PA/REP/023

ICL Pathway
Bringing
Technology
to Post Office
Counters &
Benefit Payments

Monthly
Progress
Report

ICL

POH-382D

February 1998

ICL Pathway	**Pathway Programme Monthly Report**	Ref:	PA/REP/023
		Version:	1.0
		Date:	18/03/98

Document Title: Pathway Monthly Report - February 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:

Managing Director's Summary and Programmes Report

ICL Pathway	Pathway Programme Monthly Report Managing Directors Summary	Ref: PA/REP/023 Version: 1.0 Date: 17/03/98

Managing Directors Summary

MANAGING DIRECTORS SUMMARY

- The operation service of Release 1c is stabilising quickly and for the last three weeks no new serious issues have arisen. Benefit payments during the month rose dramatically and we now have just over 20,000 people collecting their child benefit with a further 5,000 payment cards waiting for collection in the relevant post offices.

- This has been a very heavy month of the development and test teams and although they have made solid progress in many areas, they have had to release two weeks of the total six weeks contingency allowance. Weekend and three shift working has been put in place where practicable and the energy level remains highly committed. On milestone terms, the first pass of the BIT testing started on schedule on the 7th March.

- The reorganisation work for the Horizon Programme team to take over from the PDA has gone well and is on schedule for the PDA themselves to disappear towards the end of March early April. Care. is being given to ensure our teams integrate as close as possible to the Horizon Teams, particularly in the areas of Programme Office, Testing and Implementation.

- A very busy month has taken place on the promotional side with key demonstrations and presentations across BA, POCL and to ministers. Demonstrating how our system works is the best sales aid we have and this now is effective both within Feltham and as a mobile unit wherever needed.

- We are now in major dispute with POCL on the condition of their physical estate. This has been building up for over a year and we now have facts and figures to substantiate the argument that the total cost for putting their estate into a fit purpose for automation is on the wrong side of £40m. They appear to have provided no budget for this, yet their contribution needs to be close on to £20m.

- Commercial and contractual activity has been building up during the month and there will now be an HM Treasury led review to collect a total government wide picture on the programme and its best way forward. This is a welcomed move and we will be invited to play a full role in it.
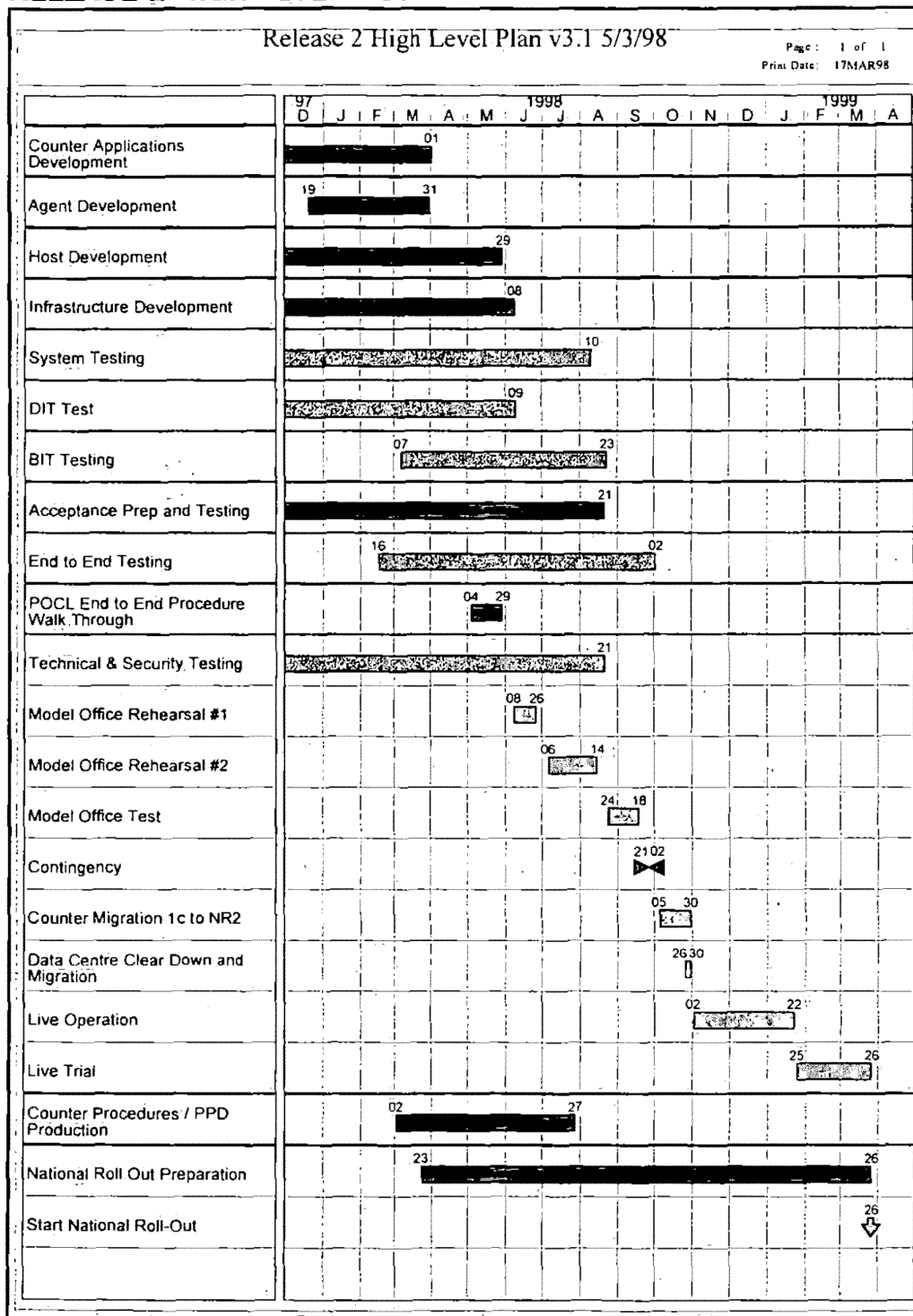
- We have also had the busiest month yet with the press with over 30 journalists seeking comment from us, culminating in ten different news articles. We have been pushing hard for Government to get on the front foot and be more positive about the programme with little visible success so far. With the Treasury review imminent, the civil servants want to keep their heads down. Our best route forward will be to work closely with Post Office Counters who are just a touch removed from this cultural approach. Even this though will not be easy.

- Very good progress has been made with the German Post Office Bid and we have entered the final run in a strong position certainly with respect to technical competence. Short bursts of support have been given from many of the skilled people across Pathway, which have helped project the strength and competence of the ICL Pathway bid. Our weakness is that we are not prepared to be as contractually flexible as our competitors and are not prepared to take on open ended, high risk contractual terms. Our standing on this bid should be much clearer within the next four week.

- We are also making extremely good progress with a Call Centre Bid, lying elsewhere within the Post Office Group. This is our first initiative to generate more business for ICL at large through the Post Office as a key client. We are now close to a decision, which could yield a £1m contract this year with more to come. In addition, we are using this opportunity to link up more strongly with further ICL interests at large for the Call Centres marketplace and will try and tie this together as strongly as we can within the leadership from ICL Services.

PROGRESS

RELEASE 2 HIGH LEVEL PLAN

Release 2 High Level Plan v3.1 5/3/98

Page: 1 of 1
Print Date: 17MAR98

	97 D	J	F	M	A	M	1998 J	J	A	S	O	N	D	J	1999 F	M	A
Counter Applications Development	▬			01													
Agent Development	19 ▬			31													
Host Development	▬				29												
Infrastructure Development	▬				08												
System Testing	▓						10										
DIT Test	▓				09												
BIT Testing			07					23									
Acceptance Prep and Testing	▬							21									
End to End Testing		16							02								
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 ⇩		

GENERAL

- We are now working very closely with the CAPS operational team to ensure that the boundary between CAPS and Pathway for operational management is as tight as we can make it. This is an outstanding activity from the Release 1c work and should make a big difference for the next release.

- A new planning baseline has been agreed with the Sponsors which ties in the POCL and BA milestone dependencies into an agreed plan leading to October availability of NR2.

- This joint plan is managed and reviewed at fortnightly checkpoint meetings and it is vital that we can demonstrate that we stick to these dates.

- The main pass for system testing of APS and OBCS is in the final stages and looks good. The same cannot be said for BPS and EPOSS and these are under considerable pressure and are subject to overnight/weekend attention.

- The requirements team have done a wholesale revision of the requirements schedule, the solutions schedule and the service description schedules. This has been necessary in order to produce an acceptance baseline which is now being worked on for sponsor signoff.

- There are a number of contracting authorities responsibilities [CARs] which we have had to reopen due to sponsor changes. One of the most significant refers to the reference data system from POCL which is now on the critical path and is a main pressure point between us and them.

- We have completed a lot of joint work on the implementation activities, and in particular have done an extensive and thorough survey of 100 Post Offices, some automated, some not automated to give us the true picture of the condition of the estate, which as mentioned earlier, is worse than anticipated.

- Escalation of this rapidly through the Post Office Group must now take place. We have at long last got the Customer Education programme signed off by all parties, which is in fact very close to our original proposals. This could of course unwind if the pilot implementation plans of CAPS goes beyond the current proposals which have not yet been through change control.

- In business development terms we are pushing ahead with thoughts on social banking with tri-partite discussions in train between ourselves, POCL and Girobank. Also we hope to prototype a family budgeting system within the next four to six weeks, which we see as a stepping stone between social budgeting and social banking.

- We are now connected into the programme to be run by Financial Services on the ICL dominance of the Smart card marketplace and this is an initiative which we shall support fully.

- On the Government.direct initiatives, we are getting close to the next phase of IFORMS and hope to use the Café Express initiative to hold this together. So far it presents well, but it now needs to be underpinned by some demonstrator. This will require leadership from the ICL Enterprises teams.

- We have a large number of freelance staff working in Pathway and we have just completed a 2 month exercise to renegotiate their terms and contract timings to ensure that we have the appropriate cover through the critical programmes in 1998. This has been a difficult plan but has worked as well as can be expected.

ISSUES

- The RCD signoff for NR2 is now dependent upon a whole serious of PDA caveats. This has got worse with the introduction of Bird & Bird as their Sponsors lawyer and looks like being a difficult issue.

- CAPS have a major upgrade to achieve over Easter weekend for their conversion to NILE1. All this takes place against the Release 1c product which we have positioned as the swing release. However, CAPS are indicating that they are under pressure, are using up most of their contingency and rather worryingly are beginning to blame other parts of ICL ie HPS, for failure of the open TP software. We are managing this as carefully as we can.

- POCL counter space is well described above.

- The clearance rate on Agreements to Agree is still too slow and although this is difficult work, we require yet more management effort to force these through.

- We are also facing a heavy load of change requests, a large proportion of these continue to be internal. All management action to press this down towards an acceptable have so far failed and more attention is yet again being given.

- Problems with POCL Reference Data require careful rethink of how the enrichment process should work and one upside is to find ways of simplifying this process.

- One lesson for Release 1c is the need for a solid end-to-end process for reconciliation. Proposals on this are with the Sponsors and the risk is that changes here will have an impact on products already developed or in development.

ICL Pathway   **Pathway Programme Monthly Report**   Ref: PA/REP/023
Managing Directors Summary   Version: 1.0
Date: 17/03/98

- The migration of Release 1c to NR2 will be complex and our proposals for this are now with the Sponsors for signoff.

- We must, over the next two months, finally resolve how to handle the offices which will not have ISDN coverage. We are pressing Energis to press BT for inspection visits to physically check availability. Although this is all agreed, progress is still too slow.

- The operation of Release 1c has exposed areas within the Data Warehouse where our management information reporting is less than adequate. These issues need rapid resolution whilst volumes are still small.

- We have spent some time looking at how the data protection act affects our operations and a plan is in place and a lot of work will need to follow on from this.

- The possibility has arisen that ICL Pathway will need to achieve BSI registration as an acceptance condition. This is being challenged but work to achieve this goal clearly is sensible and will need to be included in all our activities in 1998.

Systems Report.

ICL Pathway	Pathway Programme Monthly Report Systems Report	Ref: PA/REP/023 Version: 1.0 Date: 17/03/98

Systems Report

MONTHLY SUMMARY

- A satisfactory month in terms of product development, maintenance (fault fixing), integration and the early testing phases. The recovery actions put in place last month to bring the TIP interface testing back on track and to accelerate the BPS test scripting exercise have been successful. We have also succeeded in reaching an agreed position on the EPOS functionality with POCL and have upgraded the product a number of times during the past few weeks.

- Inevitably, as we draw closer to the major testing phases, the pressure and challenges increase. So far, we have been successful in mitigating all the movements in the schedule and brokering these with the Sponsors. Although we have completed a major purge on the amount of internal change taking place, it remains a factor that represents the greatest risk to the delivery schedule.

- The technical integration phase of the life cycle, which has been subject to considerable organisational and process change during the past few months, is now working very well. The test rigs are being built quickly and accurately.

- Release 1c continues to stabilise and consequently has minimised the involvement of key design and development staff in the support activities.

- A number of implementation activities are carrying on in parallel with the development and testing stages. 100 surveys have been conducted and the report concludes that the estate is worse than anticipated. A large amount of work is necessary to bring the outlets up to the level required for automation. The split programme proposal has still to be formally signed off by POCL and we have embarked on a detailed risk analysis of the 300 per week national roll-out schedule. Seven roadshows held in the North West have been supported.

- The manpower and hardware forecasts within the System Directorate have been completed. These are now subject to the final management review.

- The sense of urgency and the morale in the team which began last month has been maintained throughout February even though we did not achieve the results expected in some areas.

PROGRESS

- A new planning baseline (version 3.0) was agreed with the Sponsors 1st February 1998. This realigned with the POCL and BA activities factored in earlier movements and reduced the Pathway schedule contingency from 6 to 4 weeks.

- Several updated versions of all the Benefit Payment System (BPS) components were delivered into technical integration i.e. BES, PCDF, Agents, CAS and PAS/CMS.

- The 1st pass of system testing for APS, OBCS, BPS and EPOS systems is complete. The main pass for APS and OBCS is in the final stages and we do not anticipate any problems. The BPS and EPOS main pass schedules are under pressure and these are receiving close management attention. The Business Integration Test (BIT) phase commenced 7th March as planned and the Direct Interface Testing (DIT) activities remained on schedule.

- Progress on the technical, performance, security and systems management aspects of the solution was satisfactory, except a delay to the start of security testing due to product integration problems. These are being addressed as a matter of urgency.

CURRENT CRITICAL PROBLEM

- We have not been able to find an acceptable resolution to the use of the FAD code in the Pathway solution. Neither POCL or ICL Pathway can afford the substantial costs or the time involved bringing the process in line with the other.

- The condition of the POCL estate is considerable worse than anticipated. The work involved in bringing them up to a standard fit for automation is both time-consuming and costly.

- The design of the reference data enrichment process is under review. It is currently too complex and time-consuming and there is a danger that it could derail the entire delivery programme. Every effort is being expended to stabilise the existing process while we evaluate the alternatives.

- The design team continues to suffer from the severe shortage of skilled resources. All recruitment avenues are being explored but with little success to date.

ISSUES

- The migration from release 1c to NR2 is complex and requires very careful detailed planning and thorough testing. We are still awaiting Sponsor approval of the migration strategy document but do not expect any late changes. In the meantime, work continues to determine how we can intercept these activities into the existing plan.

- Work on the Audit high level design continues and we will not be able to quantify the impact of any shortfalls in terms of development and testing until this specification is complete.

- The financial end to end reconciliation processes for NR2 are still being discussed with the Sponsors. There is a danger that late changes to some of the products will be required. This is being monitored very closely.

- The design of the Non-ISDN solutions i.e. Frame-relay, PSTN and Pathway Light is still ongoing and there is a risk that the required work cannot be accommodated within the existing schedule.

- The issue of 'turnover' training i.e. new staff in Post Offices has still to be resolved with POCL.

COSTS

- The systems directorate is in the process of baselining their budgets for 1998. The detail has now been completed and is subject to final management review.

ICL Pathway   **Pathway Programme Monthly Report**   Ref: PA/REP/023
Commercial & Financial Report   Version: 1.0
Date: 17/03/98

Commercial & Financial Report

MONTHLY SUMMARY

- Contractual and commercial activity has been gathering momentum - much of it phoney war as yet - but there is now a harder edge to almost all programme interactions with PDA and sponsors. Most communications now have commercial and contractual content, and we *all* have to positively look for any "got you" angles, which may be inserted. That means everyone who deals with the PDA and/or sponsors.

- We have now consolidated the departmental "Budget" bids for this year and into next. These Budget bids are against the latest NR2/NR2+ planning baseline. They show that to deliver NR2+ we will need to spend more money and recruit more people than previously thought. We are about to enter a period of financial reviews to ensure that we only spend what we have to to ensure success.

- Progress on A2As has not been as rapid as we need it to be to be sure that we have a solid baseline for the NR2 product. Closing down the top 50 really is an urgent priority.

- Likewise, a serious CP and CCN backlog has built up over a period of months. The backlog is being attacked by Programmes office but their efforts still require more dynamic and timely support by individual CP sponsors and impactors alike. We are at risk in this area and delay is not excusable. In the majority of cases, these CPs and CCNs have to be done for our own reasons. Only a small minority are being driven by BA/POCLs.

- We await sign off of the RCD for NR2 but expect to have to do battle on conditions which the Authorities are seeking to impose (PDA and Bird and Bird have been busy).

- The counter space problem has been better defined and is more serious than we had previously thought. We have gone on the attack with legal letters, which make it clear that, beyond a certain point, we consider this to be a matter for POCL to face up to (and pay for). The current prognosis for an early and amicable resolution is not good. Meanwhile, we need to be even more creative and determined to find ways to address the problem (moneys aside).

PROGRESS

- A Controller's report and February actuals are contained in the annex.

- A schedule identifying the cost of deferring subcontract work and products (due to programme delay) is also shown.

SUPPLIER COMPENSATION

Supplier	Agreed Compensation	Amounts Yet to Be Determined
Girobank	£2.6m covering 1997 and 1998, payable monthly from February 1998 over 12 mths £816K @ 4.5p/call over first 18.1m calls (to approx 2002)	Compensation for '98 call volume adjustments from 1.3m calls f/c in July '97, to 16K calls f/c in Jan '98: £1.2m forecast
De La Rue	Formula in contract preserves DLR's contract profitability, relative to guaranteed minimum volumes. £1.5m claimed for 1997, of which £1.1m has been paid. 1998 impact has been reduced by "swapping" contract volumes for 1998 and 1999.	1998 impact likely to be c. £1m
Celestica (D2D)	Lump Sum payments re. 1997 already made totalling £345K. Monthly charge agreed for 1998, amounting to £106k total for year.	£5.00 per counter price increase during national rollout (= c. £200K total) claimed by Celestica (due inflation)
Sorbus/CFM DSD	Continuation of Cost-plus arrangements for project management, field service, help desk & software distribution	£4.8m forecast 1998 charge roughly half as much again for balance of the programme slip £5.2m forecast 1998 charge
Original CFM	Continuation of Systems Operate Service (Bootle & Wigan) during "fallow" period	Roughly half as much again for balance of the programme slip
Energis		Loss of anticipated rebates worth c. £1.6m during rollout
Ithaca	£100K price increase for 1998 shipments	
All Counter Eqpt suppliers (as list below)	In varying degrees, equipment being purchased well in advance of our actual requirements. £2.6m of interest charges whilst equipment is in storage. NB not compensation but an actual cost	
McCann Erickson		£175K estimated, for prolongation of contract
WTL		Claim in for £2.5m
Exel Logistics	£20K retraining and interest charges	c. 7.5% price increase anticipated, due inflation (= c. £150K)

- Counter equipment suppliers: Fujitsu (PCs), Microtouch (screens), Ithaca (counter printers), Devlin & Fujitsu Australia (keyboards),

- Welch Allyn (scanners), Epson (back-office printers)

ICL Pathway   **Pathway Programme Monthly Report**   Ref: PA/REP/023
Commercial & Financial Report   Version: 1.0
Date: 17/03/98

KEY FINANCIAL DATA – FEBRUARY 1998

PROJECT COST ANALYSIS (£000)

	Month of February		Year to Date		
		Variance		Variance vs.	
	Actual	Vs. F'cast	Actual	Feb F'cast	Icl Budget
Revenue	201	86	220	86	152
Direct Cost of Sales	1,450	(97)	2,934	(97)	(272)
Gross Margin (Deficit)	(1,249)	(12)	(2,714)	(12)	(120)
Opex:- Labour Related					
Own Staff	568	(64)	1,085	(64)	(45)
Freelancers	1,066	244	2,130	244	297
Travel & Sub.	42	8	68	8	32
ICL Subcontractors	1,234	36	2,173	36	105
Other Subcontractors	581	207	1,333	207	43
Depreciation	990	42	1,988	42	(679)
Marketing	147	19	169	19	(32)
Professional	157	(51)	275	(51)	(77)
Other Costs	273	67	673	67	(112)
Gross Project Opex	5,058	507	9,894	507	(467)
Interest Costs	672	20	1,288	20	89
Cost before Capitalisation	6,978	515	13,897	515	(498)
Declared PBT Losses	200	(70)	280	(70)	(120)
Capitalised into Project WIP	6,778	585	13,617	585	(378)

- Revenue was boosted by the invoicing of Change Control costs to BA and POCL, but this was offset by a cost of sales overrun, mainly in respect of Energis costs.

- Operating costs were £0.5m lower than forecast. Main favourable variances were a reappraisal of contractors' bonus accruals, following payouts in Test & Integration and lower than forecast development charges from Oracle and CFM. Own staff costs were worse than forecast, due to the accrual for a 1998 company-wide bonus scheme, which had not been included in the forecast. Professional fees contain high accrual levels for costs from PA and Masons. Other opex was close to forecast.

- Expenditure on The Deutsche Post bid continued at a very high level, due to the maintenance of the team at the Darmstadt trials.trials in Darmstadt.

ICL Pathway	Pathway Programme Monthly Report Commercial & Financial Report	Ref: PA/REP/023 Version: 1.0 Date: 18/03/98

HEADCOUNT

	February	Variance vs	
	Actual	Feb. F'cast	ICL Budget
Permanent	120	(4)	(1)
Non-Permanent	141	(12)	(18)

- Early take-on of permanent and freelance staff towards the end of the month drove headcount numbers well above forecast.

BALANCE SHEETS (£000)

	Feb. 98 Actual Split		Total Feb. Actual	February Forecast	ICL Budget
	Op Co	Asset Co			
Net Fixed Assets	3,073	34,236	37,309	38,867	36,720
Project Work in Progress	81,992	24,380	106,372	106,957	106,771
Other Working Capital	(14,115)	(710)	(14,825)	(11,908)	(9,113)
TOTAL	70,950	57,906	128,856	133,915	134,378
Share Capital	19,999	1	20,000	20,000	20,000
Retained Earnings	(868)	0	(868)	(798)	(563)
OpCo/AssetCo Balance	31,165	(31,165)			
Group Pooled Borrowings	20,654	(1)	20,653	562	48,997
External Loans	0	89,071	89,071	114,151	65,943
TOTAL BORROWINGS			109,725	114,713	114,940
TOTAL	70,950	57,906	128,856	133,915	134,378

- Total borrowings were £5m better than forecast, due to a combination of lower than forecast fixed asset additions and higher than forecast accrual levels. The forecast drawdown of an additional £25m of Asset Company funding did not take place at the end of February, leading to a large mix variance within overall borrowings.

Customer Requirements Report.

Customer Requirements Report

SUMMARY

- The Customer Requirements team has completed the wholesale revision of Requirements, Solutions and Service Definition Contract Schedules to produce the Acceptance baseline. The Acceptance plan has been revised.

PROGRESS

DETAILED PLAN ACTIVITIES

RELEASE 1 / NEW 2

- Tony H has secured a Codes Files Definitions document from CAPS that can be baselined for New Release 2 (NR2) addressing the quality issues that prevent us from automatically downloading data from DSS into PAS/CMS at Release 1C and has agreed a method of controlling its automatic download and update.

- Tony H and Dave H have sustained good working relationships through the PDA End to End Business Process and CAPS functional specifications reviews. I will shortly have to sign off end-to-end process documents for Change of Nominated Post Office, Card impound, Urgent card issue, Urgent payments.

- We have raised six change proposals to BPS, which we fervently hope completes compliance changes for Release 2.

RELEASE NEW 2 / 3

- John D produced a revised requirements definition for "Soft" EVP, needed to clear a new NR2 RCD hot issue. Opportunity was taken to simplify the requirements considerably and this may spark some reaction.

- Tony H has resolved the functionality provided for On-line PAS/CMS enquiries - the routine 99% of enquiries will be over the CAPS interface and the Help Desk used only for complicated queries. He has explained to the customer the PAS/CMS audit trail, which incorporates the Help Desk, and call logging information and resolved the issue of FAD code changing, getting this moved into a separate service.

CARS

- The CARs were brought up to date. I sent a letter withdrawing our approvals for CARs relating to Reference Data. The subsequent muscular correspondence has led to a letter to Tony O asking him to intercede with me on the customer's behalf. This issue will either resolve itself with deliveries by POCL of satisfactory Reference Data by the end of March, or will become a severe embarrassment to POCL if they miss either or both of the quality or the date.

A2AS

- We have progressed our remaining assigned A2As, 753 (EDS and CAPS/CAS interface), and 891-2,5,8 (Reconciliation processes), to the point where signatures should be possible.

CCNS

- The state of CCN 117 remains unsatisfactory - now a year old! PDA are trying to make out that the changes are no big deal but in fact it introduces: separation between Payment Card and Temporary Token functions, customers of temporary interest, new agent roles including temporary agents, and impacts on service separation and measurement for composite on-line transactions

- We have just received a further associated documentation pack for review.

- CRP76 - the reinstatement of the twice-removed, off-the-street, uncarded casual agent facility: DSS will prevent POCL from using this facility as it stands so we may offer the opportunity for use of a Citizen Card as a way of getting positive value out of otherwise nugatory work.

- CCN 121a has been resubmitted. This introduces agreed Audit Schedules missed at dropped down and once rejected by us.

ACCEPTANCE

- The major single activity for the last two months has been the rework of the Requirements, Solutions and Service Definition Schedules to form the baseline for Acceptance. This has been sent to the sponsors as CCN 234. To achieve this baseline we have incorporated four unapproved CCNs (which introduce related changes for CAPS On-Line, Temporary Tokens and Restricted Post Office Indicator) and which reflect the actual implementation. This places the sponsors under ever more pressure since within six weeks or so they will be faced with approving Acceptance Test Specifications which relate to an otherwise unapproved contract level.

- Some of the tensions between the customers over not resolving contract issues are visible: one threatened to throw another into the River Ouse - but only a threat though at this point.

- The detailed plan for all Acceptance Test Specifications was revised. The Marketing element has been broken out into a separate Test as it is well advanced. The plan takes account of High Level Test Plan (HLTP) production, actual and forecast. It allows for the PDA to lodge "last minute" criteria (thereby setting a limit) and has taken advantage of the timing of the official Live Trial to stretch activities such as Trials and Reviews and reruns.

- Since relieving the PDA of the burden of having to sign off the HLTPs and making it clear these were to be the basis of the Acceptance Test Specifications we have received large quantities of good quality PDA comments on them. Must be a message there.

- Besides the Marketing Test being handled directly by Anna Campopiano, John Pope has joined and is taking over the related areas of Reference Data, EPOSS, and TIP. A "Vanilla" Acceptance Test document has been derived to make document production slicker. It is this month, March, that the bulk of the Acceptance Test Specifications have to be originated.

- There are several "straggler" Feltham Business Threads (BTs) and HLTPs: those for Audit, Migration, Reference Data will require close-in co-operation between Requirements and T&I.

MASONS

- Masons have advised on the handling of the Reference Data CARs issue.

NEW BUSINESS SUPPORT

- Logistics Feeder Service - POCL are slow to respond to the BRD actions, saying that the cut off is not until later this year.

- Dave C has now received responses to his requirements specification for introducing Talexus Smart Key, successor to Key Budget. Design & Development are producing costings.

- Generic Functions - A difference of view is emerging between Pathway Design and the French-Thorton consultant retained by POCL over the level at which generic capability is designed into the desktop.

- John D presented to the management team the paper to extend the contract into Citizen-centred services. It included the ISA area which will be in the Budget and a possible batting order of initiatives.

OTHER TEAM ACTIVITIES

INTERNATIONAL SALES BIDS

- German Post Office: Dave H produced a work package description for the high level design activity covered by the DM3.5m element of our proposal. Two short visits to Darmstadt were made this month to support the sales effort, including a long discussion with the customer on development approach and methodology. Various documents (Openframework development methods and DSDM) have been provided to the bid team.)

OTHER

- John Pope has joined the team. We need another urgently to handle the Bracknell acceptance activities.
- Dave C attended the ICL EMU opportunities group and an ICX conference on Electronic Commerce / Digital Signatures and Trusted Third Parties, and supported POCL discussion with British Gas concerning Client Integration.
- Tony H liaised with Accord.
- Dave H gave a presentation to Inland Revenue and EDS on Requirements / Solution / Architecture, as part of the ICL sales campaign.

CURRENT CRITICAL PROBLEMS

- None

ISSUES

- None

COSTS

Customer Service Report

MONTHLY SUMMARY

- February showed a marked improvement in the operational service performance and for the past three weeks no serious new issues have emerged. The new release of Riposte has fixed many problems and customer feedback has been positive. Release 1c appears to be following the pattern of IGL and is settling down into a reliable and stable product.

- The number of payments received in February was almost double those in January which confirms that the BA is making progress in its card roll-out programme. At the time of writing this report, there are 19323 cards that have been activated with a further 4987 in post offices waiting to be collected and 727 in production at De La Rue.

- We continue to experience problems with the Data Warehouse data updates and this is inhibiting our ability to produce management reports.

PROGRESS

OPERATIONS

- Release 1C is now more stable and manageable.

- The review of the CAPS/Pathway Operational Interface was published and Martin Riddell presented this to the CAPS board. I am awaiting feedback from this meeting from the PDA.

- The Nile 1 upgrade is still on track for the Easter week-end although there are signals from CAPS indicating that their schedule contingency is being consumed. The CAPS data migration activity that has to be performed is very lengthy and its implementation is a tight fit into the four-days available at Easter. Any slippage from CAPS would seriously impact the whole programme since there are few remaining opportunities to perform this scale of task this year and they have planned activities on all of them.

- Since the start of Release 1c we have implemented 203 release notes.

BUSINESS SUPPORT

- There has been a significant reduction in the number of lost transactions and printer-related problems since the new release of Riposte.

- Business Support workload has moderated and we have made excellent progress both in clearing some of the backlog and reconstructing the data to the satisfaction of BA.

BA & POCL SERVICES

- There has been some progress on the Royal Mail/POCL card package hand-over process, following John Bennett's note to Richard Dykes. A service trial of the Pathway-defined process is to be undertaken in March.

- The IGL card migration exercise is coming to an end. The residual IGL cards will be stopped this week.

- The old 0645 Payment Card Help Line telephone numbers were switched off at the end of February.

- Demonstration versions of HICO (High Coercivity) cards have been received from De La Rue and are under test.

CUSTOMER SATISFACTION

- The official report from POCL Research Services survey of 50 Post Offices has been produced and has been distributed. Generally speaking the results remained very positive. POCL now plan that detailed interviews will be held with a further 20 Postmasters - we have provided input for the topic list for those interviews.

- An analysis and commentary relating to service visit reply cards is available. The percentage of satisfied responses was 96% - good service again from ICL Sorbus.

SYSTEM SUPPORT

- Work by CFM to complete the build of the test rigs is still incomplete. There appears to be a mismatch between Energis supplied ISDN and BT supplied ISDN lines. CFM and the SSC are conducting an analysis of the problems and a report is being prepared so that sensible discussions can be held with Energis and BT.

- Oracle support is still responsive and their access path to the live system is now in place but implementation is being hindered by security restrictions, creating extra work for the SSC.

- The Known Error Log (KEL) is now being populated. We currently have 155 entries accessible via the ICL intranet which will be used to provide access to the Horizon Systems Helpdesk and the Service Management Centre.

- In January there were 214 customer calls opened and 300 customer calls closed.

ICL Pathway	Pathway Programme Monthly Report	Ref: PA/REP/023
	Customer Service Report	Version: 1.0
		Date: 17/03/98

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.

- The MIS team continues to be frustrated by the late and poor quality output of the data warehouse. This is being escalated and we are attempting to ensure that New Release 2 does not cause us the same problems, especially as vastly more data will be sent to the Data Warehouse.

CURRENT CRITICAL PROBLEMS

- None

ISSUE

- Quality and completeness of output from Data Warehouse.

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

Quality
and Risk
Report.

ICL Pathway	**Pathway Programme Monthly Report**	Ref: PA/REP/023
	Quality & Risk Report	Version: 1.0
		Date: 17/03/98

Quality & Risk Report

MONTHLY SUMMARY

- FRM progress. Reporting of FRM and EVP continues to be an issue. The former should be fixed in March; the latter is being investigated. Progress is being made on defining joint investigation approaches for NR2 on.

- Risk Management. NR2 analysis continues, and now includes Programmes risks, the highest of which include design documentation, quality of delivered software, T&I script production and impact of shrinking timescales, acceptance and issue and resource management. The major commercial risk is now the state of the Post Office infrastructure.

- System Security. Security processes continue to be developed, and the requirements for NR2 including Security Event Management, secure platforms and penetration testing. Data Protection Act requirements have been identified and informed to us by BA and are being impacted.

- Quality. BSI registration is a potential acceptance. Work is underway to explore options for accelerating registration. This will have implications for the development and implementation of remaining Pathway processes.

- Audit. Audit architecture is ATFS compliant, and data requirements are not as onerous as originally suspected. Work is now in hand to identify in internal requirements. BA and POCL wish to conduct an operational review of R1c - the scope of this is being discussed. Pressure continues to implement the improvement actions identified by the MSQA's.

- Year 2000 Conformance. Major concerns now focus on Systems Management, internal unit testing; and also ALPS compliance.

PROGRESS

FRAUD RISK MANAGEMENT

RELEASE 1C

- Production of Fixed Reports. Assistance has been given to ICL CFM consultants in the production of the combined FRM/BPS MIS universe and reviewing/rewriting reports. A suite of data should be made available in the short term for distribution to the PDA early March.

- Lost/Stolen Cards Report. These have been received by E-mail. Work is in hand to implement a monthly automatic download onto the FRM PC in Bootle. A number of anomalies have been found on the reports and a PINICL has been raised with Oracle to resolve them.

- EVP Report. It is not possible to produce the EVP report accurately and completely; reasons and impacts are being investigated.

- Investigation Support. A query from the PDA concerning a repudiated transaction has been investigated. The volume of these queries will increase as more cards are issued. Greater efficiency in obtaining the data through a more appropriate Business Objects Universe and easier availability of Riposte data via the audit PC should reduce the impact of handling each query.

- Training Material for R1. A workshop was held with members of the FSG and OFI (Organised Fraud Investigation) to consider how to implement a pilot fraud investigation team. Good progress was made. In order to improve the investigators effectiveness, it is planned to give a demonstration of the FCMS and the counter functionality.

- Impounded Cards PUNs and Temporary Tokens. The R1c workaround procedure is not 100% effective. During February six items were not forwarded in the agreed manner. Further instructions have been sent to the live offices.

NEW RELEASE 2

- Develop Extended Verification Process. Considerable effort has gone into revising the EVP requirement document, as required for the RCD. This has resulted in a re-write of section 10. The document has been issued to PDA for comment.

- FCMS Support. A review of the HLTP has been completed, and response to queries given.

- Review of R2 Procedures. Work has begun on reviewing relevant documentation and a walk through of the procedures to detect non-constructive instructions.

RISK MANAGEMENT

- NR2 risk identification and risk analysis has continued, particularly in the areas of:

> Programmes; with risks identified against e.g. design documentation, quality of delivered software, T&I script production and impact of shrinking timescales, acceptance and issue and resource management.
>
> National Roll Out beat rate. A number of workshops are being held to identify detailed risks and mitigation actions.

- The major commercial risk to the programme now lies with the state of the Post Office infrastructure. A recent survey has indicated that about £40mn is required to make implementation possible.

SYSTEM SECURITY

- Security functional specification. The PDA have signed off at Version 3.0 with caveats around Belfast and outstanding documentation.

- Again, during February there was significant effort to provide further history of development and testing of the security solution for Mason's Solicitors.

- Draft Pathway IT Security Standards have been created from the Departmental IT Security Standards of the DSS (by which we are contractually bound). The intention is to make the standards available on the proposed Pathway Intranet Server with a BS7799 front-end.

- The Pathway Security Policy has been formally reviewed and is being updated.

- A Data Protection Act audit report has been produced by C&LA. The main issues have been presented to the Management Team, and workshops are being held to impact FRM and Customer Services. Requirements for data for Subject Access Requests has been received from CAPS. This will be discussed at a workshop in March.

- Security Breach Database and Security Breach Reporting. Issues have been identified concerning the lack of security awareness within POCL (whom we rely on for security event 'notification' in the outlets) and joint investigations.

RELEASE 1C

- Security issues regarding the security of 3rd party supplier access to the system for support is being addressed (e.g. Oracle).

- Security Processes have been developed, including Sensitive Material Handling, PDA Site Security and Horizon Security Pass.

NEW RELEASE 2

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

- March Information Systems have demonstrated tools for NT and Unix event monitoring. It is proposed that March provide a day of consultancy to run their compliance tools on each platform (Unix and NT) to verify our secure standard configuration.

- Penetration Testing. The scope of this is being progressed, initially internally but during Q1 with PDA. Admiral (CLEF) have been contracted to undertake an initial scoping in order to prioritise activities

- Security Event Management requirements are being developed, to input into the Audit Design.

QUALITY

- BSI Registration. This may become an issue for Acceptance. Pathway progress and current status has been reviewed with the ICL Account Manager at BSI to explore possible opportunities for acceleration of our Registration. Registration for a limited number of services appears possible, if necessary to achieve early contractual acceptance. This puts pressure on all internal functions to address process management and control.

- Sub-Contractors:

  > A further review of R1b / R1c migration failures has been held. There has been good progress on process improvement, but limited feedback from suppliers concerning equipment failure modes.

  > 1997 packaging / recycling information from Implementation, PPC and Exel has been collated and presented in the form required by Corporate Affairs to support ICL's reporting requirements.

PROCESS MANAGEMENT

- Support has been given to the project to define the end to end Implementation processes, including a review of activities and outline plans.

- A revised Asset Management data collection process has been agreed. Definition of information flows and detailed interfaces and audit and correction are in hand.

AUDIT

- A first draft of the Audit Programme for 1998, based on the OMR has been produced. It indicates that resourcing will be a problem, especially with the high priority Q1 and Q2 audits.

- Review Archive/Audit Design. The Audit Architecture has been reviewed. An 'Alternative Proposal' was delivered as planned by P Wiles. The current AA is ATFS compliant but does not contain Internal Audit requirements for 'Pathway non-Horizon business systems'. These are being developed.

- Product Audit Trail Analysis. The OBCS document has been reviewed and commented on by BA. Preliminary analysis of the SADD has identified about 20 business streams that also require detailed analysis. This is no longer on the critical path (data requirements not as onerous as anticipated).

ICL Pathway	Pathway Programme Monthly Report Quality & Risk Report	Ref: PA/REP/023 Version: 1.0 Date: 17/03/98

- Internal Audit Requirements. Requirements for Audit of Pathway non-Horizon business systems, eg. CCS, FRMS, RED, RODB, has to be identified, understood and development work planned in. This is underway.

- Wigan Datacentre. The Audit Forum meeting took place on 12th February and the Audit PC demonstrated with great success!

- POCL and BA have indicated that they wish to conduct a R1c Post Implementation Review (PIR). The TOR of this are being discussed, with the aim of limiting the scope so that there is minimum impact on NR2 activities.

- MSQA#1. 2 major actions have been identified (both need ongoing pressure to complete and implement):

    Improve Baseline Management, Document Management, Change Control processes. Underway.

    Introduce Openframework concepts into Pathway Development Lifecycle and documentation. Enterprise consulting have been contracted to review TED, Online Standards and a proposal.

- MSQA#2 has been completed and the report issued.

YEAR 2000 CONFORMANCE

- Product Suppliers. Compliance statements have been reviewed and a few issues now have to be pursued. Progress has been made with Systems in determining ownership of product suppliers.

- There is increasing concern at the lack of a definitive position for the Systems Management product portfolio despite the efforts of CFM to agree the position with the suppliers. This is being monitored closely.

- External Service Provides. Compliance policy statements have been received from all major suppliers including D2D.

- Internal Testing. TSC are now attending to Year 2000 Technical Testing. In the absence of any apparent unit testing, at least in some areas, and the lack of host platforms for Y2K testing in Development, there are concerns as to the extent of Y2K compliance of the applications.

- DSS/CAPS. Dates for DSS compliance are beginning to emerge and it is clear that their programme extends well beyond the time-scales for NR2 e.g. CAPS on-line and JSA will not be compliant until Oct 1998, other feeder systems not until end August 1998, Branch Office infrastructure until Q3 1999.

- Network/infrastructure testing is necessary and the Test Strategy is being defined.

- ALPS compliance. POCL have written to us asking for a compliance statement; there are several issues and SORBUS have been asked to re-test for Y2k.

CURRENT CRITICAL PROBLEMS

- None

ISSUES

- Reporting of FRM and EVP continues to be an issue. The former should be fixed in March; the latter is being investigated.

- Resourcing for Audit is becoming an issue, with conflict for time to develop the function, conduct audits and define requirements.

- The impact of Data Protection Act requirements still needs to be determined.

- Pressure has to be maintained on improvement activities resulting from MSQA's.

- BSI registration may need to be accelerated for acceptance.

- There are issues emerging re the internal unit testing for Y2k compliance.

COSTS

Business Development Report.

ICL Pathway	**Pathway Programme Monthly Report** **Business Development Report**	Ref: PA/REP/023 Version: 1.0 Date: 17/03/98

Business Development Report

SUMMARY

- Major activity this past month on the press. Almost 30 separate conversations with journalists. 10 articles have been printed. A positive briefing note has been produced and shared with the sponsor organisations but with no guarantee of anything being done with it. I am finding myself explaining to POCL people the real facts behind the press stories!

- The Customer Education plan and all associated agreements to agree have at long last been signed off by the sponsor organisations - a major achievement on Anna's part.

- Promotional events have continued. Demos/presentations to David Clark, Chancellor of the Duchy of Lancaster, Andrew Lappin his political advisor, Tony Edge, Director of BA, ICL's Financial Services Client managers plus 14 other events. We have also supported POCL North West region in seven events that they have run for their postmasters.

- Work has continued with POCL in helping them to put their presentation together for the DTI. They are still very 'reluctant' to pick up the political sphere and run with it. It seems to always defer to Group.

- Still maintaining good relationships with the Federation of sub-postmasters. They still are maintaining a very positive outlook. Colin Baker has written to Tony Blair and Ian McCartney asking for public support of the automation programme and the support of rural post offices.

- I am concerned that we are getting bogged down on A2As. We must identify the critical 'win' areas and help the relevant managers to find resource to help. Clearing A2As is more an internal issue.

- Tony Lavery continues to make good progress on EPOSS, Reference Data and principally Reconciliation.

- We now have a firm task to get closer to the account teams in POCL. First efforts at this last year were thwarted. However reception this year appears better.

- Our Social Banking forays continue. There is now a tripartite discussion group with POCL & Girobank to better define a possible product delivery route.

- Counters have now employed McKinseys to look at their overall business strategy. Originally this was to cover the 10 - 25 year strategy but has now been expanded to start from current position.

- Another good session with Vanessa Leeson who continues as the possible beacon of change. Chris Yapp accompanied me and gave more excellent value in pointing out potential ways forward in the government influencing arena.

PROGRESS

BUSINESS DEVELOPMENT

EFTPOS (DEBIT CARD ACCEPTANCE)

- Stand alone trial due to start in April. However there is still no sign of a project manager being appointed by POCL. We have written to them to confirm our understanding of the trial and the dates for evaluation and the potential dates for a Horizon implementation. A meeting is arranged for 23rd March to discuss the way forward.

L.F.S. (LOGISTICS FEEDER SERVICE)

- Requirement now clearly understood. We are attempting to get POCL off the fence and finally to agree the requirement. Because a cut-off date is not imminent, they prevaricate. We have written to put pressure on and received a typical response. However, discussions are continuing.

NATIONAL SAVINGS

- No further progress on this until a clearer position on dates is known.

FAMILY BUDGETING:

- We are currently developing a prototype family budgeting system, which is planned to be demonstrable by end March. With this available, we can enhance our demo systems to indicate the roadmap to Social Budgeting.

BILL PAYMENT:

- We continue to forge better relationships with the Account teams in POCL and externally with the bill payment clients. The concept of a roadshow is back on the agenda.

GENERIC BANKING:

- We are awaiting feedback from Financial Services on the applicability of any of their products for this requirement.
- Work is continuing with POCL on their definition of generic products. We are making good headway.

CUSTOMER EDUCATION

- The programme plan has now been signed off by the PDA.
- Plans in place for the ICL Pathway senior management briefing.

- The initial brief for the advertising agency has been drawn up and is currently going through the rounds of the sponsor organisations and Pathway.

PEOPLE

- Helen Gillet has departed - Greg Couper has moved in to take over the role.

- Pathway Liaison managers will now be part of implementation but providing a cross functional support role. Jacqui Haxton will move across to Implementation reporting to Allen Prescott.

CURRENT CRITICAL PROBLEMS

- Maintaining a positive press line is vital. A significant part of this is convincing the sponsor organisations to play positive. I am also looking at how we can ensure better internal comms. especially in POCL.

ISSUES

COSTS

International
Sales
Report.

SWEDISH POST

- Following recent meetings with Swedish Post they have asked a to host a visit to the UK in May. Their current systems were supplied by IBM and Digital but both are over 8 years old and no longer satisfy the business need.

OTHER

- Portugal, visited us in February, ITT to be issued in July.

CURRENT CRITICAL PROBLEMS

- Resourcing for DPAG assuming we are successful with our bid.

ISSUE

International Sales Report

SUMMARY

PROGRESS

DEUTSCHE POST AG

- For the last four weeks we have been actively engaged with Deutsche Post in the test phase of their procurement. There are four bidders on the shortlist, IBM, SNI, Digital and ourselves. During this period we have been judged on our technical competence in the areas of, application development, TMS, middleware and our front-end functionality. There have also been extensive negotiation rounds running in parallel to the technical tests as well as an extensive number of presentations and meetings with all of the key recommenders and decision makers.

- The final decision will be made later this month when the successful bidder will be awarded a framework contract for the delivery of licences, fixed price services and time and material workpackages. The contract life will is likely to be for 10 years and will yield substantial revenues over this period.

- In order to compete we have had to set-up a development and integration centre in Darmstadt. This is supporting the activities running at Deutsche Posts test centre some 3 kms away.

HUNGARY POST

- Following a yellow flag being waved by Digital and Samsung, (neither of which could pass the earlier base set of mandatory requirements set out in the 'capabilities' documentation) a court hearing was held to determine whether or not Hungary Post were in breach of GATT procurement rules. We just been to advised that following the recent hearing a new ITT will be re-issued in May 98.

DENMARK POST

- A call for limited tender has just been published.

- The scope is for the letting of a facilities management contract covering 400 Post Offices with approx 1000 seats. The contract will be awarded in September 98 and will have a duration for 3 years with an option for a further 2 years.

Organisation & Personnel Report.

Organisation and Personnel

MONTHLY SUMMARY

- This is a busy month administratively, with bonus payments being prepared for March payroll run. Resourcing activity is high. There have been very positive results from the recent freelancer contract renegotiations. A Personnel Manager has been offered to.
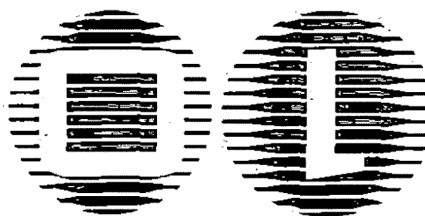
PROGRESS

- The renewal of freelancer contracts has been achieved. This has included the spread of risk, with sign up to 6/12/18 month contracts as appropriate. The exercise must be viewed as a very significant achievement, resulting in minimal attrition and control of rate increases. Working to a laid down process, line managers have played a crucial part in achieving the goal.

- Permanent resourcing is on the increase, to achieve the ramp up to roll-out and rebalancing contractor/permanent ratio. The outsourcing arrangements with Hays Recruitment are now bedding in and Jim Whelan, Account Manager, is getting to know the Programme and is making good efforts to tailor process to our requirements

- Higher Skills continue to 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 has been rolled out in a pragmatic fashion and there has been a great deal of appraisal activity

- Bonus arrangements for permanent staff have been announced, including resetting the Pathway Programme bonus. The 1997 Pathway bonus has been concluded and all eligible employees have been notified individually of their due amounts. This has been received enthusiastically (many did not expect any payout), as has the announcement of EIP payments.

CURRENT CRITICAL PROBLEMS

- As outlined last month, we are still running extremely lean within HR as we seek to replace Melanie Lyng, Personnel Operations Manager, who left ICL Pathway at the end of December. I am pleased, however, to be able to announce that I have now made an offer to a candidate and that this has been accepted. I will be able to share details within the next few days.

Post Office Client Report.

Organisation and Personnel

MONTHLY SUMMARY

- This is a busy month administratively, with bonus payments being prepared for March payroll run. Resourcing activity is high. There have been very positive results from the recent freelancer contract renegotiations. A Personnel Manager has been offered to.

PROGRESS

- The renewal of freelancer contracts has been achieved. This has included the spread of risk, with sign up to 6/12/18 month contracts as appropriate. The exercise must be viewed as a very significant achievement, resulting in minimal attrition and control of rate increases. Working to a laid down process, line managers have played a crucial part in achieving the goal.

- Permanent resourcing is on the increase, to achieve the ramp up to roll-out and rebalancing contractor/permanent ratio. The outsourcing arrangements with Hays Recruitment are now bedding in and Jim Whelan, Account Manager, is getting to know the Programme and is making good efforts to tailor process to our requirements

- Higher Skills continue to 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 has been rolled out in a pragmatic fashion and there has been a great deal of appraisal activity

- Bonus arrangements for permanent staff have been announced, including resetting the Pathway Programme bonus. The 1997 Pathway bonus has been concluded and all eligible employees have been notified individually of their due amounts. This has been received enthusiastically (many did not expect any payout), as has the announcement of EIP payments.

CURRENT CRITICAL PROBLEMS

- As outlined last month, we are still running extremely lean within HR as we seek to replace Melanie Lyng, Personnel Operations Manager, who left ICL Pathway at the end of December. I am pleased, however, to be able to announce that I have now made an offer to a candidate and that this has been accepted. I will be able to share details within the next few days.

The Post Office - Client Director's

MONTHLY SUMMARY

- Following success in shortlisting, the Call Centres bid work continued with a technical workshop run with SSL, a reference visit to Telecom Eireann and preparation for the Final Presentations.

- A number of government.direct actions have been initiated, and two other Post Office bids are in progress.

PROGRESS

PATHWAY

- Following the wide use of the CAFExpress material I have now initiated a working group to focus on the iFORMS opportunity for demonstrating ICL's capability (and hopefully achieving some measure of thought leadership) in the government.direct arena; and a Fraud group looking at the total govt benefits fraud area including Housing Benefits. Both these are under the auspices of ICL Government, with Pathway representation.

- FS have finally picked up the ball on cross-ICL Smartcard activity, Dave Cooke will be the permanent Pathway rep. The key needs for Pathway are i) to establish the opportunity and the technical requirement and ii) to find a viable business model. Neither of these look capable of a short term solution, we should plan to be active for some time.

CALL CENTRES

- Following the completion (in 8 days) of the substantial Secondary Questionnaire, shortlisting was followed by a one-day workshop with SSL in Bristol, covering all technical and resourcing areas. Post Office are yet to open dialogue on t+cs, so the commercial requirements are still unknown. However it is now clear that the 1998 requirement is predominantly telephony based, thus removing the need for any complex SI this year and reducing short-term risk. Our cost proposals for 1998 are being revised accordingly and the risks/revenue/margin options revisited. The first reference visit to Telecom Eireann went very well; the second to ScottishPower was snowed off. The third, to Beneficial Bank in Birmingham is on March 16th.

OTHER ACTIVITIES

- Following the Post Office One-Stop-Shop Evaluation Team visit to Tplc in Warrington on Feb 9th we have so far received no feedback while the visits to the other bidders proceed.

- AST's contract for PCs has not been renewed. Fujitsu and others are bidding to take their place as a preferred supplier (alongside Compaq).

- 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. As expected the Phase 1 order will go to an incumbent to complete the HP ITO implementation started 3 years ago. I am more optimistic that Phase 2 will open the opportunity to a new approach - we have proposed Tivoli.

- A requirement for DCE <u>middleware</u> is being handled by the DAIS team in High Performance Systems, assisted by John Bell as account representative.