

COMPANY SECRET
FSMC/06/30

FUJITSU SERVICES MANAGEMENT COMMITTEE

AUGUST 2006

MAJOR ACCOUNTS

POST OFFICE

Current service remains very good. The monthly scorecard has remained at 8.5 with over 97% conformance to Service Level Targets. With the implementation of GSM connectivity to the Post Office branches, service availability has increased to over 99.7%. The customer remains pleased with this continued improvement

The S92 release has been successfully delivered and has implemented GSM Branch Network Resilience.

The T10 release has also been successfully delivered and has implemented the central network to support GSM connectivity, incremental improvements to the Horizon infrastructure and application and phase 1 of IP Stream.

T20 is in progress and will complete the implementation of IP Stream connectivity (removing service from Cable & Wireless Datastream) and National Savings & Investments along with Alliance & Leicester enhancements.

T30 and T40 releases are planned for the second half of the year, with the major deliverable being Moneygram integration into Horizon.

We have been negotiating the terms of the Horizon Next Generation (HNG-X) contract and plan to have the contract ready for signature within the next few weeks. However, the future funding of the Post Office still needs to be approved by HM Government. This approval is anticipated in February 2007.

Funded programme work is continuing with funding secured until March 2007. In addition, our team of 'seconded' Fujitsu Services' employees working in the Post Offices' Systems Integration Partnership has increased to 15.

IRRELEVANT

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NHS

In the past week a second Trust “went live” with the Cerner Millennium NHS Care Record System (CRS). A further 13 Trusts deployments are scheduled before the end of the calendar year including 8 Trusts scheduled over the next three months.

Subject to contract, British Telecom, the NHS CFH Local Service Provider for the London Cluster, will be replacing GE Healthcare – previously IDX Systems - with Cerner as its supplier of CRS software.

We have been awarded a contract to provide NHS Care Record Services to the Wirral Hospital NHS Trust as part of the National Programme for IT. The contract, worth £26.2 million, is an extension to our existing contract as the Local Service Provider for the Southern Cluster.

The Wirral Hospital NHS Trust provides acute healthcare services to approximately 400,000 people in the North West of England. With a workforce of almost 6,000 staff, Wirral Hospital is one of the largest acute NHS Trusts in the country and operates from four separate hospital sites.

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The Picture Archiving and Communications System (PACS) programme continues on schedule with nearly 60% of Trust deployments having been completed. This brings the total deployments to 22 PACS systems and 20 Radiology Information Systems (RIS) systems. Over 45.5 million images are now stored in the data store. A further 3 PACS systems have also been deployed outside the Southern Cluster.

Following the recent £41M FLSS (Front Line Service Desk) contract to Fujitsu Services, development of the service is underway with the expectation that the service will be ready for deployment prior to the end of the calendar year.

HMRC

This has been an extremely busy quarter operationally. The roll out of the STRIDE programme delivering a new Windows XP desktop environment across the whole of HMRC commenced during the quarter and over 20,000 Desktops and 190 File and Print Servers have been successfully migrated into live service. Some early issues have been addressed and the pace of migration has increased substantially over the last month.

Key to delivering the STRIDE live service has been the successful integration of circa 300 staff that transferred to Fujitsu Services from HMRC and Capgemini in April 2006, following the integration of the old ISA contract into ASPIRE.

The ERP & SAFE Applications went live in March and April 2006 using Fujitsu Siemens 'Flexframe Technology'. These applications have been stable in live service but actions have been taken to build improved support capability within both Fujitsu Services and Fujitsu-Siemens UK.

An increase in avoidable service issues occurred during the quarter, from both the Fujitsu Services and Capgemini teams and joint action plans are in place to prevent repetition. During the second year of the ASPIRE Contract, service credits overall have reduced by over 50% from the Year 1 level.

The HMRC Data Centre Transformation Programme continues to gain senior stakeholder support. A joint Fujitsu Services and Capgemini presentation to the HMRC CIO, Steve Lamey, outlined the major operational risks and vulnerabilities currently facing the Department. This was thoughtfully received and a discussion of the potential mitigation approaches included an accelerated move of critical systems into Fujitsu Services Data Centres from the existing HMRC premises. We have the opportunity to further develop this option with HMRC.

The customer scorecards for the period April to June 2006 across Data Centre Operations and Input Services have averaged 8.3 maintaining a high level of satisfaction through a period of considerable change.

Relationships with Capgemini continue to mature and with both sides adopting a joint approach to business development and much improved governance arrangements.

Sir David Varney the current Chairman of HMRC has announced that he will step down from the role with effect from the end of August 2006. His successor is yet to be appointed.

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The Account continues to perform without any SLA failure at national level. This is recognised by the customer at both senior and user level as Fujitsu Services maintaining quality service, despite not being down-selected in the DISC infrastructure procurement.

DISC (the contract re-bid) has now entered the BAFO stage and the 2 remaining bidders (EDS and ATOS) submit their final offerings on 26th July 2006. The DCA procurement team is currently evaluating the submissions for a decision on or around 28th September 2006. We expect to be notified of this decision around two weeks later. Following this announcement the Account will be in a position to evaluate and plan for the transition and exit activity.

DCA have contacted us with regard to extending the current contract for an additional 3 months from the current end date of 31st March 2007. This is an improvement on DCA's original plan to extend the contract on a month by month basis.

HOME OFFICE

Our improved relationship with the Home Office and our strengthened account management capability has allowed us to focus our account development activities on higher margin services including consulting and application development/SI projects. Our account plan includes improving our relationships with the main board directors of the Immigration and Nationality Directorate (IND), where historically we have been weak. We are now delivering key projects for all IND's main board directors. We have also been invited at board level to contribute ideas to support the IND reform programme.

Peter Lowe, Director of Home Office IT is about to move to a new position at the DTI. There is now considerable uncertainty about his replacement, which has the potential to delay project decisions.

The Home Office, and particularly IND, has been through an extremely difficult period, with several critical public relations disasters, resulting in the replacement of the Home Secretary in June. An expected outcome of the recent problems will be greater investment in IT and we are in a good position to take advantage of this opportunity.

We anticipate increasing seat volume by a further 4% as a result of additional investment by IND in front line staff. Furthermore, we are making excellent progress on the new Points Based Migration system and this has contributed to the customer's perception about our ability to deliver project based work. We have also been invited to take on support and development of ASYS (Asylum Seeker System) that is currently being delivered by ATOS. If successful, this will be a major breakthrough in our involvement with IND's business.

Within core Home Office, we are now working closely with the STSS (Single Transactional Shared Service) business efficiency programme, which gives us an opportunity to deliver visible business value.

DTI ELGAR

In June the Flexible Computing project was secured with contract value of £6.5m.

The next significant business opportunity is a replacement for the HR system for which the ITT is due to be issued in mid August.

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The Insolvency Service will soon be issuing an RFQ for an infrastructure which should allow the account to present the benefits of using DTI's ELGAR contract to deliver their requirement. It is intended that this work will prove the shared service model within the account allowing similar propositions to other DTI Agencies to be supported by the DTI. The Insolvency Service has also asked for indicative pricing for an EDRM solution which will allow the account to sell the current DTI EDRM on a shared basis. It is expected that there will be further opportunities emerging within the Insolvency Service e.g. Application Support as negotiations progress. Discussions continue with the Insolvency Service regarding re-starting the Cameo programme.

Contact with the DTI Agencies has been positive and has uncovered a number of smaller opportunities.

Sense and Respond continues to deliver value and the Customer has participated in a useful case study.

The delivery of a number of the key programmes including Matrix (EDRM), Flexible Computing (Laptops and Blackberry) and Infrastructure programmes (Office 2003) remain on track. Service level performance remains on track.

There have been two recent executive level changes. Hilary Douglas has taken on a new position as Chief Operating Officer reporting to Brian Bender and Peter Lowe (ex Home Office IT Director) has been announced as the replacement for the Head of Information and Workplace Services. Peter will join the organisation in August 2006 and is well known to Fujitsu.

MOD DII(F)

Subsequent to first user live, another 5 sites have migrated to DII/F and approval to roll out to another 21 sites is in place. Clearly these volumes are much lower than planned for by this stage of the programme and a number of factors are contributing to this situation as described below.

Whilst we have three software releases in progress, 1.0, 1.1, and 1.2, all three releases have yet to achieve full security accreditation and there are ongoing functional and service management trials to verify these releases conform to the contract requirements. Until security accreditation and trials achieve sufficient approvals then there will remain a limit to the number of sites that we can roll out to. Release 1.2 is required to achieve the capability to handle large volumes of users and desktops.

There are a number of issues that are impacting MOD site approvals for the scope of work at a site. These include the degree of re-use of existing networks and equipment at a site, the amount of environmental work required at sites to enable installation of the DII/F system, e.g. computer rooms, existing asbestos. These issues are also affecting the sites identified for hosting the data centres where lack of space, environmental facilities, e.g. power, air conditioning, are impacting the timetable for installation of data centres required to support site roll out.

The delays to the timetable have now been escalated to the level of 2nd Permanent Under Secretary and a number of critical success factor actions have been put in place to resolve these issues that have been impacting the programme. Within ATLAS, the overall work has been restructured into defined programmes and projects with dedicated managers and design authority staff to each project. This action has been taken to establish clear ownership of all activities, and improving direction and prioritisation within the concurrent workload.

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The Increment 2 work is being contracted using the standard contract change process. Request for Change (RFC) 12 has been priced and submitted to MOD. This RFC will bring in additional users and workstation volumes for fixed MOD sites. The current forecast date for contracting this RFC is December 2006 although it is possible that this might slip into 2007. The RFC for Deployed DII/F has been received and work on this is in progress.

NICS

Transformational outsource of HR and payroll functions from the 11 core NICS departments and the Northern Ireland Office.

Service will include replacement of current ICT HRMS and payroll applications and the management of HR administration

The programme initiation phase has been completed with successful sign off of the Programme Initiation Documentation in June 2006. Programme effort is now concentrated in Process Design.

The initial meetings of the relevant governance bodies have been completed. NICS have met with senior Fujitsu Limited representatives from the Fujitsu Research Institute to provide a customer perspective on developing shared services.

David Courtley
August 2006