivered into technical integration on time and two further versions are planned to be intercepted by the test teams without adversely impacting the schedule. We are working very closely with POCL because the documented requirement for EPOSS leaves a lot of room for interpretation. Consequently, this application could be the source of confrontation in the coming months, so careful management is crucial.

- The counter migration tools, new Caps Access Service (CAS), the Data Warehouse, MIS and a new version of the Reference Data Management Centre (RDMC) have all been successfully handed over into the technical integration stage.

- Much of the preparatory work (e.g. strategies, test plans etc) for the technical, performance, security and systems management aspects has been completed.

- Progress on the Roll-out Database (RODB) has been encouraging. The review carried out by Pathway in January confirmed that the current system is of acceptable quality and further development work has been commissioned to handle the two stream implementation strategy.

- Increased management focus on the Reference Data Management Centre, supporting tools and distribution software has resulted in better clarity of the issues facing the team and enabled joined up plans to be put in place.

3. CURRENT CRITICAL PROBLEM

- The use of the FAD code to uniquely identify a post office outlet in the Pathway solution is a major issue between ourselves and POCL. Neither party can afford the costs involved bringing the process in line with the other. We still seem to be some way off from finding an acceptable way forward.

- The TIP interface software, known as the TPS Host requires significant redevelopment due to poor quality code. This has had a major impact on the direct interface testing schedule with POCL and close co-operation is essential if we are to recover the lost ground.

- The design team is still suffering from the severe shortage of resources. This problem has been with us since last autumn but is now becoming critical. All previous attempts to recruit permanent employees or to secure internal ICL staff have had limited success.

4. ISSUES

- The migration from release 1c to NR2 is complex and requires very careful and detailed planning and thorough testing. A joint POCL/Pathway team was created just after Christmas and is working very well. The migration strategy document is currently with the Sponsors for approval but we are not expecting any major issues to emerge.

- The number of Bill Pay clients and services required to be supported since the contract was awarded has increased significantly. Identifying all the services and the work associated with the take-on is proving to be a troublesome task.

- We have been trying to resolve two serious problems/bugs in the Unison 'Maestro' product which is used to schedule the batch processes on the NT and UNIX platforms. The nature of the problems are such that they will bring the system testing activities to a dead-stop if not resolved.

- The systems directorate is finding it increasingly difficult to support the international activities. A proper well thought out resource strategy is required if this is to continue on a sensible basis.

- The increased size and complexity of the system has had a consequential impact on the performance testing required. Additional activities and resources have been identified and these need to be properly factored into our detailed plans.

- The audit design specification suggests that there are a number of areas where additional development is required for NR2. A detailed review has been commissioned to determine whether the design is too sophisticated and can be simplified.

- The Host system which interfaces with the POCL TIP system is known as TPS. Early performance test results indicate that further work is necessary if we are to satisfy the throughput estimates. This problem is in addition to the software quality difficulties identified earlier.

- Reference data is poorly defined in the contractual requirements but is crucial for the proper control of changes to outlet/product data. POCL are only now realising its significance and we must be vigilant if we are to avoid requirements creep.

- The true development life cycle implications of 'Pathway Light' must be identified at the earliest opportunity if we are to properly integrate the activities into the overall plan.

5. COSTS

- The systems directorate is in the process of baselining their budgets for 1998 and expect to complete this exercise early February.

Commercial & Financial Report

1. MONTHLY SUMMARY

2. PROGRESS

3. CURRENT CRITICAL PROBLEM

4. ISSUES

ICL Pathway	Pathway Programme Monthly Report	Ref: PA\REP\022
	Commercial & Financial Report	Version: 1.0
		Date: 16/02/98

5. COSTS

5.1 KEY FINANCIAL DATA - JANUARY 1998

5.1.1 PROJECT COST ANALYSIS (£000)

	January Actual	Variances vs	
		Forecast	ICL Budget
Revenue	18	(5)	(5)
Direct Cost of Sales	1,484	(132)	(132)
Gross Margin (Deficit)	(1,466)	(137)	(137)
Opex:- Labour Related:			
Own staff	517	3	3
Freelancers	1,064	154	154
Travel & Subsistence	27	24	24
ICL Subcontracts	939	210	210
Other Subcontracts	753	(97)	(103)
Depreciation	998	(34)	(239)
Marketing	22	53	46
Professional	119	(5)	18
Other costs	399	(56)	(116)
Gross Project Opex	4,836	252	(4)
Interest costs	617	26	35
Costs before Capitalisations	6,919	141	(106)
Declared PBT Losses	80	-	-
Capitalised into Project WIP	6,839	141	(106)

- Costs capitalised into Project WIP during January were £6839k, which was £141k better than the ICL January Forecast.

- Invoices received in respect of freelancer resources over the Xmas/New year break proved to be lower than forecast, and further savings arose on ICL subcontracts although some of this gain will reverse in February, as charging units recover from their year-end diversions.

- Direct cost of sales includes heavy accruals and little should be read into the adverse variance against forecast at this stage.

- External subcontract costs were £97k worse than forecast, due to earlier than forecast development payments to Escher.

- Other cost overruns, particularly vs budget, included depreciation - due to advance procurement of components, and exchange losses due to forward exchange commitments

- Although costs taken straight to P&L in January - relating to overseas bids - were in line with both budget and forecast in the month, current run rates on the German bid will make the Q1 budget difficult to achieve.

5.1.2 HEADCOUNT (YEAR END)

	January Actual	Variances vs Forecast	ICL Budget
Permanent	118	(1)	1
Non-Permanent	122	(9)	2

- The January Forecast clearly failed to fully reflect the influx of freelancers during the month. However, both permanent and non-permanent headcount levels remain just below budget.

5.1.3 BALANCE SHEETS (£000)

	January Actual	January Forecast	ICL Budget	January 1998 Split OpCo	AssCo
Net Fixed Assets	38,112	36,219	36,903	3,272	34,840
Project Work in Progress	99,594	99,855	100,046	76,704	22,891
Other Working Capital	(15,269)	(10,099)	(9,485)	(15,121)	(148)
Total	122,437	125,976	127,464	64,854	57,583
Share Capital	20,000	20,000	20,000	19,999	1
Retained Earnings	(668)	(668)	(483)	(668)	
OpCo/AssetCo Balance				31,488	(31,488)
Group Pooled Borrowings	14,034	42,997	42,769	14,035	(1)
External Loans	89,071	63,647	65,178		89,071
Total borrowings	103,106	106,644	107,947		
Total	122,437	125,976	127,464	64,854	57,583

- Total borrowings were £3.5m lower than forecast, due to a favourable working capital situation which included an amount of £1.7m outstanding to Sequent relating to the Numa-Q equipment installed at Bootle before Christmas. This has now been paid, following acceptance of the kit. The higher than forecast fixed assets were entirely offset by related creditors and inter-company balances. Higher accruals levels accounted for most of the remainder of the variance.

- A further drawdown of £25m through AssetCo during the month gave rise to the mix variances within Pathway's overall borrowings. Drawdowns from AssetCo's funding banks are now running over £30m ahead of 'true' requirements.

Customer Requirements Report.

ICL Pathway	**Pathway Programme Monthly Report**	Ref: PA\REP\022
		Version: 1.0
	Customer Requirements Report	Date: 16/02/98

Customer Requirements Report

1. SUMMARY

- The Customer Requirements team continues to focus to the maximum extent on Contractual Acceptance, although there are many issues on Release 1 and New Release 2 that demand immediate attention.

2. PROGRESS

2.1 DETAILED PLAN ACTIVITIES

2.1.1 RELEASE 1 / NEW 2

- Version 4 of the Counter Hardware Design Specification was submitted for approval. Implementation will now take over this document.

- There was further exchange of letters with PDA over CCN 117 (Urgent Payments and Temporary Tokens). The PDA legal group clearly do not understand either the Requirements or the Solutions and are now just wasting time trying to argue for unworkable definitions. The one positive aspect is that by dragging out consideration they have lost any leverage on determining aspects of the solution which is now in various stages of test.

2.1.2 RELEASE NEW 2 / 3

- Tony H has secured a NR2 DSS Reference Data definition which provides all information under one cover. For R3 agreement has been reached with between PDA (Rod Stocker) and the Pathway RDMC team to unify DSS and POCL Reference Data.

- Dave C has created new versions of the NR2 PUN, factoring in PDA change requests for logos and new text, and for Pathway CS and DLR changes to improve clarity and usage.

- There has been a major push on customer document reviews this month, with about 20 from CAPS alone, plus others from PDA (End to End Business Process Models).

- Tony H and Dave H now hold regular end-to-end process meetings with CAPS. These give rise to some sensible changes although, of course, our first response now is to seek to defer them.

- Dave H and Tony H visited DSS Northampton District office and gained new insights into how the Pathway solution will be used. For example, we believe that DSS staff will routinely make on-line enquiry before a claimant interview. Staff have been instructed to make sparing use of Temporary Tokens. They will also give priority to CAPS record keeping instead of payments: currently the reverse is normal.

- A potential issue concerning FAD codes is threatened: POCL have said that they may wish to change FAD codes, while our solution depends on the FAD code being the unique descriptor for the post office. Tony H is visiting POCL (Chesterfield) with Dick Long and will discourage more than the very limited changes to FAD codes needed for handling offices shutting down and starting up and will insist on a funded Change Request to impact anything more significant.

- We have responded to queries back from PDA Commercial on CCN204a (card stops) and CCN212 (first forenames).

- DSS On Line Enquiries: This threatened to get bogged down in wrangling as to whether the DSS offices would have recourse to the Payment Card Help Line (PCHL) when CMS on-line enquiries become available. Tony H has proposed a simple fixed CMS enquiry dialogue to answer 99% of enquiries with more complex ones handled via PCHL.

- John D presented on Service boundaries to the Reconciliation group. The problem is that if POCL are deemed to have stewardship of the £200M or so worth of unencashed payment authorisations sitting in TMS and if DSS give POCL permission to access them (which currently they do not) then POCL will need some way of exercising stewardship. It could threaten a TMS-level daily reconciliation of unencashed authorisations in addition to the existing one at the PAS level.

2.1.3 CARS

- No CAR work was done in January. The principal task remains to mark up those as yet undelivered CARs which are the more urgent for NR2.

2.1.4 ACCEPTANCE

- A detailed plan for all Acceptance Test Specifications, including the additional Tests mandated by PDA legal last July, was tabled. It is deemed "aggressive" by the PDA although it is, in reality, only keyed to the BIT phase in the 15 December plan. Since then the Live Trial has been stretched until 26 March.

- The weekly progress and action meetings are established and are separately reported. Additional staff are being sought to handle the additional Tests. Good progress is being made with Test Specification preparation for OBCS, AP, BES and Services.

- A letter explaining "new style" acceptance specifications was sent to PDA, together with an OBCS exemplar Test Specification: it will mean it is much less work to originate and maintain the specifications than previously, with greater reliance for Acceptance Trial material on Business Threads (BTs) and High Level Test Plans (HLTPs).

- The Feltham BTs and HLTPs are a little late coming through with the last forecast for about mid March. Bracknell HLTPs are now available although the Security ones are not baselined.

- The Service Definition Schedules and Solutions Schedules all require updating as, in fact, do many Requirements where the customer has not adequately maintained texts. We propose to update the Requirements schedules supplied by the customer in December for Urgent Payments and Temporary Tokens and notify him that any changes beyond that which are the subject of open CCNs may or may not appear as acceptance non-conformances depending on whether we have implemented them or not. A wholesale review of Solutions texts has started with all Test Managers contributing.

2.1.5 MASONS

- John D did one further session with Masons to establish the audit trail for the delivery of Reference Data CARs. Further sessions on areas of Requirements/Solutions drift are required.

2.1.6 NEW BUSINESS SUPPORT

- Logistics Feeder Service - This is the most probable main new content of NR2+ / R3, essential to POCL's improvements to cash management. The Requirements work is complete except for any variations caused by the practicalities of modifying EPOSS, changes to the anticipated daily operating schedule and the inclusion of classes of non-value stock items.

- Dave C helped in the selection of Retail Logic as EFTPOS supplier. POCL's intention to do a stand-alone pilot has the effect of removing EFTPOS as a R3 candidate.

- Both the above items are factored into the Version 5.0 SADD which is targeted at R3.

- Dave C has produced the requirements specification for Talexus which POCL has for agreement as the basis of our commercial proposals.

- John D has produced a discussion paper on a programme to extend the contract into Citizen-centred services. Dave C has also produced a requirement specification for a Family Budgeting Service demonstrator, a key element in such a programme.

- POCL has hired French Thornton consultants to analyse the Pathway contract and solution in the context of using Generic Functions to support the POCL business. The work is of good quality. We will need to involve Architecture and Design in taking this forward as part of R3.

2.2 OTHER TEAM ACTIVITIES

2.2.1 INTERNATIONAL SALES BIDS

- German Post Office: Assistance was provided with the production of various documents, including a response on Systems Management, requirements for an archive server and definition of generalised workpackages. Various ad-hoc queries have been dealt with.

2.2.2 OTHER

- Best Practices Group: Dave H has recommended that we cannot use the Telecomms branch project documentation tools in the mainstream Pathway context.

- Dave H chaired the Workflow Coalition technical committee meeting at the start of Feb and has been re-elected chairman for 1998. It is understood that DPAG have expressed interest in workflow interfaced to Riposte and this may be a potential subject for follow up.

3. CURRENT CRITICAL PROBLEMS

- None

4. ISSUES

5. COSTS

5 Customer Service Report.

Customer Service Report

1. MONTHLY SUMMARY

- January continued to show an increasing workload as the rate of new Payment Card issue and activation was stepped up by BA. With over 11,000 cards produced and nearly half of them activated, the number of enquiries to the Payment Card Help Line has increased markedly.

- Reconciliation, data warehouse and lost transactions on counter terminal time-out continued to present the bulk of our problems. Fixes for the reconciliation problems and Release 24 of Riposte, which addresses the receipt printer and lost transactions on terminal time-out, will be applied in early February.

- The Service Management Review on 21 January was received positively and made constructive comment on my report of the problems we have encountered on Release 1c and over the Christmas period.

2. PROGRESS

2.1 OPERATIONS

- Although we are still running with a number of operational issues, the overall position has improved and with the (slow) reduction in the rate of problems calls, Release 1C is becoming more stable and manageable.

- All high-impact problems now have full Pathway-wide visibility and dedicated Problem Managers. A weekly report is published which tracks the progress of each of these.

- Our current top priority for operational issues is the review and improvement to the CAPS/Pathway Operational Interface. Good progress is being made and the final joint report is scheduled to be published by the end of February.

- Business-Support workload is increasing, aggravated by the continuing problems with Oracle code - we still have no resolution to the CBoS PMS100 and 104 mismatches.

- Work on release 2 planning continues. PPD production is delayed being dependent on EPOSS High level design.

- Meetings are now being held regularly with CAPS to plan the Nile 1 upgrade which is due to be implemented over the Easter week-end.

-

2.2 RELEASE MANAGEMENT

- Since the start of Release 1c we have implemented 122 release notes.

- A further 59 software fixes have been applied bringing the total to 135 since the start of MOT.

- The rate of problems coming into Release Management has reduced.

- The major releases during January were as follows :
Cash Account Week Correction, Reconciliation Issues, Card Activation Issues, Third PUN Problem, OBCS Reference Data Correction, Counter Time-outs (System Parameters reset correctly), Various PAS/CMS Fixes and Various DWH Fixes.

2.3 BUSINESS SUPPORT

- Many problems reported as a result of lost transaction at terminal time-out. A fix for this is to be applied shortly and we should see a significant reduction.

- CBoS (Common Basis of Settlement) reports have not balanced since 16 December and in spite of Oracle fixes being applied the problem is still outstanding. This is seen as business critical within Benefits Agency and from 30 January they have started to raise A priority calls on a daily basis. This is being reviewed urgently to determine the best way forward.

2.4 BA & POCL SERVICES

- A communications fault at Bootle caused the Payment Card Help Line temporarily to lose access to PAS and CMS. A useful outcome from this incident was that it provided the opportunity to exercise the fallback use of the 2nd site at Wigan and for most of 29 January, PCHL were successfully operating a 50:50 call split across the two sites.

- To address PUN quality problems De La Rue have strengthened their production process with more automation using a Pitney Bowes machine. No new problems have been identified but the situation will continue to be monitored.

2.5 CUSTOMER SATISFACTION

- Customer dissatisfaction with the operation of the receipt printers was again a significant issue. This problem will be completely fixed in February.

- The report on the 1997 Management Care Visit programme has been distributed to the Pathway Management team and to the PDA.

- Initial informal feedback from the POCL Research Services' survey of 50 Release 1c Post Offices (still 50 to be surveyed) is looking positive despite the service problems we have experienced.

- The percentage of satisfied responses on Service Visit Reply cards was 95%.

2.6 SYSTEM SUPPORT

- All SSC staff are now based in BRA01 but the work by CFM to complete the build of the test rigs is still not completed.

- In January there were 277 customer calls opened and 283 customer calls closed. February should show a dramatic improvement.

2.7 MANAGEMENT INFORMATION SERVICES

- A lot of work has been done on improving the data warehouse function and SLAM MIS reports. Peter Robinson has again been heavily involved with CFM NI. We now expect the problems to be fixed by April.

3. CURENT CRITICAL PROBLEMS

- None

4. ISSUE

- Quality of output from Data Warehouse.

- Oracle product quality -exceptions running at 5 per day !

- Late build of test rigs in BRA01 for the System Support Centre and the Operational Test Team.

- CAPS/Pathway interface.

5. PERSONNEL

Quality and Risk Report.

ICL Pathway	Pathway Programme Monthly Report	Ref:	PA\REP\022
	Quality & Risk Report	Version:	1.0
		Date:	16/02/98

Quality & Risk Report

1. MONTHLY SUMMARY

- FRM progress. FRM reporting for R1c has still not been achieved. The complete Security / Fraud incident process is being developed including incident management databases.

- Risk Management. Considerable effort in ad-hoc risk analyses to support NR2 eg unauthorised encashments, roll out beat rate, resilience and recovery, AP signing.

- System Security. PCHL authentication remains an issue (broadened into reconciliation) and will continue to absorb resource. Input into specification of access requirements, cryptography and key management procedures continues. The strategy and requirement for penetration testing of the system (counter, centre and network) is under consideration.

- Quality. Work has focused on sub-contractor issues from the migration to and implementation of R1c.

- Audit. It is now considered that the major issue is the quantity of data required to fulfil the ATFS. Work has been initiated to identify the data that is actually required for audit. An 'alternative' design / architecture is being considered. Concerns grow around the lateness of Audit.

- Year 2000 Conformance. 'Joint' testing strategy with BA and POCL is being considered. There are issues regarding the timing of DSS compliance programme.

2. PROGRESS

2.1 FRAUD RISK MANAGEMENT

2.1.1 RELEASE 1C

- Further problems were identified in the FRM Release 1c reporting which again prevented production of trend reports. BPS MIS reports are also affected. In order to recover the situation a full review and if necessary rewrites, by CFM, of the reports has been scheduled for February.

- Investigation of Reconciliation Fraud Procedure. This is now being considered as part of a complete security / fraud incident process.

- Impounded Cards PUNs and Temporary Tokens. A workaround procedure has been implemented for Release 1c; the PDA supplies envelopes and pays for the return of impounded items to ICL Pathway FRM for investigation. So Far only a limited number of items have been returned - all being "innocent".

2.1.2 NEW RELEASE 2

- Inability of the Pathway solution to identify Customer, EPOSS and BES sessions. A Customer Session review is been scheduled for 5 February.

2.2 RISK MANAGEMENT

- There has been significant effort involved in risk reviews, both for the RCD and elements of the programme. These have included:

> Unauthorised encashments during fallback. This was in support of the PCHL authentication gating item in the RCD. As a result of presenting to the PDA, it has been expanded to encompass errors and omissions in reconciliation from fallback.

> Roll out beat rate; to be completed.

> Resilience and recovery.

> AP signing.

2.3 SYSTEM SECURITY

- ACP (V1.3) is with the PDA for sign-off.
- Significant effort to provide further history of development and testing of the security solution for Mason's Solicitors.
- The Pathway Security Breach Database and Security Breach Reporting system have been developed. The area of joint security incident investigation is being progressed with the PDA FSG.

2.3.1 RELEASE 1C

- A series of 'briefs' have been developed for Alliance & Leicester security staff who will undertake work packages on Pathway's behalf. These include processes for DPA subject access requests; collection, protection and continuity of PACE related evidence; Security Materials handling.

2.3.2 NEW RELEASE 2

- Two significant NR2 security gating items have been progressed during January.

    PCHL authentication in fallback. A risk analysis and technical study have provided us with the assurance that the risks of fraud directly related to spoofing are small. This was presented to PDA and sponsor Fraud, Security, Audit and Commercial representatives. The perception now is that there are greater risks associated with under and over payment (accidentally or maliciously) as the result of verbal BES payment authorisations. Much effort is now needed to develop the Pathway position and contingency proposals.

    A risk analysis paper was prepared and presented to the PDA FSG describing Pathway's perception of the risks of not providing AP Signing at NR2. Informal response accepts Pathway's position.

- Work continues on specifying the NR2 requirements for a secure Sequent platform, including specific requirements around COSManager Security Event and access controls.

- The design for Key Management at NR2 has been issued to the PDA for comment.

- In liaison with the TSC Crypto Development team, SEM requirements for crypto code have been identified. A base line of events for recording has been established and 'critical' events identified.

- Tools for NT and Unix event monitoring (MARCH Systems) are being considered.

- Consideration of 'unscripted' or penetration testing has been kicked off. This will involve a 'counter penetration' exercise as well as data centre / network.

2.4 QUALITY

- The R1c migration DQA Improvement Plan has been prepared and circulated to actionees for acceptance and completion dates.

- Sub-Contractors:

    A Post Implementation Review was attended. There is universal recognition of opportunities for process improvement and the need to secure these improvements.

Actions arising from the R1b to R1c Failures Report have been progressed with representatives of Celestica (D2D), Exel and Peripherals Product Centre (PPC).

- The Pathway approach to Quality has been summarised for inclusion in future bid documentation.

2.5 PROCESS MANAGEMENT

- The Asset Data collection process was reviewed with Implementation, Exel, Celestica and CFM. The intention is to redefine and simplify the process. A manual update of the current installed equipment database is in hand.

2.6 AUDIT

- Wigan Datacentre. The Audit PC's are now correctly configured and reviewed in preparation for the joint Audit Workshop, 12th February.

- Development of the Audit Function. A useful visit to A&L to pick their brains about internal audit and they have provided examples of documentation. The development of the customer facing function continues through the regular Audit Forum meetings.

- A high level audit plan for 1998 has been drafted. This will be refined and a risk/sensitivity analysis applied to prioritise. It is very likely that resourcing will be a problem, especially with the Q1 and possibly Q2 audits.

- Reviews of the Audit Design and Audit Architecture continue. There is concern that the former is abstract and overly complex. The latter is a much better view of how to satisfy the Audit requirements, but needs reviewing against the ATFS.

- There is considerable concern at the lateness of resolution of the Audit design. An alternative proposal is being formulated by 19th February, led by P.Wiles.

- During January it has become clear that one of the major issues facing the audit design is the volume of data that would be collected if the ATFS were fully implemented. An alternative approach is to retain only those records that are material to the audit trail and filter out other 'system' messages. This requires a detailed analysis of the operation of the business stream down to the level of the TMS transactions generated. An OBCS Audit Trail Specification has been developed as a pilot. This approach also serves to describe the internal working (for Audit) and the exercise needs to be done for each of the other business streams.

ICL Pathway	Pathway Programme Monthly Report	Ref: PA\REP\022
	Quality & Risk Report	Version: 1.0
		Date: 16/02/98

- The ATFS does not cover the audit requirements for Pathway non-Horizon business systems, eg: CCS, FRMS, RED, RODB. Given that POCL and BA Auditors have already waved an audit flag at RED and Invoicing, these requirements have to be identified, understood and any development work planned in. This is underway.

- MSQA#1. The first of the follow-up actions was progressed with a two day workshop session facilitated by Graham Chatten.

- MSQA#2. This is underway (Ian Honnor) and will be completed by the end of February.

2.7 YEAR 2000 CONFORMANCE

- Service Providers. CFM intend to include a risk statement with their plan - Systems Management looks like being the highest risk. BT have now provided a compliance statement.

- The TSC Year 2000 Technical Testing document has been reviewed. The major issue is that the time slot proposed (in parallel with MOR/MOT) leaves the risk that the Year 2000 BIT test, which has to run with system dates set forward, will fail e.g. incorrect Password expiration. The issues have been raised.

- Internal IT. The Oracle Financial System is not Year 2000 compliant at its current version. CFM have proposed to upgrade to the later/compliant version however the package is seen to be too complex for Pathway's business needs. It is recommende that the decision date for the replacement be brought forward from Q2/98 to end Q1/98. There is a move to make Oracle Financials the preferred accounting system ICL wide within UK.

- The DSS compliance programme extends well beyond the timescales for NR2 e.g. CAPS on-line and JSA will not be compliant until Oct 1998, Branch Office infrastructure until Q3 1999. This has implications for end to end compliance.

- The strategy for end to end testing is being discussed with BA and POCL. The preferred approach is that it is handled by the individual organisations and signed off at the interfaces, with a separate phase of network / infrastructure testing. This is being discussed with Pathway testing.

3. CURRENT CRITICAL PROBLEMS

- None

4. ISSUES

- Resourcing continues to be an issue. A full activity analysis has been conducted which has highlighted the shortfall. Recruitment of a Fraud Risk Manager, Risk Analyst and Auditor has been approved and is going ahead.

- The slow progress of Audit may result in significant exclusions from NR2 or programme impact.

- The PCHL authentication issue has broadened into reconciliation, and may result in the exposure of additional Pathway liability.

5. COSTS

FUJ00058167

FUJ00058167

Business Development Report.

ICL Pathway	**Pathway Programme Monthly Report**	Ref: PA\REP\022
	Business Development Report	Version: 1.0
		Date: 16/02/98

Business Development Report

1. SUMMARY

- Not surprisingly, the BillPay initiative has not been taken up by POCL. There were three main reasons: the possible knock-on risk to Release 2, the additional cost over and above APTs (Automated payment terminals) and the uncertainty about the end-to-end reconciliation. Overall this is a disappointment but I think the general view within Pathway was one of relief as it could well have proved a distraction. However, we did gain 'brownie points' by at least giving it our best shot.

- Social banking has now zoomed to the top of the priority list. This is partially driven by noises from government but principally driven by our own making in looking at what the BA might be considering down track and identifying ways of pre-empting or presenting an intercept strategy. Family budgeting (direct bill payment at the post office counter when collecting benefit) is seen as the first step. We are currently specifying a prototype which I hope to see in place by end March. Concurrently there is work on-going with POCL and through them with the Utilities.

- Logistics Feeder system is still being progressed and remains the most likely product to be included in Release 2+. The standalone EFTPOS pilot proposal is being monitored. National Savings awaits date confirmation.

- It is hoped to get sign-off to the Customer Education proposals by mid-February. This still looks on track No major worms have crawled out yet but...

- Press activity is continuing. No week goes by without queries from some journalist. Government Computing have been the most active. Computer Weekly is also sniffing hard.

- Special Interest Group activities have now taken place in both South West and North East. Both events have been well attended and a lot of interest shown in the card.

- Martin Johnston's work on A2As continues. We are trying to apply more focus to the higher priority A2As in order to dent the overall number of those signed off.

- I continue to be disappointed at the lack of urgency in POCL relating to Client Management and development. We know BA are looking for alternative ways of paying benefit. BBC are now actively out to the market for a potential complete licensing service provider - CFM are involved. DVLA have written to DTI complaining about the high costs of POCL. Until POCL change their way of applying all costs evenly across the client products, the products will always remain expensive.

- Equally, I continue to be disappointed in POCL's ability to push their own cause in a pro-active way. Their approach to their 'owner' DTI has been poor. They continue to write briefing documents rather than undertake briefings.

2. PROGRESS

2.1 BUSINESS DEVELOPMENT

- EFTPOS (Debit Card acceptance) : POCL has chosen to run an independent pilot in a limited number of offices, in order to establish the most appropriate business rules to apply to a national service. Nat West has been chosen by POCL to be the Merchant Acquirer.

- (LOGISTICS FEEDER SERVICE) Awaiting confirmation from POCL of scope of requirement (should non-value stock be included).

- National Savings: Sales effort suspended awaiting delivery timescale confirmation. Internal work continues on defining a generic banking solution allowing the Post Office to be used as an agent for all UK banks. We are involving ICL Financial Services in the development of the technical design.

- Family Budgeting: The specification document for a demonstration version of FBS has been revised and circulated. Awaiting confirmation that the service is technically viable.

- Meetings have been held with ICL sales people responsible for: Entertainment and Ticketing (Millennium Event); BSkyB; Motorway Tolling & MOT tests. Progress is being made on all three areas, with meetings set up with the clients to understand the potential opportunities.

- The Marketing Suite has been fully operational this month with 8 Client, 1 International and 3 External presentations. Business Development has entertained a variety of Clients, including the Department of Trade and Industry and the Inland Revenue. External demonstrations of the Horizon kit have taken place in Northern Ireland and Newcastle, in addition a Roadshow in the North West supported by ICL Peritas has been established to ensure high visibility of the system amongst POCL staff.

ICL Pathway	**Pathway Programme Monthly Report**	Ref: PA\REP\022
		Version: 1.0
	Business Development Report	Date: 16/02/98

2.2 CUSTOMER EDUCATION

- Work started on the 1998 activities that will be required to support national roll-out - in terms of collateral production and the documentation important support process: some evidence of the work produced to date can be seen in the reception area at FEL01.

- Customer education proposals (916, 918, 919, 920, 968 and 932) and timescales for implementation to support national roll-out to be agreed and formally accepted by sponsors on 6 February 1998. This is an important event which will resolve an outstanding "agreement to agree".

2.3 CUSTOMER RELATIONS

- A meeting/presentation has been arranged with Ursula Grum, the Zonal Implementation Team leader for Benefits Agency (South) and Tony Edge a Territorial Director for BA on 6/2/98.

- POCL have informed us that organisationally they have decided to have 4 x HIM's (Horizon Implementation Managers who map directly onto IPM's) and 7 RLM's. This appears as a top level announcement with the detail to be finalised.

- 3m x 4m space has been reserved for us at the NFSP Annual Conference 11th - 13th May in Bournemouth. 42sq m. have been reserved for our space at the Sub Post Office Exhibition at Wembley 10th and 11th October. This sized area will again enable us to have a joint Programme/Pathway stand.

- Agreements between the owners has begun to be captured by their signatures to the A2A Record Form although this has been on the less critical A2A's. The focus now is to provide assistance on the 'Top 50' where the agreement to six could clear a total of about 35.

3. CURRENT CRITICAL PROBLEMS

- Getting some drive into POCL to make them aware of the need for change both in their dealings with their clients and with Government.

4. ISSUES

5. COSTS

International Sales Report

1. SUMMARY

2. PROGRESS

3. CURRENT CRITICAL PROBLEMS

4. ISSUE

Organisation & Personnel Report.

| ICL Pathway | **Pathway Programme Monthly Report**
Organisation and Personnel | Ref: PA\REP\022
Version: 1.0
Date: 16/02/98 |

Organisation and Personnel

1. MONTHLY SUMMARY

- The positioning of the function to operate without a Personnel Operations Manager in the short term has required main focus on providing high quality routine service. In addition, a number of important initiatives have been launched (eg Personal Choices) and this has been achieved by maximising support from the wider ICL network.

2. PROGRESS

- The renewal of freelancer contracts has progressed quickly and successfully during January. In the area subject to significant risk, T&I, the exercise has reached verbal agreement stage with all contractors and written contracts are in the process of being issued and formally accepted.

- In combination with the above, a resourcing campaign has been launched to recruit permanent testing staff. Both external and internal advertisements have been run. The early response, however has been disappointing and this remains a major resourcing challenge. Possible contributory issues include a poor perception amongst target candidates of the location of the ICL Pathway Programme (i.e. difficult commute to work) and risk of committing perr anently to a Programme organisation. Recent press coverage of the Programme status will not have helped.

- Higher Skills now have a presence at Fel01, three days a week. Lewis Cohen has been focused on upgrading contact time with managers at ICL Pathway to ensure responsive service and enhanced profile as preferred supplier

- Performance management, in the form of ICL Investing in People, is rolling out as planned. Reviews are taking place and a 'checkpoint' quantification of progress will be made in the next couple of weeks. All effort is being made to keep as closely as possible to the Group roll out of Performance Plus, whilst maintaining sense of context for ICL Pathway

- Personal Choices has been launched. This has been generally well received by staff, who welcome the increased flexibility in remuneration policy. Many have attended the 6 briefing sessions, helping to answer the numerous questions which staff have. The scheme has been found, by many, to be rather complicated to understand

- The early retirement option was communicated and this has generated some staff interest. There is no identified risk of needing to manage the expectations of key staff who we would not wish to leave the Programme

3. CURRENT CRITICAL PROBLEMS

- As outlined last month, we are now running extremely lean within HR as we seek to replace Melanie Lyng, Personnel Operations Manager, who left ICL Pathway at the end of December. The result of an external advertisement will be clear in early February and this remains a high priority resourcing issue to be resolved. Without doubt, our normal proactive service has been adversely affected, but I can confirm that routine service continues to be delivered to a high standard

4. ISSUES
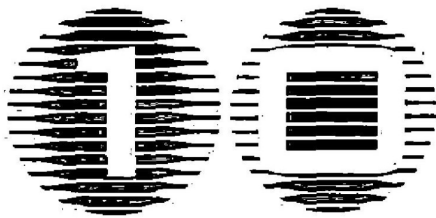
Post Office Client Report.

ICL Pathway	Pathway Programme Monthly Report The Post Office - Client Director	Ref: PA\REP\022 Version: 1.0 Date: 16/02/98

The Post Office - Client Director's

1. MONTHLY SUMMARY

- The work to complete the Call Centres bid was completed in the month, resulting in successful shortlisting. The government.direct initiatives are progressing, with the Post Office opportunity/role being built into the ICL research and PR.

2. PROGRESS

2.1 PATHWAY

- The PO view of government.direct is reportedly maturing, with PO Group IS now recognising that their government.direct pilot "genesis.direct" will prove little of new value (given that it is at least 3 months behind the iFORMS equivalent work led by Contributions Agency, IR and HMCE with heavy Microsoft involvement). The Phase 2 scoping of iFORMS is now underway with ICL involvement, with our offer to PO Group IS to include PO on our terms being favourably received. However the major issue within PO remains the level of skills/ownership which they will apply. We are planning how to raise, with the right people, the importance to PO of future new Govt business.

- The CAF*Express* initiative has now developed, the presentation being given a wider audience, and subgrour; in place tackling Fraud, iFORMS and Local Govt. Smartcard remains difficult, with no obvious business case or sponsor yet in sight.

2.2 CALL CENTRES

- The Customer Contact Centres ITT response was submitted on time, with the ICL team being put together from Call Centre technical and bid skills in Kainos, together with staff borrowed from ICL Enterprises. The comprehensive proposal incorporates specialist telephony hardware from Lucent technologies and specialist software from IBM Callpath and Graham Technologies. Following a first cut of bidders, we were invited to respond (in 8 days) to a substantial Secondary Questionnaire, which has succeeded in ICL being one of two shortlisted suppliers. The ICL Presentation Day has been fixed for 27th Feb at SSL in Bristol.

2.3 OTHER ACTIVITIES

- The ICL response to the <u>One Stop Shop Desktop</u> ITT was submitted by Mark Newall of Tplc. Tplc are shortlisted (one of five with ComputerCenter, Compel, GE Capital, SCC) - the reference visit by the evaluation committee to Tplc's premises in Warrington on Feb 9th went well.

- The OJEC RFI ad for supply of architecture and tools for <u>Systems Management</u> has been handled by CFM for Phase 1 and The Solution Centre for Phase 2