

Post Office Limited	End to End Re-Architecture Feasibility Study	Ref:	BD/BRD/017
	Business Requirements	Version:	0.1
	COMMERCIAL IN CONFIDENCE	Date:	21/02/2001

**Document Title:** Business Requirements - End to End Re-Architecting Post Office Product, Branch, Client, Cash and Stock Processes & Systems Feasibility Study

**Document Type:** Business Requirements Specification

**Release:** N/A

**Abstract:** This document is output as a review of the joint Post Office and Fujitsu Services activity to understand requirements for end-to-end re-architecture of end-to-end Post Office processes. In order to establish feasibility of re-architecting the processes.

**Document Status:** DRAFT

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## 0.0 Document Control

### 0.1 Document History

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### 0.2 Review Details

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(\*) = Reviewers that returned comments

### 0.3 Associated Documents

Reference	Version	Date	Title	Source

Unless a specific version is referred to above, reference should be made to the current approved versions of the documents.

### 0.4 Abbreviations/Definitions

Abbreviation	Definition

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## 0.5 Changes in this Version

Version	Changes

## 0.6 Changes Expected

Changes

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## 1.0 Introduction

### 1.1 Scope

This document is a key element of a feasibility study to look at simplification of the end to end sales and accounting process.

End to end simplification will include:

- Defining a new end to end business process for Post Office Ltd focussing on:
  - Accounting, reconciliation and settlement, including debt recovery and branch control
  - Stock management
  - Selling Products and Services, including client & customer aftersales service
  - Cash and funds management
- Defining the related data and information needs for:
  - Management information
  - Reference Data
- Re-architecting the systems environment including:
  - Horizon
  - POL back end systems

## 2.0 Business Context

### 2.1 Background

Post Office Ltd have had a long standing desire to improve the end to end sales and accounting processes and to enhance the information which is used to manage that process. In order to achieve this it needs to leverage and simplify the current technology baseline to maximize the financial and operational benefits achievable.

Fujitsu Services have committed, as part of the contract renegotiations, to make changes within their own technical and operational domain, which would support this and reduce the operating costs of the Horizon environment (both operationally and during the development lifecycle). These opportunities have been broadly documented within the new contract.

There are also potential savings from consolidation, removal or replacement of Post Office Ltd systems (e.g. OpTIP, CBDB).

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Previous work now needs to be consolidated and refined into a delivery plan with associated Business Cases, aligned to other change activities.

## 2.2 Approach

This piece of work will be a feasibility study which will analyse current state, opportunities and solutions to a level sufficient to inform a set of delivery projects, a migration plan and Business Cases, prior to formal requirements analysis.

Post Office Ltd's desire is that the delivery plan will consist of a number of small projects, with the aim being that each should deliver:

- A positive NPV at 16%
- A payback within 12 months, where achievable
- Realisable and incremental benefits

In overall terms the programme should aim towards:

- A net cost of £1-2m in 2003/04
- A net benefit, or zero impact, in 2004/05

## 2.3 Assumptions

The following assumptions have been used throughout the study:

- Cash inventory management, warehousing and distribution will remain within Post Office Ltd
- Stock inventory management and distribution will remain within Post Office Ltd.
- The value stock warehouse (Hemel) moves to Royal Mail Group and is out of scope
- Current boundaries with Royal Mail Group processes and systems will remain
- The Post Office Ltd change plan will be delivered, specifically AP Enhancements, Mails and PAF

## 2.4 Exclusions

The following are out of scope of the study:

- Introduction of new channels into the end to end sales and accounting processes (cash centres, BFPO's etc are in scope)
- Development of customer relationship systems and processes
- Re-engineering of products currently within the Change Plan or where current process and system capability exists

## 3.0 Business Benefits

### 3.1 Overview

In each of the E2E Feasibility Study requirements capture workshops, a benefits identification session was conducted with the Post Office business representatives. Prior to the workshops, the business domain owners had identified the key business priorities and benefits for their respective areas. This information was used as the starting point for the benefits sessions. The results of these sessions were captured as Benefits Results Chain Models showing the actions and outcomes required to deliver the target benefits and the associated sequencing and inter-relationships. The model was also used to capture the benefits identified at the workshops together with associated working notes and follow up actions.

These Benefit Result Chain Models and associated information captured at the workshop, including feedback subsequently provided by the businesses, are reproduced below. A further Results Chain Model has been included showing the relationship between benefits and dependent Post Office actions identified by Schedule 12 of the Post Office Agreement with Fujitsu.

In their current state, this section represents work in progress and it is envisaged that they will be developed further as further detail is captured regarding the E2E requirement definition and the key target business benefits are refined and confirmed. The resulting material will be used to help construct the benefits case for the E2E business case.

A summary of the main benefits identified to date precede the detailed outputs from the workshops.

### 3.2 E2E Benefit Summary

#### 3.2.1 CASH & FUNDS MANAGEMENT

CASH & FUNDS MANAGEMENT	BENEFIT £m p.a.
1. Automated order processing from branch through to cash centre <ul style="list-style-type: none"><li>Decreased cash centre write offs (£2m to £5m)</li></ul>	2.0 to 5.0
2. Automated accounting for cash deliveries and collections from branches <ul style="list-style-type: none"><li>Eliminate order processing cash centre resources (£400k)</li></ul>	0.4
3. Improved understanding of cash cycle to decrease borrowing costs <ul style="list-style-type: none"><li>Decreased DTI borrowing costs (£200k)</li></ul>	

CASH & FUNDS MANAGEMENT	BENEFIT £m p.a.
<ul style="list-style-type: none"> <li>Decreased commitment costs (£100k)</li> <li>Decreased collateral costs (£50k)</li> <li>Decreased cash processing costs</li> </ul>	0.4
4. Creation of a substantiated balance sheet <ul style="list-style-type: none"> <li>Business imperative – avoids audit criticism and risk of qualified accounts</li> </ul>	
5. Improved understanding of cash cycle to improve cash flow <ul style="list-style-type: none"> <li>Decreased holdings in cash centres by £15m (£700k)</li> <li>Decreased cash cushion at branches by £20m (£1m)</li> <li>Increased visibility of holdings of other cash items by £10m (£500k)</li> </ul>	2.2
6. Increased understanding of product profitability	
<b>Sub-Total: CASH &amp; FUNDS MANAGEMENT</b>	<b>£5-8m p.a.</b>

### 3.2.2 STOCK MANAGEMENT

STOCK MANAGEMENT	BENEFIT £m p.a.
1. Automated order processing (Transaction Stock) <ul style="list-style-type: none"> <li>Reduction in centralised order team</li> <li>Decrease in Swindon costs -               <ul style="list-style-type: none"> <li>i. Headcount (£300k)</li> <li>ii. Postage etc 7 – 8000 returns weekly (£80k)</li> </ul> </li> </ul>	0.4
2. Planned order capability (Value Stock) <ul style="list-style-type: none"> <li>Reduction in Hemel costs –               <ul style="list-style-type: none"> <li>i. Headcount (£300k)</li> <li>ii. Local destruction – staff at Hemel = 13 -assume 10 (£200k)</li> </ul> </li> <li>Reduction in stock specials               <ul style="list-style-type: none"> <li>i. Transport (£200k)</li> </ul> </li> <li>Improved inventory management</li> </ul>	

STOCK MANAGEMENT	BENEFIT £m p.a.
i. Stock write offs (£60k)	0.8
ii. Decrease in the number of re-orders	
3.Re-engineering of products/forms <ul style="list-style-type: none"> <li>• Elimination of centrally produced forms (1p per form)</li> <li>• Elimination/automation of forms costing £2.8m</li> </ul>	
Sub-Total: STOCK MANAGEMENT	£1.2m p.a.

### 3.2.3 ACCOUNTING, RECONCILIATION & SETTLEMENT

ACCOUNTING, RECONCILIATION & SETTLEMENT	BENEFIT £m p.a.
1. Single authoritative transaction data source <ul style="list-style-type: none"> <li>• Elimination of need to match with client data</li> <li>• Decreased client debt</li> <li>• Decreased client settlement write offs</li> </ul>	
2. Re-engineering of products and forms <ul style="list-style-type: none"> <li>• Decreased product matching requirements and resource needed (£200k)</li> <li>• Decreased errors</li> </ul>	0.2
3. Creation of effective debt management process <ul style="list-style-type: none"> <li>• Decreased debt write offs (£1m)</li> <li>• Reduce aged debt - 20% of aged debt at £15m (£50k)</li> </ul>	1.0
4. Implementation of new accounting model <ul style="list-style-type: none"> <li>• Increased robustness of POL accounts</li> <li>• Decreased resource requirements in client settlement (£75k)</li> </ul>	0.1
5. Elimination of legacy systems (OpTIP, CBDB, small systems)	6.2
Sub-Total: ACCOUNTING, RECONCILIATION & SETTLEMENT	£7.5m p.a.

### 3.2.4 SELLING PRODUCTS & SERVICES

SELLING PRODUCTS & SERVICES	BENEFIT £m p.a.
<p>1. Automation of existing validation at the counter – defined as:</p> <ul style="list-style-type: none"> <li>• Remainder of AP product re-engineering which cannot fit into AP (as now) or APC (Additional Data Capture). This will cover fundamental reference data changes and on-line authorisation (eg. MOT Validation, Asylum Seekers). Benefits to quantify are: <ul style="list-style-type: none"> <li>◦ “New” reference data/on-line validation</li> <li>◦ Decreased penalty payments to clients (dependent on contract)</li> <li>◦ Added value to client of data quality</li> <li>◦ Decreased branch work due to removal of summaries</li> </ul> </li> </ul> <p>Nb: amount to quantify will be a percentage of AP re-engineering which remains</p>	0.5 to 2.0
<p>2. Increased exploitation of key product competencies – defined as :</p> <ul style="list-style-type: none"> <li>• Development of an outpay facility and</li> <li>• printing facility for tax discs, ticketing, transaction stock etc at the branch</li> </ul>	0.5 to 2.0
<p>3. Increasing sales – defined as:</p> <ul style="list-style-type: none"> <li>• Increased selling time for branch staff leading to increased sales and throughput</li> <li>• Creation of product related cross selling prompts</li> </ul> <p>Nb: use industry standard norms if appropriate</p>	0.5 to 2.0
<p>4. Conformance – defined as:</p> <ul style="list-style-type: none"> <li>• Increased use of prompts</li> </ul>	

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SELLING PRODUCTS & SERVICES	BENEFIT £m p.a.
Nb: use example of non conformance and extrapolate	> 0.5
<b>Sub-Total: SELLING PRODUCTS &amp; SERVICES</b>	<b>£2-6.5m p.a.</b>

### 3.2.5 REFERENCE DATA

REFERENCE DATA	BENEFIT £m p.a.
1. Implementation of single authoritative source of reference data <ul style="list-style-type: none"> <li>• Decreased resourcing requirements for reference data maintenance</li> <li>• Decreased call centre work</li> <li>• Decreased instances of temporary procedures</li> <li>• Increase capability to implement organisational change</li> <li>• Elimination of inconsistent reference data</li> </ul>	0.5
2. Implement Virtual team <ul style="list-style-type: none"> <li>• Elimination of duplicated verification work               <ul style="list-style-type: none"> <li>○ Fujitsu saving £0.2m p.a. (included below)</li> <li>○ Post Office saving tba</li> </ul> </li> <li>• Decreased time to implement reference data driven business change</li> </ul>	
3. Elimination of various reference data legacy systems	0.7
<b>Sub-Total: REFERENCE DATA</b>	<b>£1.2m p.a.</b>

### 3.2.6 MANAGEMENT INFORMATION

MANAGEMENT INFORMATION	BENEFIT £m p.a.
<b>1. Implementation of back to profit plan</b> <ul style="list-style-type: none"> <li>Increased reliability of information being produced</li> <li>Increased visibility of poor performance</li> <li>Increased alignment of staff costs to workload</li> </ul>	<b>0.5 to 2.0</b>
<b>2. Creation of product profitability reporting</b> <ul style="list-style-type: none"> <li>alignment of staff incentive schemes (self funding)</li> </ul>	<b>0.5 to 2.0</b>
<b>3. Elimination of MI legacy systems</b>	
<b>Sub-Total: MANAGEMENT INFORMATION</b>	<b>£1-4m p.a.</b>

### 3.2.7 FUJITSU AGREEMENT BENEFITS – SCHEDULE 12

FUJITSU AGREEMENT BENEFITS – SCHEDULE 12	BENEFIT £m p.a.
<b>1. Variation in Horizon SI Commitment Fee</b>	<b>4.2</b>
<b>2. Variation in Horizon Operating Charge</b>	<b>0.6</b>
<b>Sub-Total: FUJITSU AGREEMENT BENEFITS – SCHEDULE 12</b>	<b>£4.8m p.a.</b>

## 3.3 Cash and Funds Management

The following notes describe the draft Benefits Results Chain model that was produced at the E2E Cash Management workshop on 6/2/03. The Results Chain was developed as a number of views in the workshop and is reproduced below as follows:

- Fig. 3.1.1: Cost Benefits
- Fig. 3.1.2: Borrowing Cost
- Fig. 3.1.3: Balance Sheet
- Fig. 3.1.4: Write Offs
- Fig. 3.1.5: Cash Flow
- Fig. 3.1.6: Product Profitability

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The descriptions of the model components and associated benefits captured at the workshop, supplemented by subsequent feedback from attendees, are reproduced following the Result Chains.

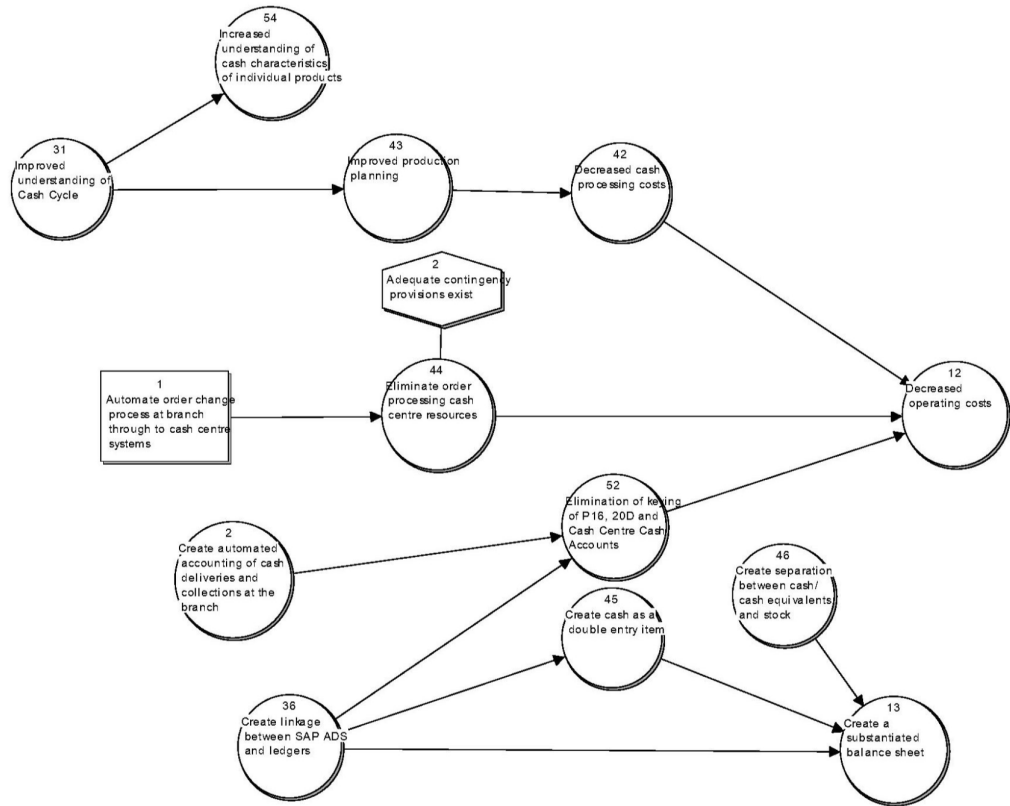


Fig. 3.1.1: Cash Management Operating Cost Benefits Results Chain from 5-6/2/03 E2E workshop

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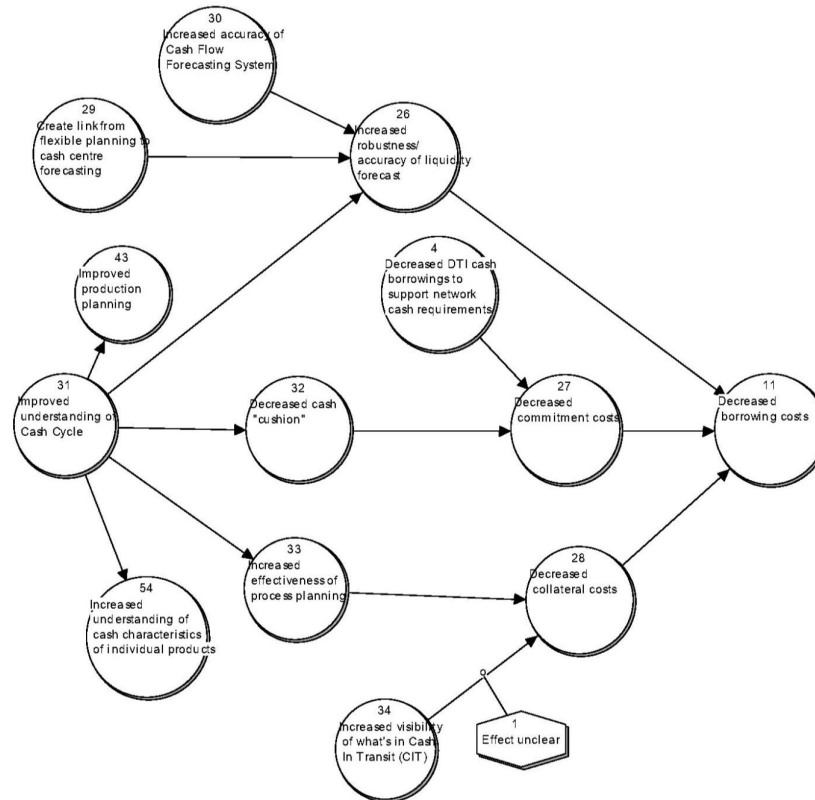


Fig. 3.1.2: Cash Management Borrowing Cost Benefits Results Chain from 5-6/2/03 E2E workshop

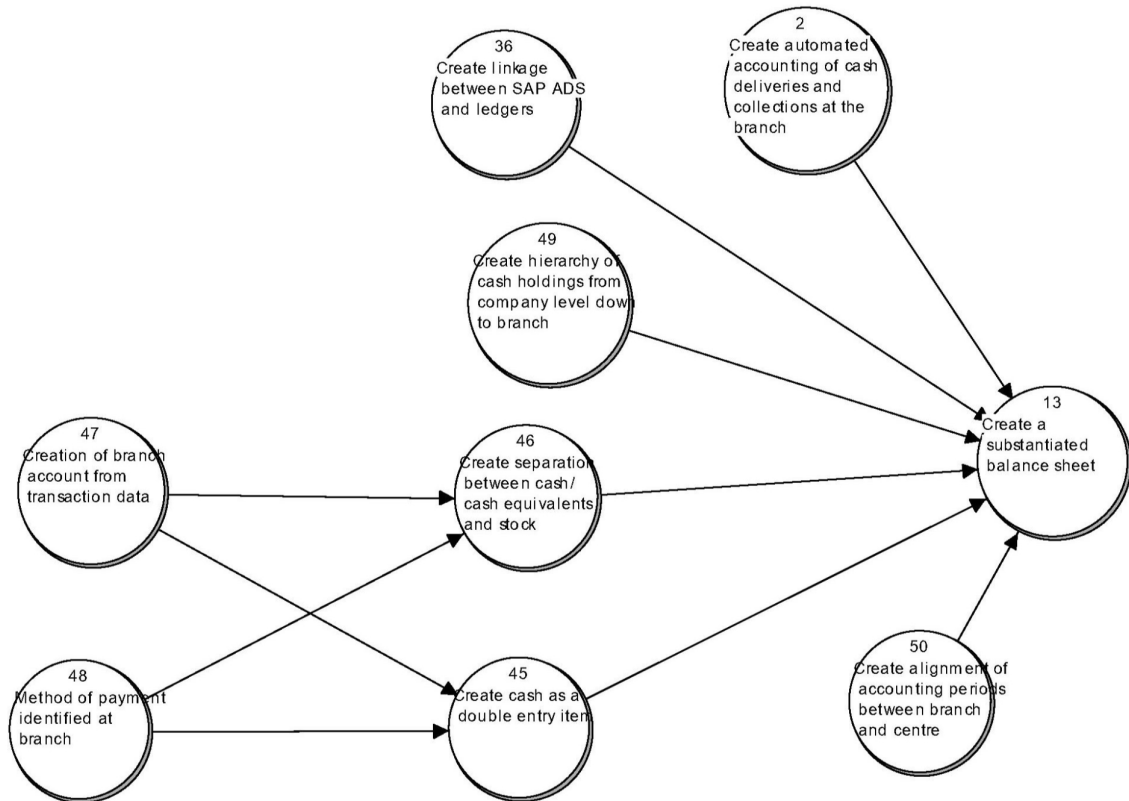


Fig. 3.1.3: Cash Management Balance Sheet Benefits Results Chain from 5-6/2/03 E2E workshop

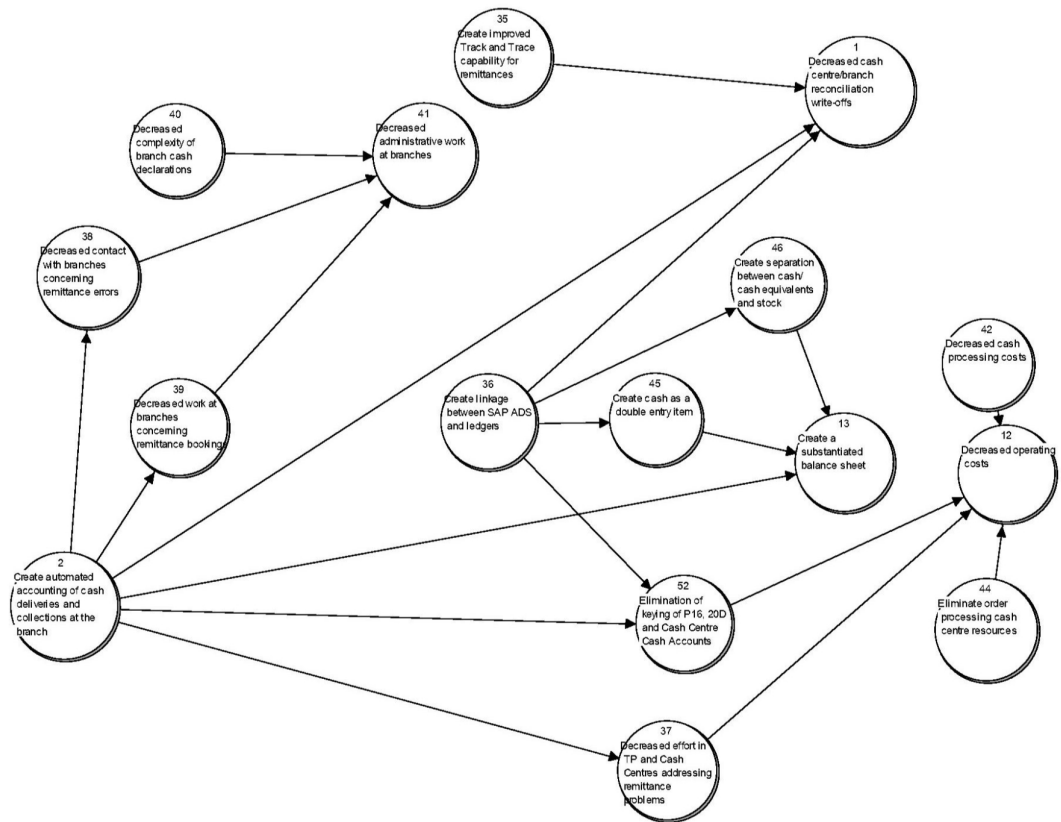


Fig. 3.1.4: Cash Management Write Offs Benefits Results Chain from 5-6/2/03 E2E workshop

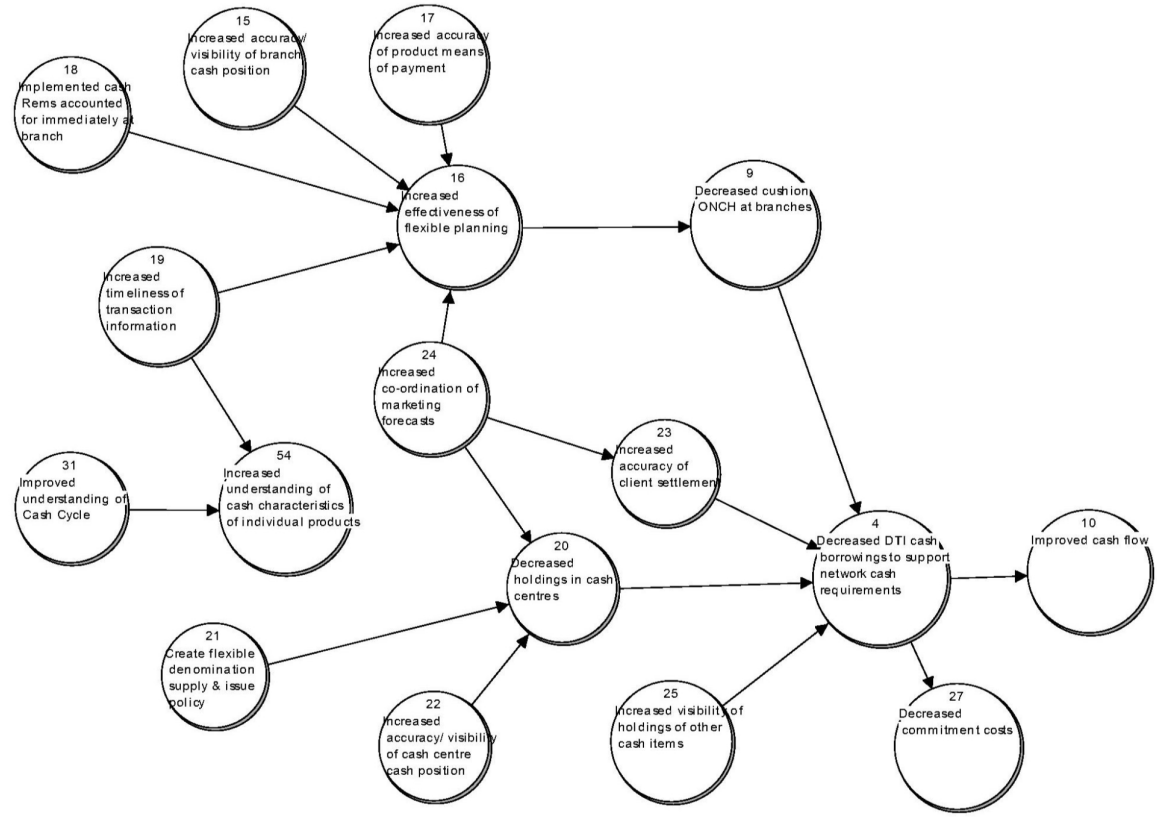


Fig. 3.1.5: Cash Management Cash Flow Benefits Results Chain from 5-6/2/03 E2E workshop

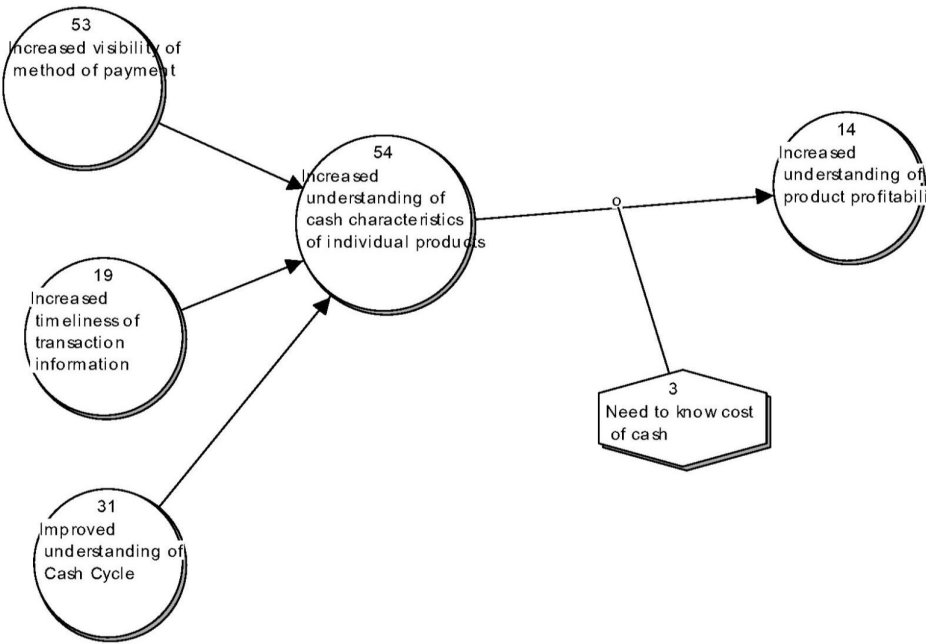


Fig. 3.1.6: Cash Management Product Profitability Benefits Results Chain from 5-6/2/03 E2E workshop

**OUTCOME*****01-Decreased cash centre/branch reconciliation write-offs***

Currently £5m write-off p.a. associated with cash remittance problems.

Target reduction £1m p.a. (Savings achieved by providing a full link from Branches to CC's that would transmit value, pouch details, electronic receipt and differences on day of despatch or receipt. Note original savings thought to be optimistic although further detailed work may increase this figure)

***03-Created clear visibility of cash funds in the business******04-Decreased DTI cash borrowings to support network cash requirements***

£40m reduction

***05-Increased accuracy of cashflow forecasts******06-Created separate accounting for client and business funds******07-Created visibility of overall indebtedness of clients******08-Created visibility of physical cash at branch (i.e. distinct from cheques/ cash equivalents)******09-Decreased cushion ONCH at branches***

£10-20m reduction in branch holdings - equates to £0.5-1m p.a. interest saving

***010-Improved cash flow***

£40m

***011-Decreased borrowing costs***

£200k

***012-Decreased operating costs***

From 42 & 44.

Need assessment from Keith Barney

***013-Create a substantiated balance sheet***

Business imperative

Avoids audit criticism and risk of qualified accounts.

***014-Increased understanding of product profitability***

Understanding of cost of methods of payment associated with product

Benefit achievable through consequential action by Sales & Marketing

***015-Increased accuracy/ visibility of branch cash position***

***016-Increased effectiveness of flexible planning******017-Increased accuracy of product means of payment******018-Implemented cash Rems accounted for immediately at branch***

Covered in O1

***019-Increased timeliness of transaction information***

Covered in O1

***020-Decreased holdings in cash centres***

Flexible planning is already targeting savings in this area, danger of duplication.

Current £140m

Target reduction, say £15m = £0.7m interest saving

***021-Create flexible denomination supply & issue policy***

Would in theory save production hours in cash centre's in the future but difficult to quantify at this moment in time due expected future changes across the business

***022-Increased accuracy/ visibility of cash centre cash position***

Reduction in cash flow of between £1-5m p.a. - unsure of this figure - would need more detailed analysis to verify (MP).

***023-Increased accuracy of client settlement***

Could be a dis-benefit because currently forecast positive

***024-Increased co-ordination of marketing forecasts******025-Increased visibility of holdings of other cash items***

Uncleared cheques, foreign currency, etc.

£10m p.a. cash flow benefit realisable = £0.5m interest

***026-Increased robustness/ accuracy of liquidity forecast***

Impacts interest rates,

Target improvement £50k

***027-Decreased commitment costs***

Forward commitments to DTI which incur costs

Base cost £1.5m

Reduction target, £100k

***028-Decreased collateral costs***

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Security provided to Bank of England

Current cost £0.75m

Minimal benefit here, say £50k

***029-Create link from flexible planning to cash centre forecasting***

***030-Increased accuracy of Cash Flow Forecasting System***

***031-Improved understanding of Cash Cycle***

Main contribution to achieving this will be the new Post Office accounting model and the capabilities that it provides to drill from the company ledger to individual Branch details.

Other factors that will contribute include:

- ☐ availability of more timely MI
- ☐ timely/accurate visibility of method of payments

***032-Decreased cash "cushion" held at branch (mainly) and Cash Centres***

***033-Increased effectiveness of process planning***

***034-Increased visibility of Cash In Transit (CIT) position***

Increased accuracy of Cash in Transit (CIT) should enable the level of collateralisation to be reduced assuming that current estimating processes over provision to err on the safe side.

***035-Create improved Track and Trace capability for remittances***

Ability to know at any time where cash is located - granularity to be confirmed  
20% contribution to cost saving

***037-Decreased effort in TP and Cash Centres addressing remittance problems***

Could reduce staff costs if errors were reduced. One PA duty per cash centre  
\* 7 (Approx. £100k per annum)

***038-Decreased contact with branches concerning remittance errors***

Could reduce staff costs if errors were reduced. One PA duty per cash centre  
\* 7 (Approx. £100k per annum)

***039-Decreased work at branches concerning remittance bookings***

***040-Decreased complexity of branch cash declarations***

***041-Decreased administrative work at branches***

***042-Decreased cash processing costs***

Currently Cash Centres process every note received. If cash (notes) could be placed into Bond more rapidly, by not processing every note immediately, benefit would arise due to:

- ☐ earning more interest through earlier deposit into Bonded store
- ☐ reduced note processing costs (assumed that proportion of notes processed is determined by risk management)

Processing of notes is required to determine MOS status (suitability for use in ATMs which are more expensive).

Duties would reduce if pouch volumes dropped. Difficult to assess numbers at this moment in time.

***043-Improved production planning******044-Eliminate order processing cash centre resources***

Probably potential for reduction of 15 staff in call centre staff (MP)

***045-Create cash as a double entry item in ledgers******046-Create separation between cash/ cash equivalents and stock******047-Creation of branch account from transaction data******048-Method of payment identified at branch******049-Create hierarchy of cash holdings from company level down to branch******050-Create alignment of accounting periods between branch and centre******052-Elimination of keying of P16, 20D form data***

It is understood that elimination is dependent on both of:

- ☐ creation of linkage between SAP ADS and ledgers
- ☐ automation of accounting for branch cash deliveries and collections

***053-Increased visibility of method of payment******054-Increased understanding of cash characteristics of individual products***

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*055-Elimination of keying of Cash Centre Cash Accounts*

*056-Increased use of planned cash levels (Push) and less use of branch estimates (Pull)*

#### **INITIATIVE**

*I1-Automate order change process at branch through to cash centre systems*

*I2-Implemented new Post Office accounting model*

*I3-Implemented link from flexible planning to cash centre forecasting*

*I4-Implement improved Track and Trace capability for remittances*

*I5-Implement linkage between SAP ADS and Post Office ledgers*

20% contribution to cost saving

*I6-Implement automated accounting of cash deliveries and collections at the branch*

Probably will contribute 60% of total target saving

#### **ASSUMPTION**

*A1-Effect unclear*

*A2-Adequate contingency provisions exist*

*A3-Need to know cost of cash*

*A4-Acceptable level of risk associated with delays in opening/ counting contents of money bags*

*A5-Assume current estimating processes over provision to err on the cautious side and overstate CIT position*

*A6-What's reducing the borrowings?*

### 3.4 Accounting, Reconciliation and Settlement, including Debt Recovery and Branch Control

The following notes describe the draft Benefits Results Chain model that was produced at the E2E Accounting, Reconciliation and Settlement workshop on 31/1/03.

The descriptions of the model components and associated benefits captured at the workshop, supplemented by subsequent feedback from attendees, are reproduced following the Result Chains.

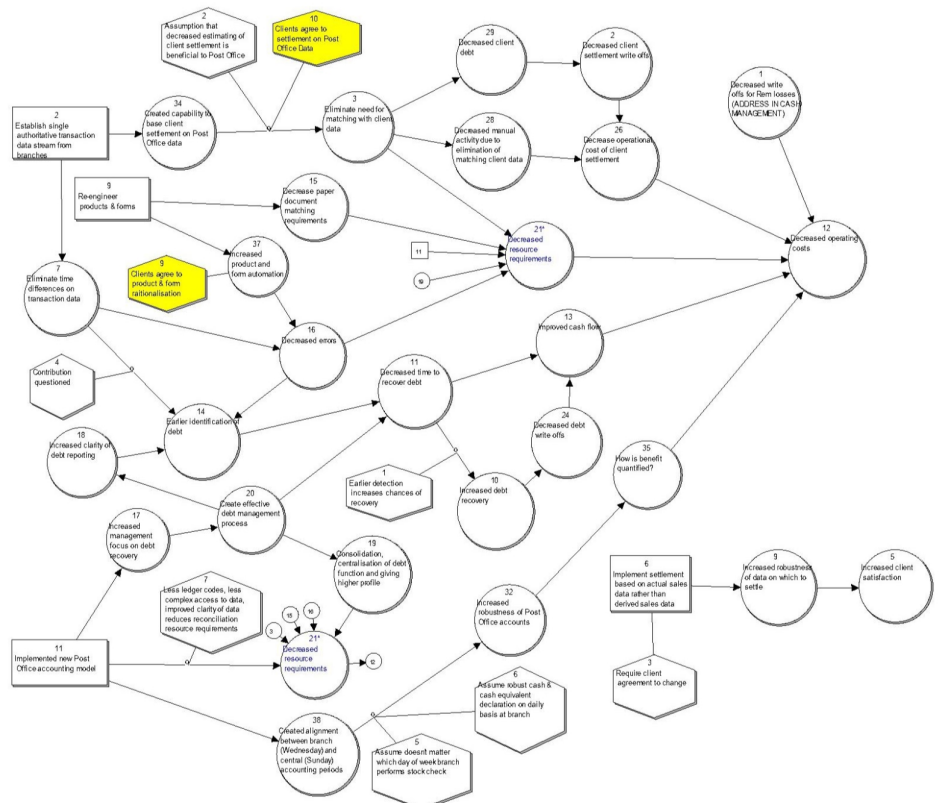


Fig. 1.4.1: Accounting, Reconciliation and Settlement Benefits Results Chain from 31/1/03 E2E workshop

## OUTCOME

O1-Decreased write offs for Rem losses (ADDRESS IN CASH MANAGEMENT)

Benefit estimated as up to £5m p.a.

### ***O2-Decreased client settlement write offs***

There have been instances in the recent past of up to £1m being 'written off' due to unreconciled balances in the client ledger. In practice these have been manageable within the Balance Sheet without affecting bottom line.

Any benefit would be about minimising the possibility of similar 'write offs' occurring in the future - i.e. it is risk management rather than a specific saving.

### ***O3-Eliminate need for matching with client data***

TP to comment.

### ***O5-Increased client satisfaction***

Review value of benefit with Sales team

### ***O7-Eliminate time differences on transaction data***

TP to comment.

### ***O9-Increased robustness of data on which to settle***

This is mainly about reducing the risk of adverse external audit comment. We do occasionally have audit qualification on specific benefits groups, but I cannot recall any specific loss arising.

We have incurred losses and penalties on value and non value stock such as BT Savings Stamps (up to £275k?) when they were withdrawn and Local Schemes 'tickets' (up to £100k?). We'd need to be sure that the project was addressing the root cause of these types of 'stock' losses.

### ***O10-Increased debt recovery***

Target is 20% reduction of aged debt (currently £15m) p.a. - TP to comment.

### ***O11-Decreased time to recover debt***

TP to comment.

### ***O12-Decreased operating costs***

Stephen/Ruth to view overall costs including systems costs. TP to comment as they manage the key systems involved (Steve Beddoe in IT holds the budgets).

### ***O13-Improved cash flow***

Stephen to advise re-benefit. Linked to (i) reducing overall debt and (ii) decreasing the time taken to recover debt. Need to understand what TP believes it can achieve and then quantify the resulting cash flow affects.

### ***O14-Earlier identification of debt***

TP to comment.

### ***O15-Decrease paper document matching requirements***

TP to comment.

***016-Decreased errors***

TP to comment.

***017-Increased management focus on debt recovery***

TP to comment.

***018-Increased clarity of debt reporting***

Debt is currently not ledgered - TP to comment.

***019-Consolidation, centralisation of debt function and giving higher profile***

TP to comment.

***020-Create effective debt management process***

TP to comment.

***021-Decreased resource requirements***

Reduction in errors

Centralisation

Automation

Target saving £200k p.a. (10 staff)

***024-Decreased debt write offs***

£1m p.a.

***026-Decrease operational cost of client settlement***

This depends on what is being suggested will change. Fuller automation of the settlement calculations, electronic accounting, automated banking and simpler reconciliation may save, say up to 5 POs (c. £75k).

***028-Decreased manual activity due to elimination of matching client data***

TP to comment.

***029-Decreased client debt***

TP to comment.

***032-Increased robustness of Post Office accounts***

Benefit to be scoped

***034-Created capability to base client settlement on Post Office data***

Should reduce the likelihood of creating client debt. See above.

***035-How is benefit quantified?******037-Increased product and form automation******038-Created alignment between branch (Wednesday) and central (Sunday) accounting periods***

No significant cost saving, but linked to improved robustness of accounts and reduced likelihood of external audit criticism.

#### **INITIATIVE**

##### ***I2-Establish single authoritative transaction data stream from branches***

Matching required to address:

Remove paper documents matching

Client data streams matching

I6-Implement settlement based on actual sales data rather than derived sales data

##### ***I9-Re-engineer products & forms***

##### ***I11-Implemented new Post Office accounting model***

#### **ASSUMPTION**

##### ***A1-Earlier detection increases chances of recovery***

A2-Assumption that decreased estimating of client settlement is beneficial to Post Office

This assumption is only partially true. Decreasing estimating reduces the risks associated with estimating, but also reduces the opportunities to manage cash flow in our favour. On balance we would prefer to retain significant elements of estimating.

##### ***A3-Require client agreement to change***

##### ***A4-Contribution questioned***

##### ***A5-Assume doesn't matter which day of week branch performs stock check***

##### ***A6-Assume robust cash & cash equivalent declaration on daily basis at branch***

A7-Less ledger codes, less complex access to data, improved clarity of data reduces reconciliation resource requirements

##### ***A9-Clients agree to product & form rationalisation***

##### ***A10-Clients agree to settlement on Post Office Data***

### 3.5 Selling Products and Services, including Client and Customer after-Sales Service

The following notes describe the draft Benefits Results Chain model that was produced at the E2E Sales workshop on 31/1/03.

The descriptions of the model components and associated benefits captured at the workshop, supplemented by subsequent feedback from attendees, are reproduced following the Result Chains.

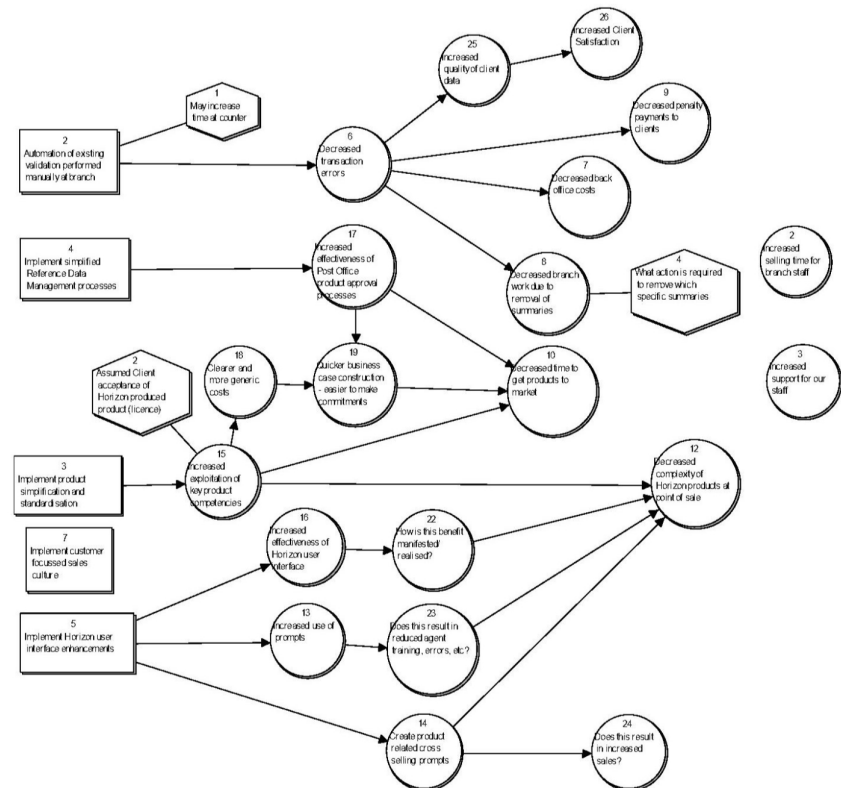


Fig. 1.5.1: Selling Products and Services Benefits Results Chain

## OUTCOME

*02-Increased selling time for branch staff*

*03-Increased support for our staff*

*06-Decreased transaction errors*

*07-Decreased back office costs*

*08-Decreased branch work due to removal of summaries*

*09-Decreased penalty payments to clients*

*010-Decreased time to get products to market*

*012-Decreased complexity of Horizon products at point of sale*

*013-Increased use of prompts*

*014-Create product related cross selling prompts*

*015-Increased exploitation of key product competencies*

*016-Increased effectiveness of Horizon user interface*

*017-Increased effectiveness of Post Office product approval processes*

*018-Clearer and more generic costs*

*019-Quicker business case construction - easier to make commitments*

*022-How is this benefit manifested/ realised?*

*023-Does this result in reduced agent training, errors, etc?*

*024-Does this result in increased sales?*

*025-Increased quality of client data*

*026-Increased Client Satisfaction*

#### **INITIATIVE**

*12-Automation of existing validation performed manually at branch*

*13-Implement product simplification and standardisation*

*14-Implement simplified Reference Data Management processes*

*15-Implement Horizon user interface enhancements*

*17-Implement customer focussed sales culture*

#### **ASSUMPTION**

*A1-May increase time at counter*

*A2-Assumed Client acceptance of Horizon produced product (licence)*

**A4-What action is required to remove which specific summaries**

### **3.6 Stock Management**

The following notes describe the draft Benefits Results Chain model that we started to produce at the E2E Stock Management workshop on 27-28/1/03.

The notes relating to the model components are presented first followed by the draft model which has been presented grouped around the following perspectives:

- ☐ Automated Ordering at Outlet - Transaction Stock
- ☐ Planned Orders - Value Stock
- ☐ Product and Form Re-Engineering

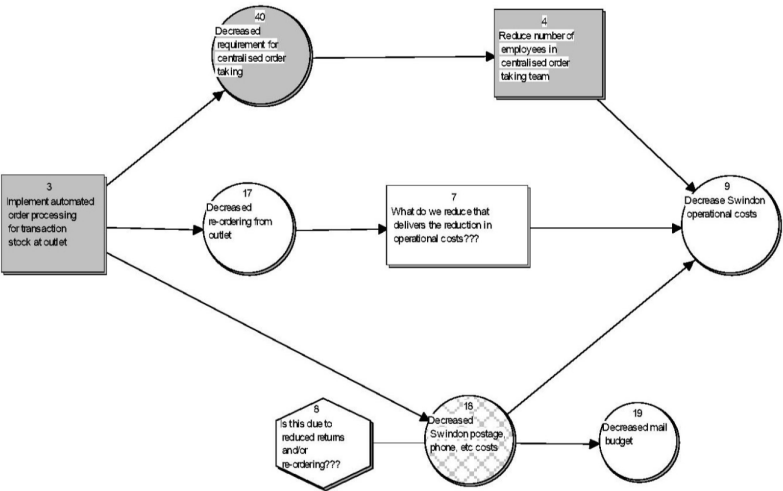


Fig 1.6.1: Automated Ordering at Outlet - Transaction Stock Benefits Results Chain

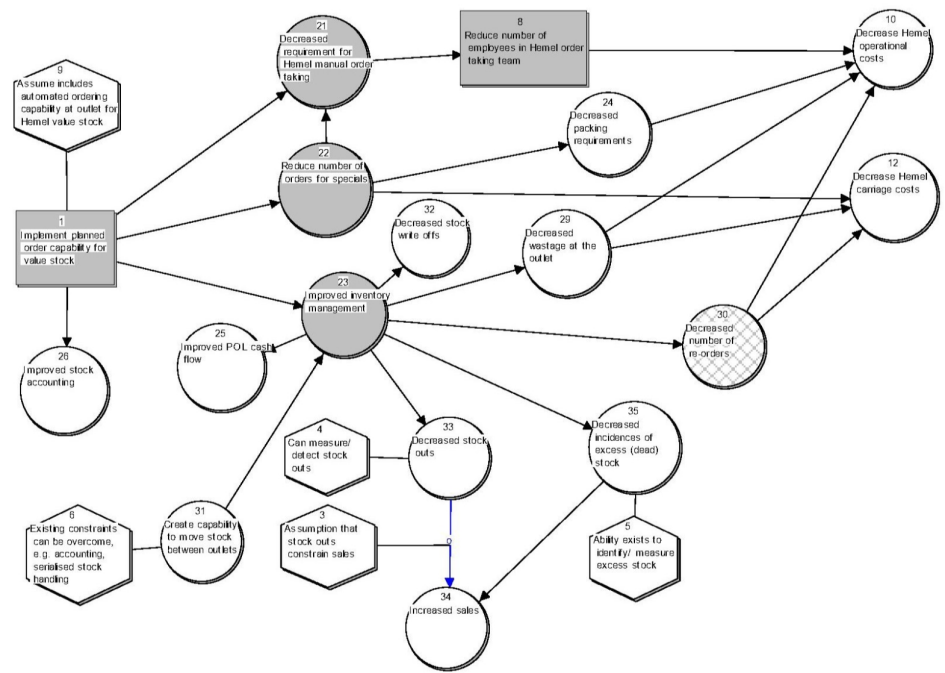


Fig 1.6.2: Planned Orders - Value Stock Benefits Results Chain

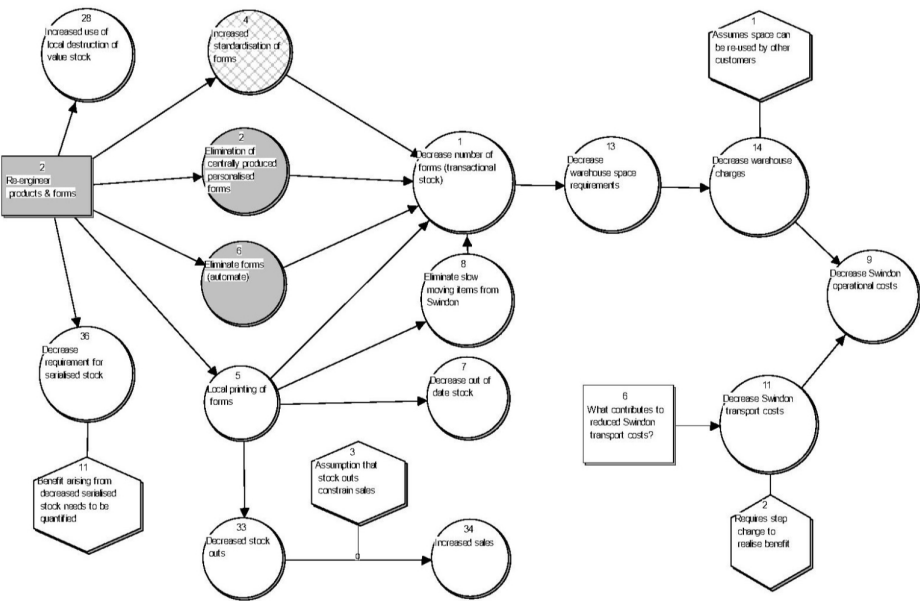


Fig 1.6.3: Product and Form Re-Engineering Benefits Results Chain

## OUTCOME

### O1-Decrease number of forms (transactional stock)

Many thousands of stock items

Cost of all forms/consumables approx. £2.7-£2.8m

### ***O2-Elimination of centrally produced personalised forms***

Cost of 1p per form - currently not cross charged to client

Total value of benefit to be established

### ***O4-Increased standardisation of forms***

Particularly sizes, variants of same form, etc

### ***O5-Local printing of forms***

Includes local personalisation of forms

Made easier if forms are standardised

Benefit to be scoped

### O6-Eliminate forms (automate)

Cost benefit can be associated with each form

### ***O7-Decrease out of date stock***

### ***O8-Eliminate slow moving items from Swindon***

### ***O9-Decrease Swindon operational costs***

### ***O10-Decrease Hemel operational costs***

£6m annual operating cost for Hemel

### ***O11-Decrease Swindon transport costs***

### ***O12-Decrease Hemel carriage costs***

£11-14m annual transport cost for Hemel

### ***O13-Decrease warehouse space requirements***

### ***O14-Decrease warehouse charges***

### ***O17-Decreased re-ordering from outlet***

Due to better visibility of order status - what is the resulting benefit?

Benefit to be scoped

### ***O18-Decreased Swindon postage, phone, etc costs***

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7-8,000 weekly returns to Swindon

Similar quantities for Hemel

Benefit to be scoped

***019-Decreased mail budget***

***021-Decreased requirement for Hemel manual order taking***

***022-Reduce number of orders for specials***

For every special order there is a direct incremental transport cost - £1.3m p.a. (of the £17-£20m) currently but is being reduced by other initiatives. Current target is to reduce by 80%, i.e. to £300k p.a.

Expect to be able to substantially eliminate this cost - would need to leave some residual provision (say £100k p.a.)

***023-Improved inventory management***

Desire to move just in time order for value stock

***024-Decreased packing requirements***

***025-Improved POL cash flow***

Discuss quantification with Stephen Hirst

***026-Improved stock accounting***

***028-Increased use of local destruction of value stock***

Approx. 13 staff in returns team at Hemel

Realisation of benefit dependent on number of lines allowing local destruction

Some products require returns capability, e.g. motor tax licences 6/12 month.

How do returns costs and re-printing costs compare?

***029-Decreased wastage at the outlet***

***030-Decreased number of re-orders***

Benefit to be scoped

***031-Create capability to move stock between outlets***

***032-Decreased stock write offs***

Current write offs of £120k p.a. - reduction opportunity possibly of 50%

***033-Decreased stock outs***

How are stock outs detected/measured?

*034-Increased sales*

*035-Decreased incidences of excess (dead) stock*

*036-Decrease requirement for serialised stock*

*040-Decreased requirement for centralised order taking*

#### **INITIATIVE**

*11-Implement planned order capability for value stock*

*12-Re-engineer products & forms*

*13-Implement automated order processing for transaction stock at outlet*

Swindon have access to package for ordering, track and trace

Automated Order placing

Transactional stock tracking - daily updates

Value stock tracking - daily updates

*14-Reduce number of employees in centralised order taking team*

Potential to reduce Swindon costs by £300k p.a. through reduction in headcount

*16-What contributes to reduced Swindon transport costs?*

*17-What do we reduce that delivers the reduction in operational costs???*

*18-Reduce number of employees in Hemel order taking team*

Potential to reduce Hemel costs by £300k p.a. through reduction in headcount

#### **ASSUMPTION**

*A1-Assumes space can be re-used by other customers*

*A2-Requires step change to realise benefit*

*A3-Assumption that stock outs constrain sales*

*A4-Can measure/ detect stock outs*

*A5-Ability exists to identify/ measure excess stock*

A6-Existing constraints can be overcome, e.g. accounting, serialised stock handling

*A8-Is this due to reduced returns and/or re-ordering???*

A9-Assume includes automated ordering capability at outlet for Hemel value stock

*A11-Benefit arising from decreased serialised stock needs to be quantified*

#### **BASIC CONTRIBUTION**

P(O29-O12)

Explain how decreased wastage contributes to reduction in Hemel carriage costs

### **3.7 Reference Data**

The following notes describe the draft Benefits Results Chain model that was produced at the E2E Reference Data workshop on 11/2/03.

The descriptions of the model components and associated benefits captured at the workshop, supplemented by subsequent feedback from attendees, are reproduced following the Result Chains.

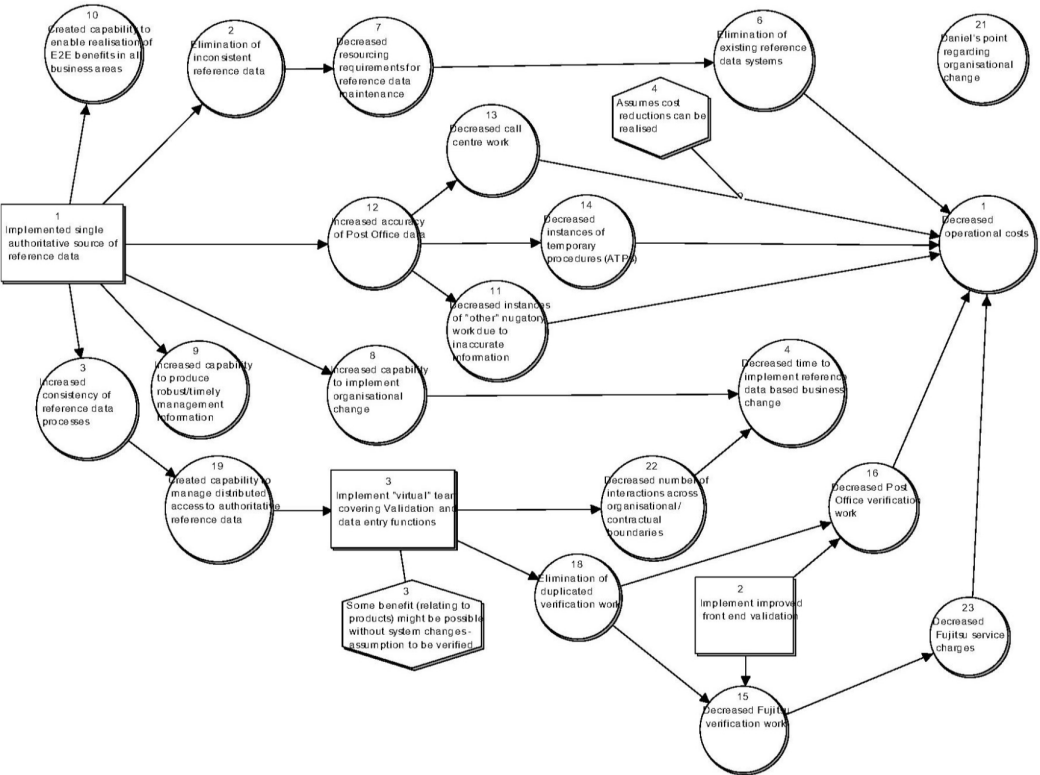


Fig. 1.7.1: Reference Data Management Benefits Results Chain from 11/2/03 E2E workshop

## OUTCOME

*01-Decreased operational costs*

*02-Elimination of inconsistent reference data*

*03-Increased consistency of reference data processes*

*04-Decreased time to implement reference data based business change*

*06-Elimination of existing reference data systems*

Accounts for a saving of circa £0.5m p.a.

*07-Decreased resourcing requirements for reference data maintenance*

*08-Increased capability to implement organisational change*

*09-Increased capability to produce robust/timely management information*

O10-Created capability to enable realisation of E2E benefits in all business areas

O11-Decreased instances of "other" nugatory work due to inaccurate information

*012-Increased accuracy of Post Office data*

*013-Decreased call centre work*

O14-Decreased instances of temporary procedures (ATPs)

*015-Decreased Fujitsu verification work*

*016-Decreased Post Office verification work*

*018-Elimination of duplicated verification work*

O19-Created capability to manage distributed access to authoritative reference data

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***021-Daniel's point regarding organisational change***

O22-Decreased number of interactions across organisational/ contractual boundaries

***023-Decreased Fujitsu service charges***

**INITIATIVE**

***I1-Implemented single authoritative source of reference data***

***I2-Implement improved front end validation***

***I3-Implement "virtual" team covering Validation and data entry functions***

**ASSUMPTION**

A3-Some benefit (relating to products) might be possible without system changes - assumption to be verified

***A4-Assumes cost reductions can be realised***

### 3.8 Management Information

The following notes describe the draft Benefits Results Chain model that was produced at the E2E Management Information workshop on 14/2/03.

The descriptions of the model components and associated benefits captured at the workshop, supplemented by subsequent feedback from attendees, are reproduced following the Result Chains.

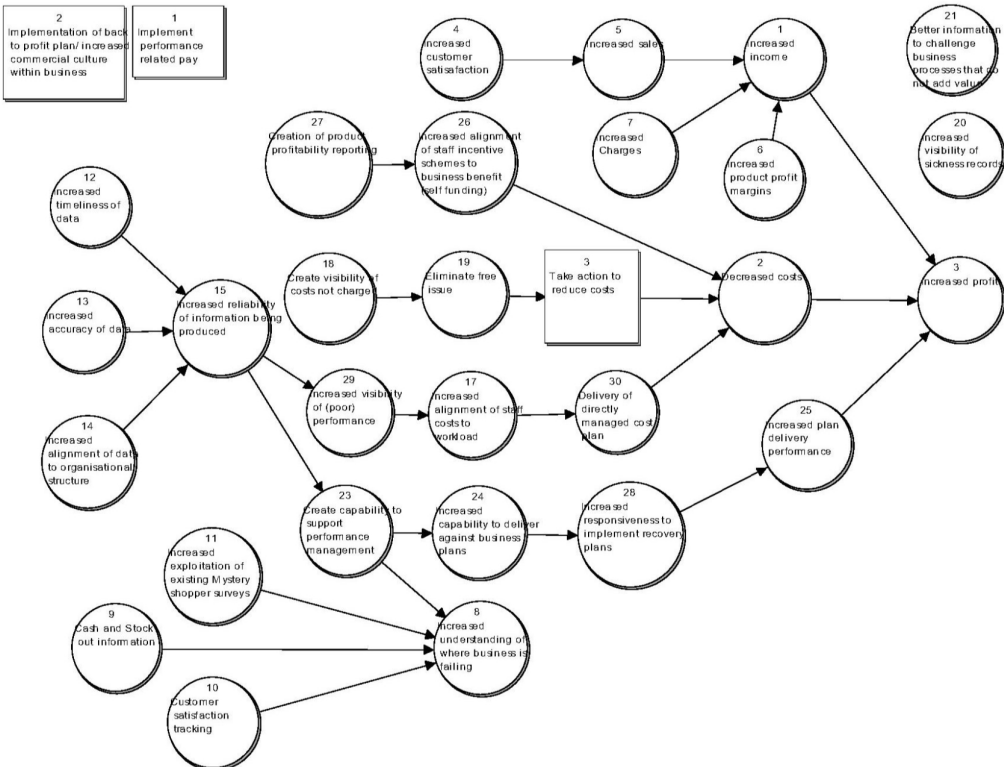


Fig. 1.8.1: Management Information Benefits Results Chain from 14/2/03 E2E workshop

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## ***OUTCOME***

***01-Increased income***

***03-Increased profit***

***02-Decreased costs***

***04-Increased customer satisfaction***

***05-Increased sales***

***06-Increased product profit margins***

***07-Increased Charges***

***08-Increased understanding of where business is failing***

***09-Cash and Stock out information***

***010-Customer satisfaction tracking***

***011-Increased exploitation of existing Mystery shopper surveys***

***012-Increased timeliness of data***

***013-Increased accuracy of data***

***014-Increased alignment of data to organisational structure***

***015-Increased reliability of information being produced***

***017-Increased alignment of staff costs to workload***

***018-Create visibility of costs not charged***

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Error notes

Specials

Non-direct costs (Costs flip chart covers them all)

***019-Eliminate free issue***

***020-Increased visibility of sickness records***

***021-Better information to challenge business processes that do not add value***

***023-Create capability to support performance management***

***024-Increased capability to deliver against business plans***

***025-Increased plan delivery performance***

e.g. QOS plan, Cost plan, Sales plan

O26-Increased alignment of staff incentive schemes to business benefit (self funding)

Last year £9m mis-aligned due to absence of accurate information - £12m paid out for £3m performance

Des Docherty can help advise regarding current year's scheme

***027-Creation of product profitability reporting***

***028-Increased responsiveness to implement recovery plans***

***029-Increased visibility of (poor) performance***

Stuart Stevens dealing with Service Efficiency/Continuing Efficiencies

Mystery Shopper, QOS

***030-Delivery of directly managed cost plan***

## **INITIATIVE**

***I1-Implement performance related pay***

I2-Implementation of back to profit plan/ increased commercial culture within business

***I3-Take action to reduce costs***

Check with Dermot for benefit level

### 3.9 Benefits arising from Fujitsu Agreement Schedule 12

Schedule 12 of the Post Office Agreement with Fujitsu identifies planned savings in Horizon SI Commitment Fees and Operating Charges that Post Office can realise. The savings relate to reductions in costs of the Fujitsu supplied Horizon services that can be achieved through simplification of the Post Office End to End business processes and of the technical boundaries between Horizon and the remainder of the Post Office systems estate.

The benefits to Post Office are the avoidance of the following costs:

- Variation in Horizon SI Commitment Fee of £4.2m p.a. from 1<sup>st</sup> April 2005 which equates to a total saving of £21m over the period of the Agreement (Schedule 10, 6.1.1 and 6.1.2)
- Variation in Horizon Operating Charges of £0.6m p.a. from 1<sup>st</sup> April 2005 which equates to a total saving of £3m over the period of the Agreement (Schedule 12 Annex B)

The simplifications on which these benefits are dependent are detailed in Schedule 12 of the Agreement. The following benefits Results Chain model illustrates the sequence of actions and associated outcomes that are required to enable the realisation of the Schedule 12 benefits.

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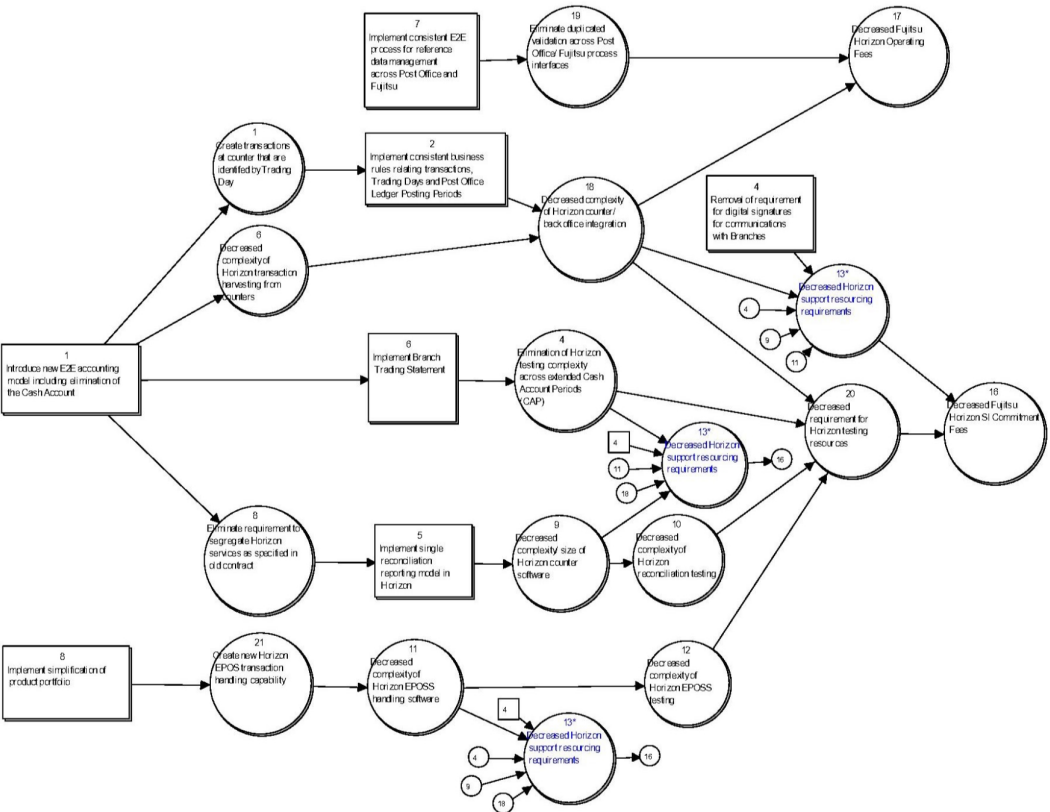


Fig. 1.9.1: Fujitsu Agreement Schedule 12 Benefits Results Chain

## 4.0 Requirements Overview

### 4.1 Selling Products and Services, including Client & Customer Aftersales Service

#### 4.1.1 Scope

- capture and validation of transactions at the point of sale (or other channel) against pre-determined business rules
- provide support to agents/clerks in the conduct of the sales process
- authorisation of transactions where appropriate
- settlement of customer sessions
- dealing with customer and client enquiries at the point of sale and beyond

#### 4.1.2 Key Priorities

Current priorities are completion of the Product Re-engineering Review and planning of activities needed to achieve objectives as set out in the Change Plan.

#### 4.1.3 Business Drivers/Issues

- Developing & maintaining processes delivering products to ensure value is delivered to clients to support retention of Post Office Limited's existing client base
- Opening new markets and developing new product offerings with new and existing clients to bridge the earnings gap created by the loss of existing products
- Improving the contribution to earnings to Post Office Limited by reducing costs of delivering and administering existing products
- Having an IT capability that supports the customer propositions
- Having exit strategies for non profitable products
- Designing non conformance out

The approach being adopted is to change from being Client focussed to being Customer focussed i.e. changing from the client led business of the past, where the needs of the client led the products sold, the way they were sold and the way they were administered; to being more customer led, actively identifying the opportunities to leverage the relationship with Post Office Limited's customers, identifying segments of customers and groups of products that they would "purchase" from POL, and taking this as a proposition to clients.

## 4.2 Cash and Funds Management

### 4.2.1 Scope

Management of physical cash within branches and cash centres including:

- Inventory Management
- Replenishment Planning
- Overnight Cash Holdings (ONCH) Control
- Distribution of Cash

Management of the overall liquidity of the business including:

- Cashflow
- Borrowings

### 4.2.2 Key Priorities

2 fundamental changes have made Post Office Limited's funding position a critical business survival issue:

- The business is trading at a loss
- The migration of benefits to ACT will be accompanied by the loss of pre-funding by government departments of the necessary cash in the network

The business now has to borrow funds to fund its trading losses and to fund working capital needed in branches. Such borrowing is limited in availability and its costs add to the trading loss. From April 2003 DTI will provide a loan and will require a robust statement of cash holding as security.

### 4.2.3 Business Drivers/Issues

There is a requirement to:

- Drive down cash holdings and therefore reduce the DTI borrowing requirement, which in turn will reduce the level of interest paid.
- Bring together all the elements of cashflow and provide cohesive management to deliver cashflow targets.
- Improve management information, linked to financial statements, to support the management of cash (funds)
- To improve the financial controls for cash remittances, where there are losses of £5m per
- To account separately for client and business funds to give a clear view of the actual assets and liabilities of each.
- To clearly show the overall indebtedness of clients.
- To be able to accurately identify physical cash at outlet rather than overall cash which can include cash equivalents such as cheques.

- To be able to forecast and manage cashflow within the DTI target (£330m for 2002/03)
- To have a single, comprehensive view of cash (funds) in one place
- To improve the integration of cash centre holdings into cashflow management

### **4.3 Accounting, Reconciliation and Settlement, including Debt Recovery and Branch Control**

#### **4.3.1 Scope**

- Interface of data to RMG financial systems
- Management of PO Ltd Bank Accounts
- Capture, Validation, Verification and Correction of client transaction data from any channel where applicable
- Provision of validated client transaction data to int and ext recipients
- Responding to client/branch enquiries concerning transaction data
- Accounting at branches
- Branch control
- Recovering debt from branches, clients etc (inc non-transaction) debt

#### **4.3.2 Key Priorities**

- Make the identification of debt easier
- Reduce the amount of reconciliation required
- Increase the amount of debt recovered
- Put the emphasis on clients and customers to validate the data
- Simplify branch processes by reducing the amount of paper
- Centralise/consolidate agents debt
- Enable matching of cash at branches with settlement with client

#### **4.3.3 Business Drivers/Issues**

- Re-focus on Debt Recovery (financial recovery of money), target 95%
- Only 10% of discrepancies are actually debt
- Establish a central debt monitoring environment to enable the identification of debt with a high degree of accuracy.
- To report Business and Client information separately and accurately.

- To increase accounting control in branches
- Alignment of management and accounting information
- Establish an appropriate and flexible accounting hierarchy
- Performance measures of throughputs and the actual financial debt.
- Rationalise systems in place to report client and business information.
- To modify the method of recovering debt e.g. using payroll for agents.
- Enable proper accounting of cash and stock
- Improve timing, accuracy, granularity and summarisation levels.
- Avoidance of losses from remittances and client settlement
- Accounting and settlement on our data, not clients
- Manual journal documents and human intervention produce errors
- Accounting period alignment – branch Wednesday, business Sunday.
- Settlement estimating can produce positive or negative interest position
- Cash centre accounting is manual, weekly, therefore no through view from transaction to settlement.

## 4.4 Stock Management

### 4.4.1 Scope

- Central stock inventory management
- stock replenishment planning
- order processing – central
- branch stock control
- control of overall stock levels
- inward/outward order processing at branches

There are two types of stock to manage:

- Value stock - Stock items such as postal stamps, bus tickets, licences etc. These can be either held as consignment (ie on behalf of clients) or pre-purchased by Post Office Limited
- Transactional stock - Stock items such as forms, leaflets, sales and promotion materials

### 4.4.2 Key Priorities

Cost reductions in the areas identified below.

#### 4.4.3 Business Drivers/Issues

Transactional stock (20% of stock belongs to POL):

- Reduce cost of sales.
- Decrease stock cost by reducing amount of spending money for printed documents and stationary.
- Reduce warehousing/ distribution costs
- 96% stock availability is required in branches, POL wants to stabilize this level without increasing stock costs.
- Reduce cost of stock transport orders.
- Reduce operation charges in warehouse.

Value stock (10% of stock belongs to POL – POL plus Royal Mail = 50%)

- Stock availability
- 99% availability for Royal Mail products
- 98% availability for other value products (fishing licenses, local authority schemes)
- Reduced cost
- Centrally managed stock transport orders.
- POL liabilities for losses.
- Reduced operation charges in warehouse
- Reduced cost for transportation
- Derived sales figures (CBDB) currently used for MI and settlement
- No single, consolidated view of stock

### 4.5 Management Information

#### 4.5.1 Scope

There is a three tiered scope:

- MI requirements which underpin the key business processes and which are distinct from operational reporting
- Performance MI required to be delivered to the operation for which Neil Salter's team is the focal point
- MI required at branch level required by the branch manager to enable him to run his branch

Currently the Sales MI deliverable has produced a first cut data warehouse with sales transactions from Horizon and reference data in order to:

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- Deliver sales data into the operation in order to drive up sales
- Delivering sales data to Sales & Marketing for marketing purposes

#### 4.5.2 Key Priorities

- Having systems which enable the quick production of MI to flexible organisation structures
- Generating a commercial based culture in the retail line via profit and loss
- Timeliness of information

#### 4.5.3 Business Drivers/Issues

Sales MI has been delivered but its primary focus of gaining a quick view of what is happening has been obscured by demands to use the data for other things eg. Settlement. The business has stated that this should not be the case, although the data can be used for providing interim figures

There is lack of clarity between MI and operational reporting

There is a need to be able to reflect current and ever changing organisational structures in the delivery of MI. Current systems cannot do this and are based around old organisational structures which means the data produced is of little value.

Historical data needs to move with changes in the organisation so that it accompanies those changes. Currently this is not possible.

The current granularity of the data used within Sales MI (Item/Branch/Day) is not deemed to be sufficient for future needs

Potential gaps exist eg. Data from other channels like internet transactions

Business ownership of the data warehouse and the organisational structure required for MI

Need to report out to the operation

Use of staff hours as an efficiency measure

Use of Mystery Shopper and report out results

Need to have more robust costing data and break down overheads into their constituent components.

### 4.6 Reference Data

#### 4.6.1 Scope

- The current reference data processes and systems within POL are complex, inflexible and inconsistent, therefore the quality of reference data is mistrusted.
- There are several systems within POL which master items of reference data and there are several more systems which key in their own reference data which exists in master systems.

- The process of making reference data changes is complex and lengthy leading to allegations that the business cannot get its products to market quickly enough. This is compounded by a boundary between POL and Fujitsu Services with various systems and process interfaces between the boundaries.

The scope of this work is to simplify the processes and systems within POL and Fujitsu.

#### 4.6.2 Key Priorities

- To ensure consistency in reference data usage within Post Office and Fujitsu
- To simplify the current processes
- To allow changes, such as organisational changes, to be implemented in a more timely fashion

#### 4.6.3 Business Drivers/Issues

- Support data driven change within the business
- Reduction in operation costs
- Removal of inconsistent reference data being used within the organisation
- Allow for new processes which effect a vastly improved speed to market
- Lack of a fully automated end to end process to capture reference data changes leads to delays and errors.
- Locally held reference data will need to be removed and made available from a central source.

## 5.0 Environment Constraints

Any new processes and system(s) must provide the following interfaces:

- With Royal Mail Accounts System
  - provide accounting entries of POL business as defined in Produce POL Sub Ledgers through to Royal Mail accounts system (ES-FS)
  - It is unlikely that the Royal Mail Accounts System will be re-developed and so assumption should be that interfaces will be the same as, or very similar to, existing interfaces.
- With Royal Mail (SAP) HR System: the new systems(s) will need to provide summary outlet transaction data by volume and value to the SAP-HR System for agent remuneration processes.
  - It is assumed that SAP-HR will perform as it does now receiving feeds from various places to perform the calculations
- With Client Systems:
  - any new processes and system(s) will need to provide transaction data or summarised data to clients' systems:
  - any new processes and system(s) will need to provide client settlement amount information to clients' systems:
  - any new processes and system(s) may need to provide reference data to some clients' systems:
  - any new processes and system(s) may need to receive client information (to update reference data with) from some clients' systems.
  - We cannot assume that clients systems will be significantly developed in the timescales and so must assume that these interfaces will be the same as, or very similar to, existing interfaces.
- With Banking Systems:
  - any new processes and system(s) will need to initiate banking transactions on banking systems (make payments to clients):
  - any new processes and system(s) will need to receive bank statements information from banks, in order to identify and reconcile payments from clients.
  - We assume that these interfaces will be the same as, or very similar to, existing interfaces
- With Online (Client) Services (including NBE):
  - any new processes and systems will need to request and receive client authorisations and inform clients of completed transactions for some client products (e.g. network banking transactions).
  - We cannot assume that clients systems will be significantly developed in the timescales and so must assume that these interfaces will be the same as, or very similar to, existing system interfaces.

## 6.0 Functional Requirements

The functional requirements were identified by producing a process model of the processes to be supported within the scope of the new system(s). The process model, information analysis and any business design assumptions are documented within this section.

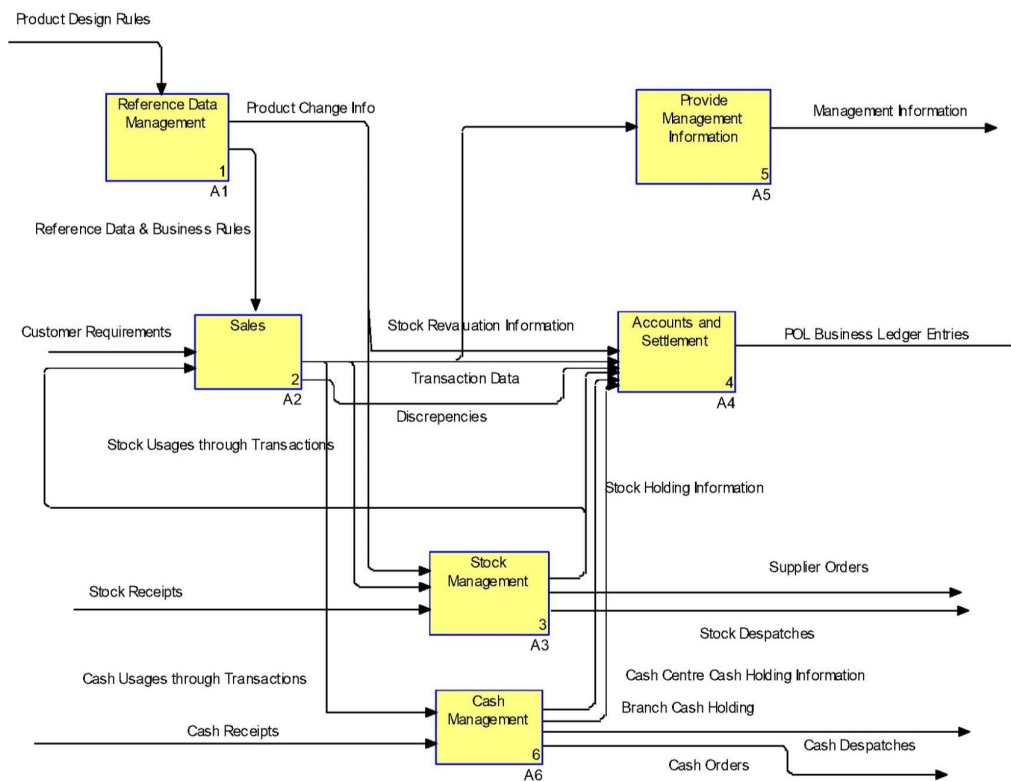
During the production of the Process Model various notes were taken and added to the model. For completeness the notes are included in Appendix B of this document.

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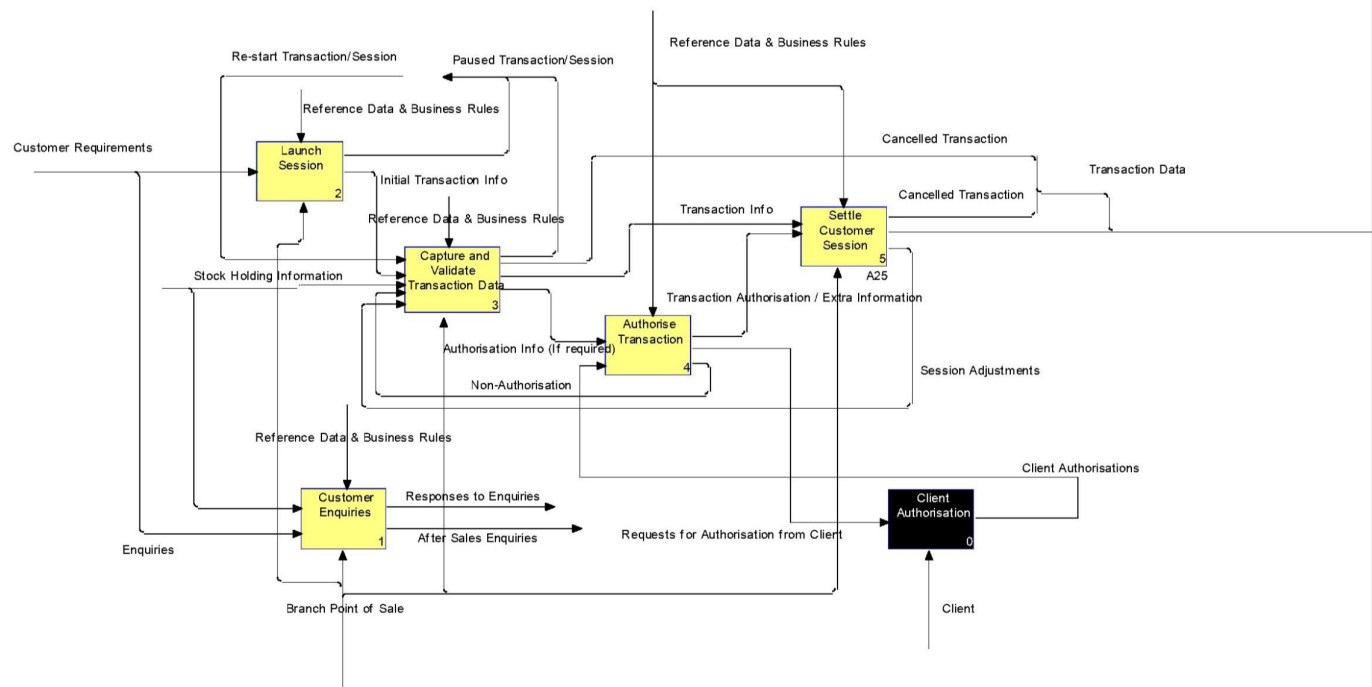
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## 6.1 Post Office Processes within Scope

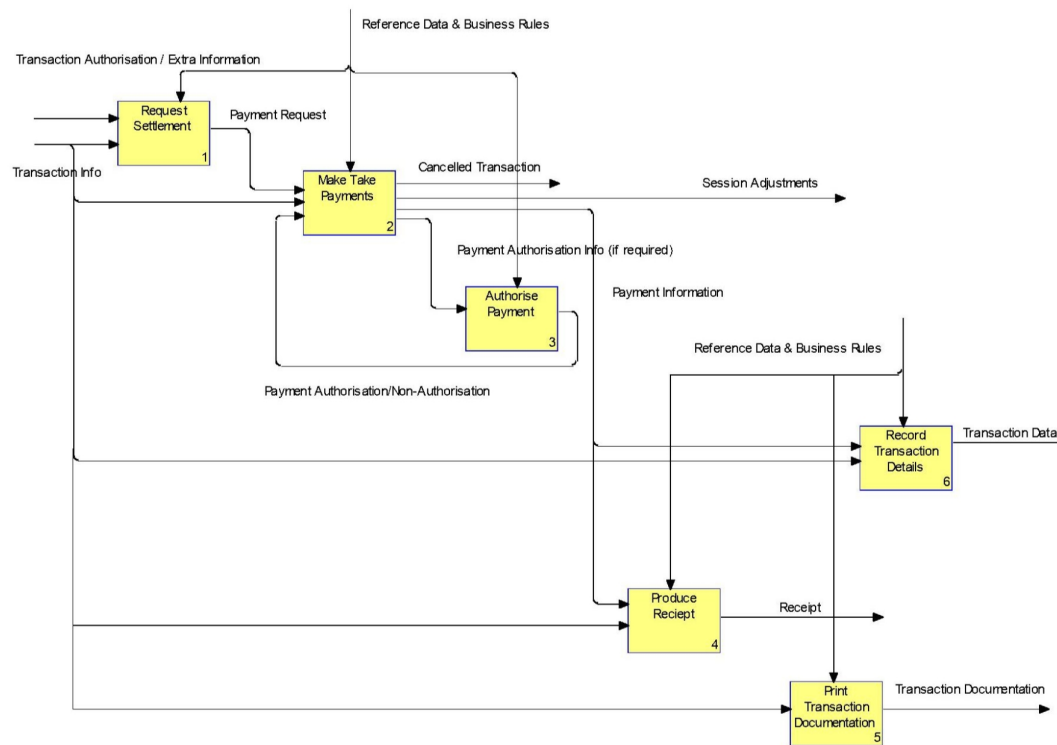


## 6.2 Selling Products and Services, including Client & Customer Aftersales Service



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## 6.2.1 Settle Customer Session



## 6.2.2 Business Design Assumptions

<b>6.2.2.1</b>	It is assumed that transaction data will be required to identify the outlet agent to enable agent performance to be measured.
<b>6.2.2.2</b>	It is assumed that the data relating to transactions (products sold, numbers of, value, session id) are stored within Horizon data to enable effectiveness of cross-selling initiatives to be measured.
<b>6.2.2.3</b>	It is assumed that not all products will be tokenised and a “rump” will remain which will have to be dealt with differently
<b>6.2.2.4</b>	There is a requirement to be able to tie up MOP to the transaction as opposed to the session

## 6.2.3 Previously Identified Requirements

Extensive detailed requirements have been specified for the Sales process (and can be made available if required). However, the vast majority of these are now being implemented by a number of other related projects/programmes eg. Mails, AP Enhancements etc. There will be a number of residual requirements which, therefore, need to be taken into account during the more detailed analysis phase specifically around:

- any remaining AP product re-engineering required after AP Enhancement
  - (Additional Data Capture)
- an outpayment facility
- printing of transaction documentation at branch eg. tax discs/event ticketing
- etc
- use of prompts and cross selling

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#### 6.2.26.2.4 Descriptions of Functions

Client Authorisation	The activity of a client receiving and authorising requests from a branch. Typically through on line banking
Customer Enquiries	Customer making an enquiry for a product or service
Launch Session	Entry point to a transaction or service
Capture and Validate Transaction Data	Capture and validation of data required to undertake the transaction
Authorise Transaction	Authorisation of a transaction where this is required. Could be on-line or local depending on product
Settle Customer Session	
Authorise Payment	Authorisation of payment through use of specific MOP e.g. Debit card
Make Take Payments	
Produce Receipt	Printing of a receipt for the customer
Print Transaction Documentation	Printing of items at either POS or Branch back office eg. Tax discs/insurance certificates etc
Record Transaction Details	Electronically recording of transaction details
Request Settlement	Request for the customer session to be closed through payment

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#### 6.2.5 Information Usages

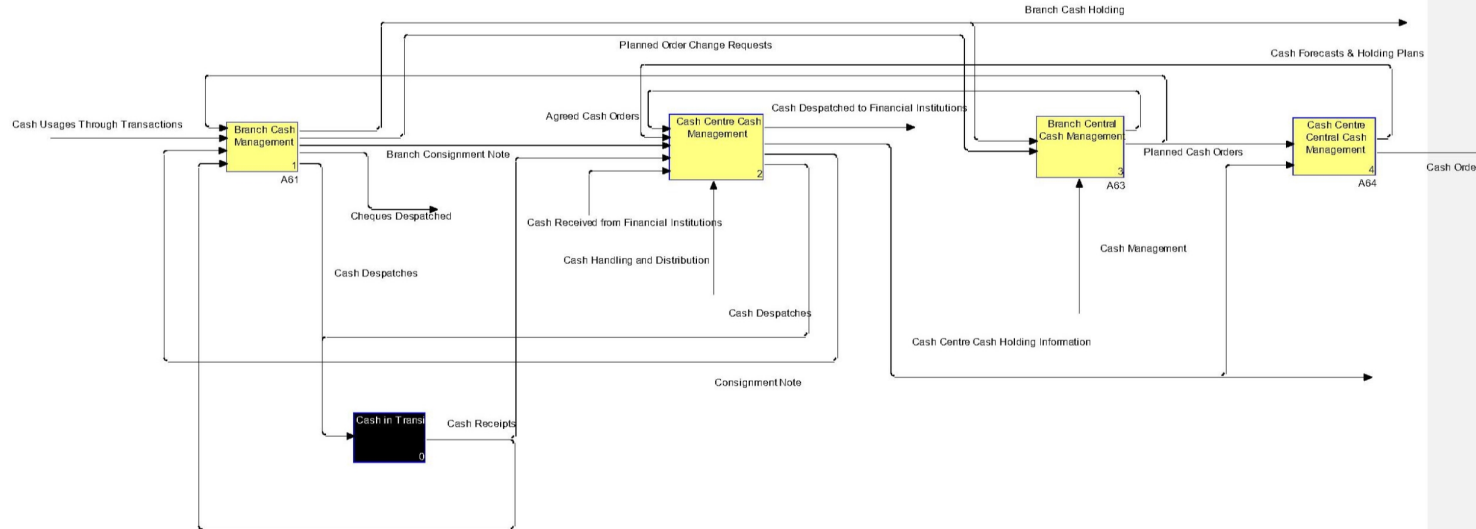
The information usages of the lowest level processes are identified in Appendix A

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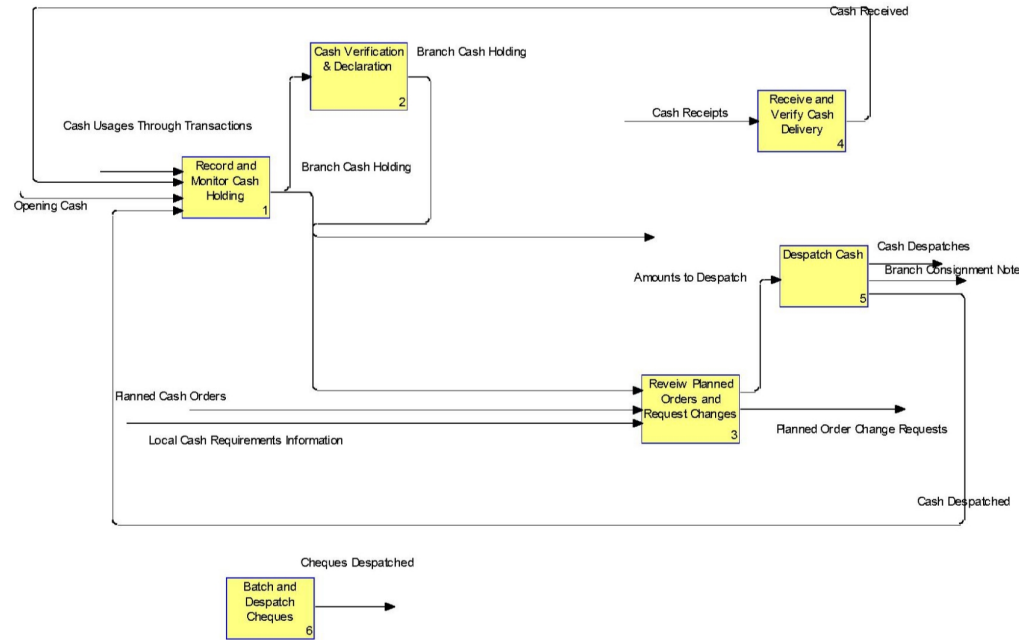
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## 6.3 Cash and Funds Management

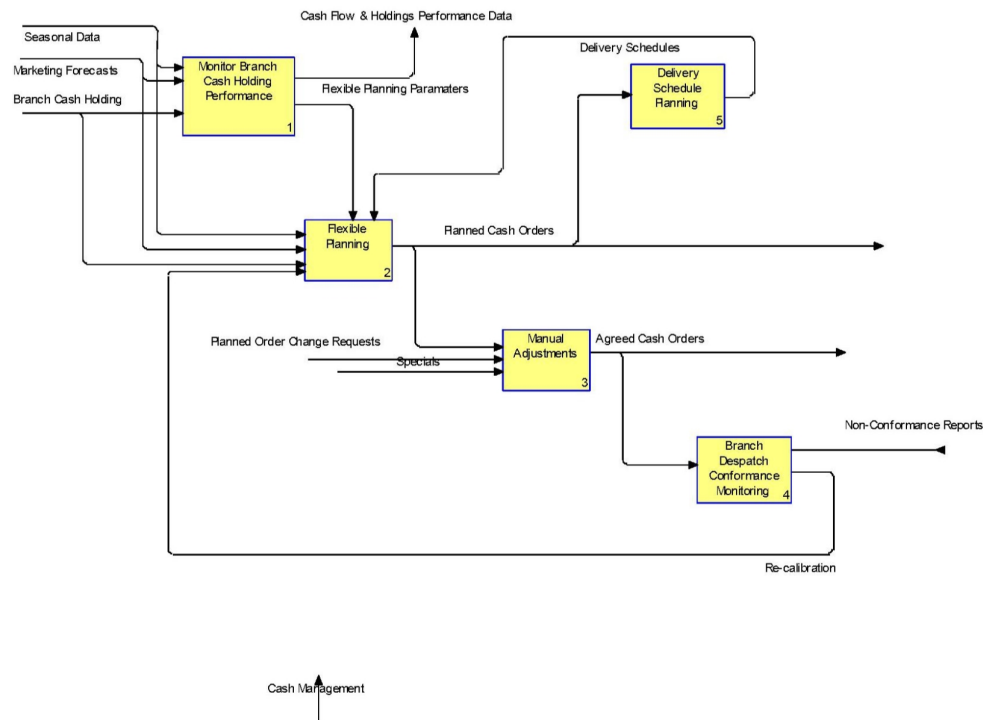


6.3.1 Branch Cash Management

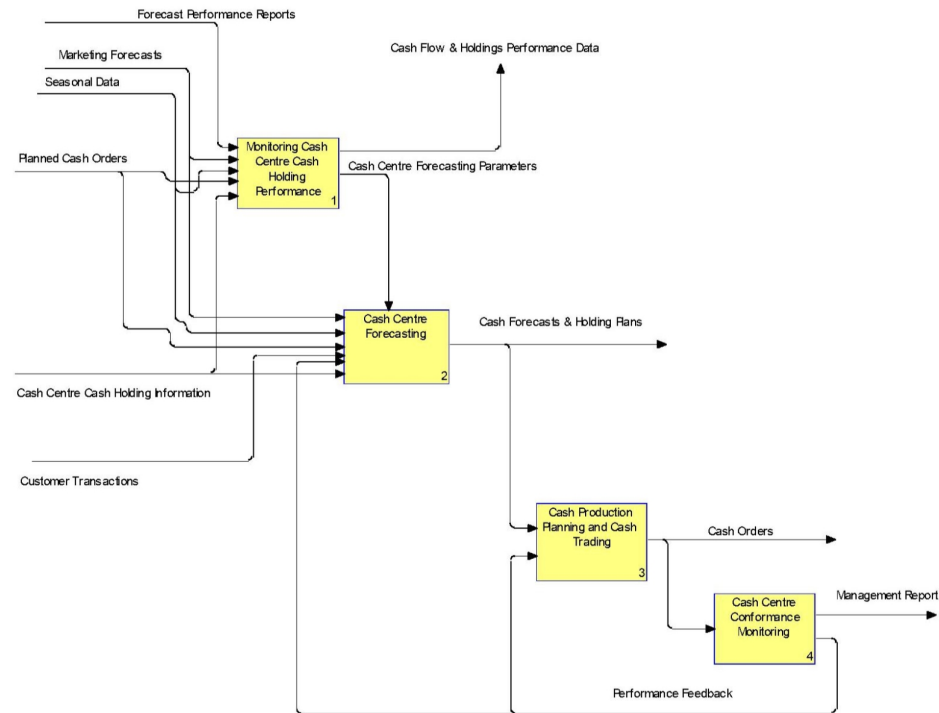


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### 6.3.2 Branch Central Cash Management



### 6.3.3 Cash Centre Central Cash Management



#### **6.3.16.3.4 Business Design Assumptions**

<b>6.3.4.1</b>	All cash management activities from ordering and control for the outlet through to central inventory management and supply and warehousing of the cash centrally are included in scope
<b>6.3.4.2</b>	Accounting for cash between outlets and cash centres will be within the scope of this study
<b>6.3.4.3</b>	It is assumed that it is the agent's responsibility to make cash and stock declarations.
<b>6.3.4.4</b>	Any forward planning needs should be determined by historical data
<b>6.3.4.5</b>	<p>It is assumed that facilities to handle stock/cash discrepancies will provide support to the following processes;</p> <ul style="list-style-type: none"><li>▪ Outlet may identify a cash discrepancy as part of outlet liability. He may make this good himself or (if disputing) identify as an unidentified discrepancy in the outlet liability. This discrepancy will be ledgered.</li><li>▪ Investigations may take place centrally and with outlet to determine if the discrepancy is true or otherwise. If it is agreed that the outlet is liable then a correcting transaction will be generated by Debt Recovery for automated acceptance by the outlet. This transaction will be flagged as "pending acceptance by outlet". The automated acceptance by the outlet will update the outlet liability which, in turn, will be flagged in the outlet liability statement which, in turn, will remove the centrally flagged "pending acceptance by outlet". The ledgers will be updated accordingly. If for any reason the outlet does not accept the correcting transaction, then the outlet liability will not be updated and the central flag will remain alerting the centre that non-acceptance has taken place and needs to be pursued.</li></ul>

#### **6.3.5 Previously Identified Requirements**

The following requirements are still valid and are focussed mainly around Branch Cash Management in addition to other requirements which have emerged from the workshops.

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Requirement		Priority	
ID	Description	H/M/L	Ver
	CASH MANAGEMENT		
	General		
2.001	There must be sufficient cash in the outlet to cover all transactions.	H	2.0
2.002	The cash levels held at the outlet must be optimised	H	2.0
2.004	An up-to-date inventory position must be available to the outlet at any time.	H	2.0
2.009	The system will prompt clerks to perform cash lifts	L	2.0
2.011	The sales process will decrement stock at the item/serial number level	H	2.0
2.012	When selling from common stock, accountability will be maintained by the system	H	2.0
2.013	When transferring stock between positions, the system will prompt the receiving till to book it in	M	2.0
2.014	Receipts will be printed for completed transfers	M	2.0
2.017	It is essential that systems and connectivity have a high degree of resilience	H	2.0
2.018	Central Inventory Management must be aware of outlets where the system or connectivity is down	M	2.0
2.019	Message between suppliers, Central Inventory Management and outlets must not be accessible by unauthorised individuals	H	2.0
2.020	A hierarchy of access controls to system functions will be required.	M	2.0
2.021	Administration processes need to have varying levels of prompts and controls	M	
2.022	Stock may need to be activated at the point of sale	M	2.0
2.024	Signing-on to and signing off from tills must be quick	H	2.0
	Inward Orders		
2.100	Records will be produced for each inward order activity	H	2.0
2.101	The system must support the concept of planned orders for delivery of cash/stock to the outlet.	H	2.0
2.102	Inventory items will be replenished by denomination	H	
2.103	All inward orders will include details of the content and planned delivery date	H	2.0
2.104	Inward orders may only be raised for inventory items that can be sold at the outlet	H	2.0
2.105	The outlet must have the facility to change planned orders	H	2.0
2.106	Orders supplied by 3 <sup>rd</sup> parties will be co-ordinated by Central Inventory Management	H	2.0
2.107	Central Inventory Management must have visibility of known exceptional cash requirements	M	2.0
2.108	The outlet must have the facility to raise an inward order	H	2.0
2.109	Messages between outlets and Central Inventory Management must be timely	H	2.0
2.110	Product substitutions must be highlighted	H	2.0
2.111	The date on a planned order cannot be changed by the outlet	M	2.0
2.112	Revised delivery dates must be transmitted to the outlets	H	
2.113	A confirmation of order details will be transmitted to the outlet prior to despatch	H	2.0
2.114	Order confirmation messages must be confirmed as read at the outlet	M	2.0
2.115	Tokens will be used for all inward orders	H	2.0
2.116	Each order must contain a picking list/delivery note giving the order number and content details	H	2.0
2.117	Goods receipt token swipe must be linked to the delivery notification message at the outlet	H	2.0

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Requirement		Priority	
ID	Description	H/M/L	Ver
2.118	The receipt process must be controlled	H	2.0
2.119	The delivery outlet will be verified at receipt	H	2.0
2.120	The order details will be automatically booked into the outlet on delivery	H	2.0
2.121	The carrier's driver will be given a physical receipt	H	2.0
2.122	Confirmation of the order receipt will be transmitted to Central Inventory Management	H	
2.123	Unchecked orders will be recorded with a holding status	H	2.0
2.124	All inward orders must be counted by the end of the trading day	H	2.0
2.125	Outlets will be liable for discrepancies in unchecked orders	M	2.0
2.126	Must be able to sell from an unchecked pouch	H	2.0
2.127	Checking of receipts will be aided using prompts	M	2.0
2.128	Pouch contents will be checked against the system	H	2.0
2.129	Token technology will be exploited to the full to aid order receipt checking	M	2.0
2.130	Partial order receipt checks will be allowed	M	2.0
2.131	Inward order discrepancies will be transmitted to Central Inventory Management	H	2.0
2.132	A facility will be available to correct order checking input errors	M	2.0
	Outward Orders		
2.200	Records will be produced for each outward order activity	H	2.0
2.201	Central Inventory Management will plan return orders from outlets	H	2.0
2.202	Replenishment planning will include rules for 'out-of-date' recalls	H	2.0
2.204	Planned return order details will be transmitted to the outlet by Central Inventory Management	H	2.0
2.205	The outlet will be able to change planned orders within a defined timescale	H	2.0
2.206	The date on a planned return order cannot be changed by the outlet	M	
2.207	The outlet will have a facility to raise return orders	H	2.0
2.208	The outlet will inform Central Inventory Management of unscheduled return orders	H	2.0
2.209	Messages between outlets and Central Inventory Management must be timely	H	2.0
2.210	Central Inventory Management will inform the outlet of delivery dates for outlet requested return orders	H	2.0
2.211	The process for returning note/coin bag shortages and surpluses must be simplified.	M	2.0
2.212	The frequency of return of inventory items will be governed by business rules	M	
2.213	Token technology will be used where possible to aid picking and packing	H	2.0
2.214	The system will provide help during the picking/packing process to prevent packing together of incompatible items	M	2.0
2.215	When an order is packed, the inventory items will be changed to a holding status	H	2.0
2.216	'Held' orders will be highlighted by prompts after a defined period of time	M	2.0
2.217	Order handover from the outlet to the supplier will be tightly controlled	H	2.0
2.218	Central Inventory Management will be informed when orders are despatched	M	2.0
2.219	Cash Handling & Distribution will open cash returns within the next working day	H	2.0
2.221	Despatch of outward orders will not be limited to a single till	M	2.0
2.222	Outward order discrepancies will be communicated to the outlet by Central Inventory Management	M	2.0
	Outlet to Outlet Orders		2.0
2.300	Outlet to outlet orders will be allowed subject to authorisation	M	2.0
2.301	Business rules will determine whether the outlet to outlet orders can take place	M	2.0
2.302	Outlet to outlet orders will be controlled via the Central Inventory Management system	M	2.0
2.303	Outlet to outlet order messages will be sent to Central Inventory Management	M	2.0
2.304	Where possible, the outlet system will be used to enforce rules for outlet to outlet orders	M	2.0
2.305	Transport controls are required for outlet to outlet orders	M	2.0
2.306	Transfer from an outlet to an outlet that cannot sell the inventory item will not be allowed	H	2.0

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Requirement		Priority	
ID	Description	H/M/L	Ver
2.307	Error rules for outlet to outlet orders will be as for standard inward/outward orders	M	2.0
	Cash Declaration		
2.400	Cash declarations must be carried out daily	H	2.0
2.401	The cash declarations will support both the inventory management and accounting processes	H	2.0
2.402	Cash at a held status (unchecked receipt) must be checked before a declaration can be made	H	2.0
2.403	The system will allow cash to be input by denomination	H	2.0
2.404	The outlet must be able to distinguish country, mutilated/spoilt notes etc. from usable notes to aid accurate replenishment and outward orders	M	2.0
2.405	Cash declaration discrepancies will be displayed, and prompts/assistance given to aid resolution	M	2.0
2.406	Discrepancies may be overridden at the outlet	H	2.0
2.407	Cash declarations will be confirmed/authorised using a PIN or password	H	2.0
	Miscellaneous Adjustments/ Burglaries/Robberies		
2.750	A facility to record miscellaneous adjustments (e.g. following a burglary) is required	H	2.0
2.751	Details of Miscellaneous Adjustments will be passed to Outlet Liability and Central Inventory Management	H	2.0
	Reporting/MIS		
2.800	Must be able to report stock levels by product by outlet	H	2.0
2.801	Lost sales opportunities need to be captured and analysed	M	2.0
2.802	It must be possible to reconcile the movements of secure stock throughout the network at the lowest level	M	2.0
2.803	The cost of replenishment needs to be calculated	H	
2.804	Undelivered orders must be reported	H	2.0
2.805	Outlet to outlet orders will be monitored	H	2.0
2.806	Any Horizon till being reported on must not have its performance adversely affected.	H	2.0
2.807	It must be easy to isolate and print suspect transactions on the transaction log.	H	2.0
2.808	End of day reporting must be automated	H	
2.809	Reporting processes must be efficient	H	2.0

### 6.2.26.3.6 Descriptions of Functions

Cash In Transit	Cash in the course of conveyance, in the form or remittances, between cash centre's and branches in either direction. Also refers to the organisation engaged in the activity of transporting cash hence CHD is a cash in transit operator.
Branch Cash Management	
Record and Monitor Cash Holding	Maintains a running total of cash holding
Cash Verification and Declaration	Compares actual with branch system derived view of cash holding and identifies discrepancies
Review Planned Orders and Request Changes	Activity performed at branch to review the planned cash order and request changes to that order if necessary

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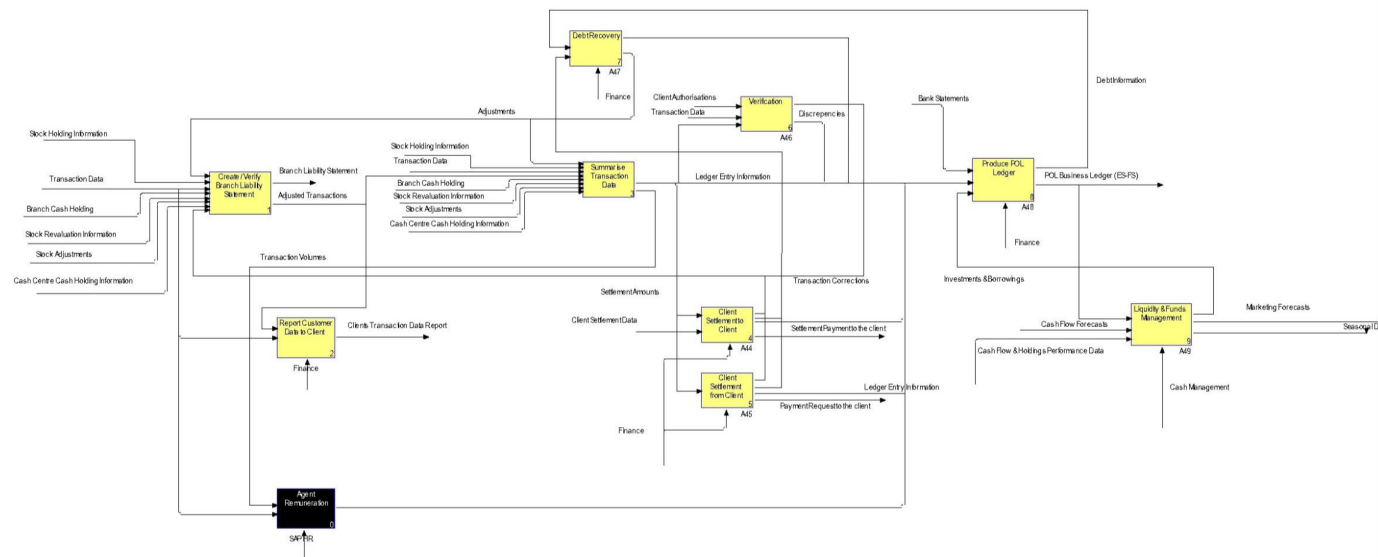
Receive and Verify Cash Delivery	2-phase process – at receipt of pouch process outputs recognition of amount of cash assumed to be as on consignment note to be recorded on branch accounts. At some time later the verification/acceptance of amount take place.
Despatch Cash	Outward remittances being returned to the cash centre
Batch and Despatch Cheques	Batching of cheques taken over the branch counter during the day and despatch of cheques to EDS.
Cash Centre Cash Management	The operational activities associated with the processing of cash on receipt into or despatch from a cash centre.
Cash Centre Central Cash Management	The activity which determines the appropriate levels of cash necessary to be held in cash centre's in order to meet operational requirements, to monitor actual holdings and drive any necessary improvement/re-balancing activity
Cash Centre Conformance Monitoring	Activity to monitor the conformance of cash centre's to operational instructions. In the context of cash management such instructions will relate to production plans, bond deposits/withdrawals, and instructions relating to the movements of cash to and from institutions.
Cash Centre Forecasting	Activity to predict the flows of cash into and out of cash centre's whether as remittances or other flows, e.g. customer direct deposits/withdrawals, deposits to bond or transfers to other financial institutions, from which cash holding levels, re-balancing cash movements, investment decisions and bank of England reporting are facilitated.
Cash Production Planning and Cash trading	Activity to determine the levels of bulk cash processing and inter financial institution trading necessary to meet operational outflows within the constraints of the Bank of England Note Circulation Scheme and at minimum levels consistent with supply/demand variability.
Monitoring Cash Centre Cash Holding Performance	Activity to monitor the cash holding performance of cash centres against targets derived from forecasts of in and outflows of cash and bulk processing requirements.
Branch Central Cash Management	Activity undertaken by inventory management team in CH&D
Monitor Branch Cash holding performance	This information feeds into the flexible planning tool to establish the standard rem order by branch
Flexible Planning	The system which creates the standard rem order
Manual Adjustments	Adjustments to remittances as a consequence of branches requesting changes to remittance.
Branch Despatch Conformance Monitoring	Conformance check to establish whether Branches are sending inward remittances as requested by Flexible Planning system.
Delivery Schedule Planning	Delivery patterns including route and frequency.

### 6.3.7 Information Usages

The information usages of the lowest level processes are identified in Appendix A

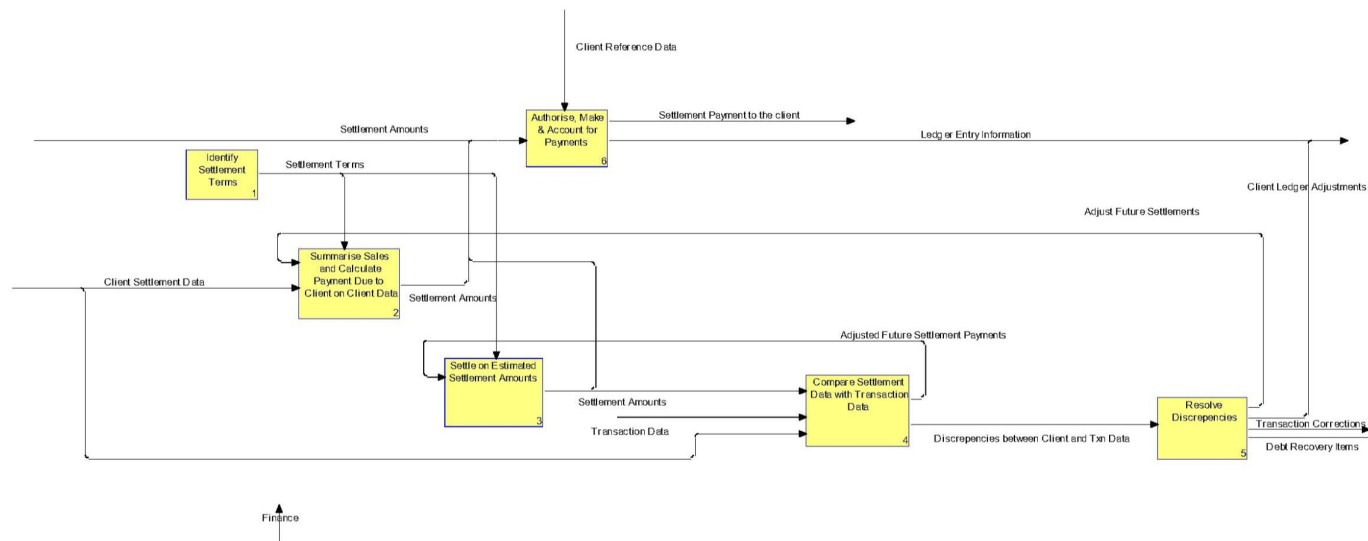
### **6.3.46.4 Accounting, Reconciliation and Settlement, including Debt Recovery and Branch Control**

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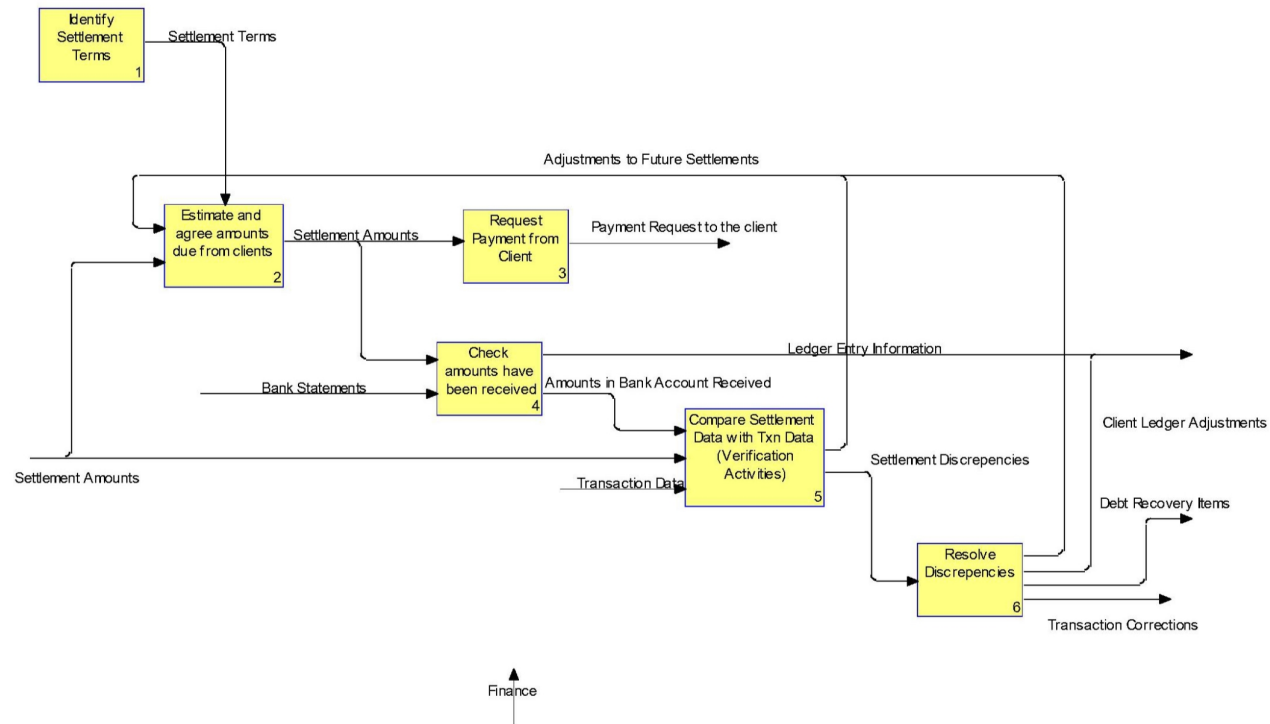


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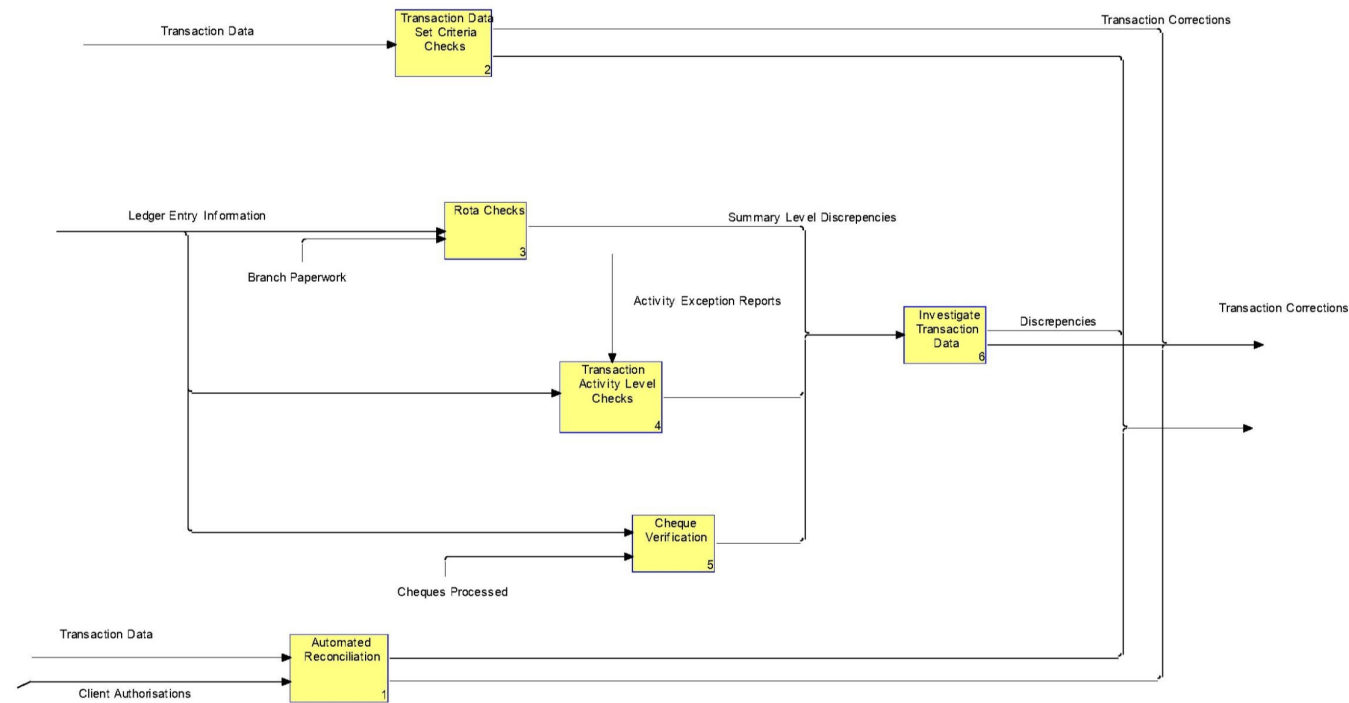
## 6.4.1 Client Settlement to Client



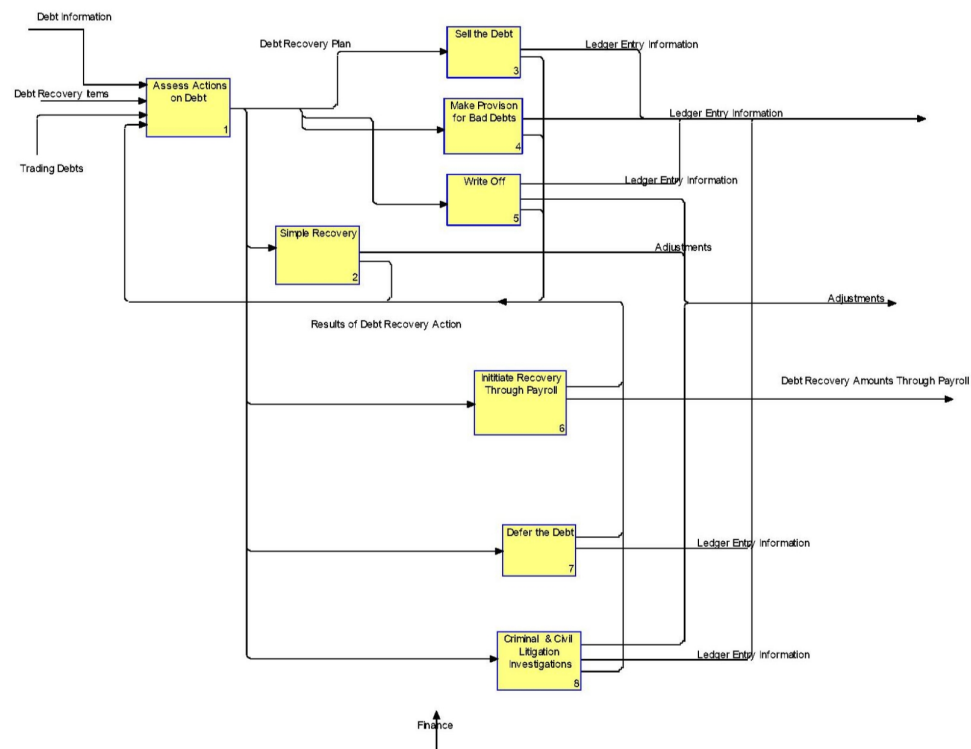
## 6.4.2 Client Settlement from Client



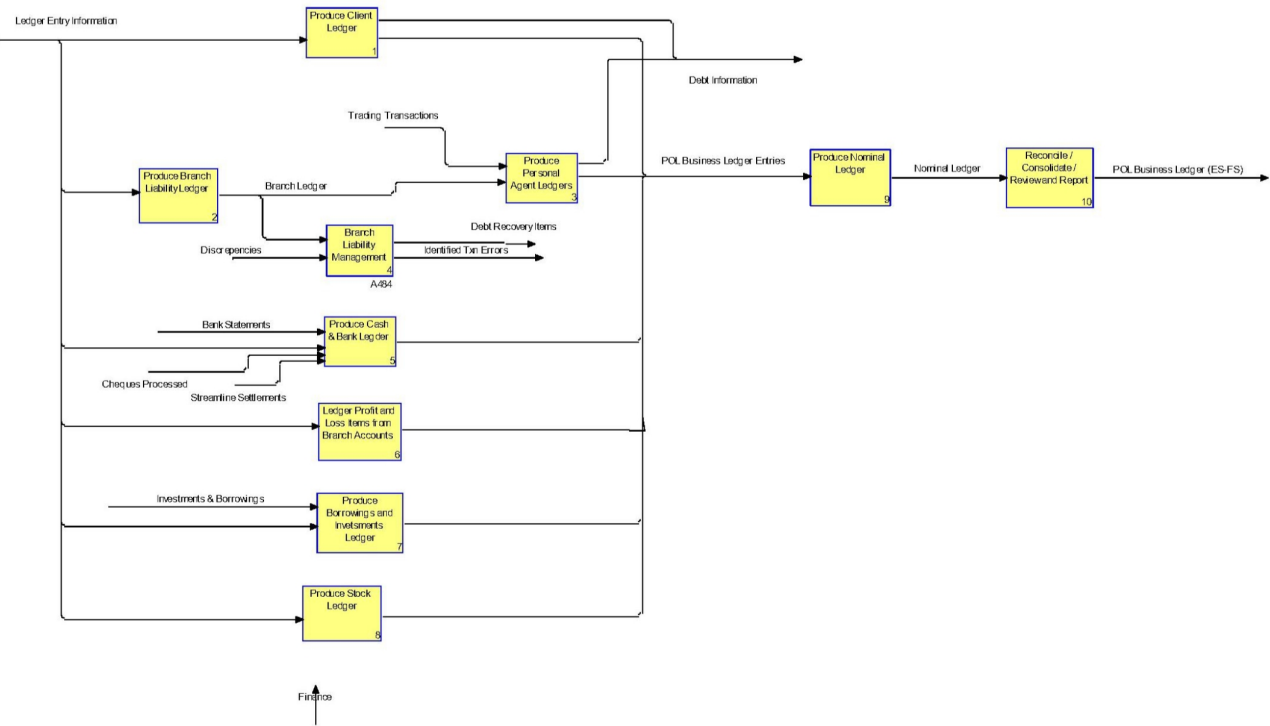
6.4.3      Verification



#### 6.4.4 Debt Recovery

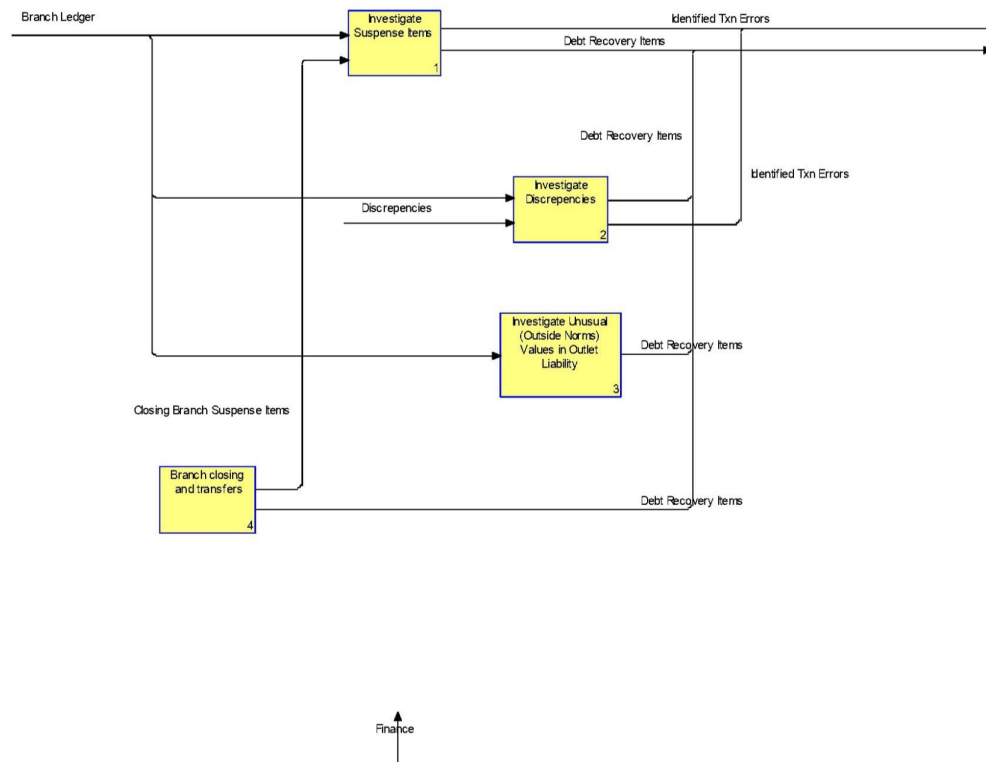


### 6.4.5 Produce POL Ledger

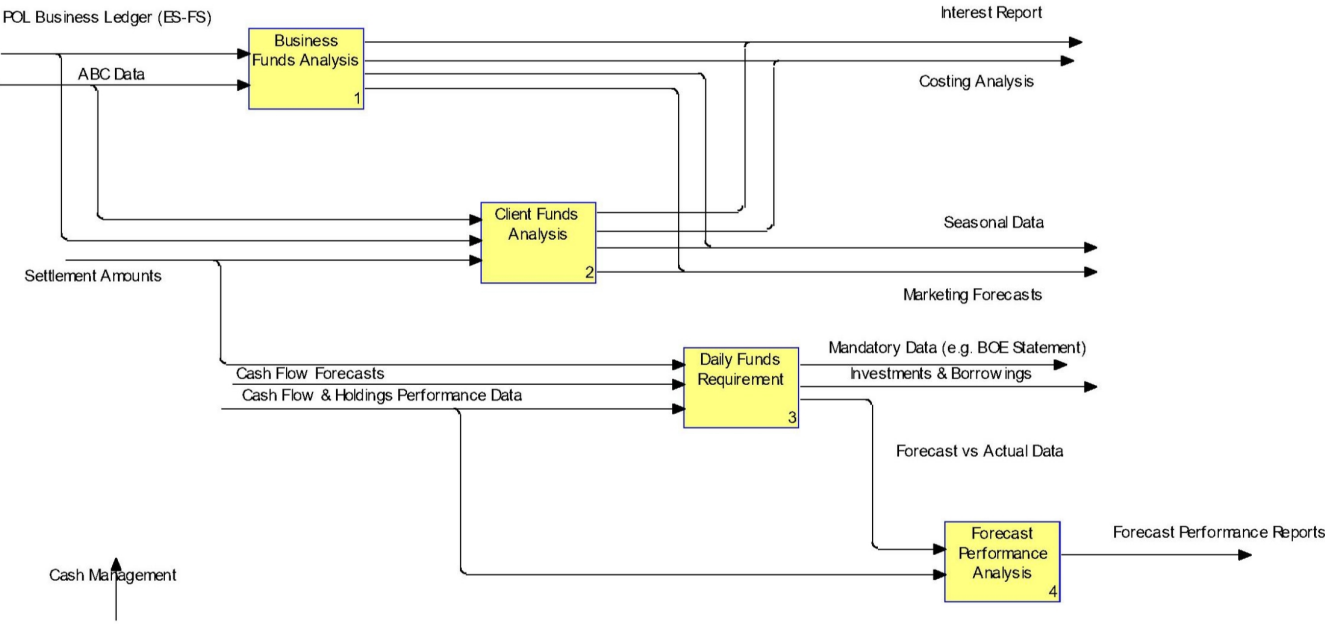


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#### 6.4.5.1 Branch Liability Management



6.4.6      Liquidity & Funds Management



## 6.4.7 Business Design Assumptions

<b>6.4.7.1</b>	It is assumed that SAPHR and ESFS are outside of the scope of the end-to-end reengineering.
<b>6.4.7.2</b>	The Outlet Liability Statement is prepared locally at the outlet. The process will be required to support adjustments resulting from agent inspection and agent acceptance. It is assumed that the agent will be required to confirm Outlet Liability on a weekly basis.
<b>6.4.7.3</b>	It is assumed that debit card payments are handled as a MOP
<b>6.4.7.4</b>	It is assumed that product choice for the new accounts system is not constrained to SAP if significant cost benefits can be achieved through alternative products that meet the requirements of the accounts process.
<b>6.4.7.5</b>	It has been assumed that an agent remuneration file will be passed to SAPHR for processing.
<b>6.4.7.6</b>	Any financial accounting data will be input to ES-FS as it is now.
<b>6.4.7.7</b>	It is assumed that the existing agent payment model will be retained, i.e. no provision is being made for changes in the way that agents are paid. Debt recovery may deduct from pay
<b>6.4.7.8</b>	There is a requirement to make enquiries on transaction records held centrally. Five types of enquiry are to be assumed, i.e. by customer, client, by Outlet, by date and product. Search criteria are required to support a "wild card" character.
<b>6.4.7.9</b>	Two escalation levels are required for management approval of compensating transactions in the ledgers.
<b>6.4.7.10</b>	It is assumed that there will be facilities required by accountants/finance department to identify and address discrepancies
<b>6.4.7.11</b>	It is assumed that there is not a requirement to integrate the various solution components at the user interface, e.g. there will not be a requirement to drill down through a ledger to a transaction held in the SDS. Each solution component will therefore support a user interface that only accesses data hosted on that solution component.
<b>6.4.7.12</b>	There is a requirement for authorised Counter users to be able to access the Outlet Liability Statement and to be able to drill down to individual transactions from which it has been calculated

**6.4.7.13** There is assumed to be a need to be able to view, at the Outlet, the current state of the Liability Statement at any time.

#### 6.4.8 Previously Identified Requirements

The following requirements are still valid and are focussed mainly around Branch Liability, ledgering and settlement in addition to other requirements which have emerged from the workshops.

Requirement		Priority	
ID	Description	H/M/L	Ver
	ACCOUNTING		
	General		
3.101	Cash declaration must be as close as possible to the end of day to drive replenishment planning.	H	2.0
3.102	System must distinguish between transactions before and after stock-take to meet SAPADS requirements.	H	2.0
3.103	SAPADS and front end system must have stock check flexibility for operational purposes, e.g. do more than one stock check for a product line per outlet per day.	H	2.0
3.104	Ensure integrity between stock holdings and stock transactions - they should always be aligned.	H	2.0
3.105	Supporting documents, where required, should be generated by the outlet system.	H	2.0
3.106	Product should be re-engineered to ensure that fallback can be performed at the outlet when the system is down.	H	2.0
3.107	Accounting arrangements must use open item ledger principles.	H	2.0
3.108	Outlet level information to be kept for audit / MI/ control purposes which can be agreed to the ledgers.	H	2.0
3.109	Ledger all transactions which have happened until the closing time/date (day/quarter/half year/year) in the correct period by close of ledgers.	H	2.0
3.110	Transactions carried over should have the correct transaction date even if the posting date is recorded as the next period.	H	2.0
3.111	The reconciliation of AP products should be supported by the application of consistent harvesting rules for the data sent through to client systems and PON's own back-end systems.	H	2.0
3.112	'One shop' password for auditors - this process needs streamlining as it takes too long to arrange the passwords at the moment.	M	2.0
3.114	To record counter transactions such as to create consistent views of the liability of agents to the Post Office and the Post Office to its clients by products.	H	2.0
3.115	To record transactions such that views can be generated in arrears for any period. ( e.g. daily, weekly, monthly, quarterly, annually.)	H	2.0
3.116	To record transactions by product, by value and/ or volume and by transaction type.	H	2.0
3.117	To record the source of ledger postings.	H	2.0
3.118	To enable reporting on each category of "product" within the Ledger system to meet business centre and head office finance requirements, including robust identification of VAT liabilities, cost of sales and associated stock accounting.	H	
3.119	Specific product groups to be established which reflect the accounting entries required by the business.	H	2.0
3.120	Transactions will need to be captured and recorded in all reporting and accounting systems by volume and value.	H	2.0

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Requirement		Priority	
ID	Description	H/M/L	Ver
3.121	There needs to be flexibility in the system to change and build hierarchies as may be required in the future both in respect of products/clients and outlets/ retail network manager/ regions etc.	H	2.0
3.122	Adjustments for errors need to be identified as a adjustment for a specified reason so settlement can be itemised accordingly. The date of the transaction needs to be captured as well as the posting date.	H	2.0
3.123	The system must be able to give "instantly" accessible reports that show the total client debt view.	H	2.0
3.124	To be able to adjust errors in a practical way. To do this the system must provide highly automated facilities.	H	2.0
3.125	To be able to print "on demand" a valid VAT receipt.	H	2.0
3.126	To replace need for Agent to physically sign a Cash Account to confirm legal responsibility with a means of "electronic signature" to confirm shortage/ surplus and record of cash & stock held.	H	2.0
3.127	Error corrections and adjustments need to be fed into the process at the same point as the originating error	H	2.0
	Outlet Liability		
3.201	Outlet liability to enable clerk, outlet & centre to have a common view of outlet liability.	H	2.0
3.202	Liability data to be available quickly at all levels	H	2.0
3.203	Provide a traceable/audit trail of transactions to confirm balance and track errors.	H	2.0
3.204	At stock check, a loss affects outlet liability - depending on the product & agent & client contract details.	H	2.0
3.205	Record gains/losses by product, which enables the liability to be derived and posted to a stock gain/loss suspense account, with a time & date stamp.	H	2.0
3.206	Stock gain/losses and their quantity recognition at the outlet is recognised/posted at stock declaration	H	2.0
3.207	Value at loss may be different from sales value	M	2.0
3.208	Report required for monitoring amendments to stock quantity for control purposes.	M	2.0
3.209	Discrepancy arising from stock declaration is not immediately converted to cash equivalent gain/loss in suspense account, (defined by business rules - product/total value).	M	2.0
3.210	Stock check confirmation posts discrepancy quantity to stock gain/loss suspense account.	H	2.0
3.211	Outlet data should also be available at a national level for client losses / provisioning and probity purposes.	H	2.0
3.212	Cash declaration will be committed to CH&D before discrepancies are handled, CH&D's timescales to be adhered to.	H	2.0
3.213	Anti-fraud monitoring shall be system driven by exception reporting.	H	2.0
3.214	Retail line must have appropriate authorisation routine for carry forward balances according to appropriate business rules	H	2.0
3.215	Distinct transaction types must be captured "distinctly" by the outlet system.	H	2.0
3.216	Combined with 3.215.	H	2.0
3.217	Outlets to be able to see sales and loss or gain values on stock declaration discrepancies, so they know their liability(loss) and can investigate value discrepancies (sales)	H	2.0
3.218	POL needs access to liability data for control purposes - including cash which go to the appropriate business ledgers. ? different settlement?	H	2.0
3.219	Clear set of business rules for reversals & corrections which are able to be enforced	H	2.0
3.220	System facilities must support putting notices to the right account - must be able to record transactions against different owners for the same outlet.	H	2.0
3.221	Swapping of agent ownership, for example, would require a special auditors code to be entered for changeover.	H	2.0
3.222	Retain accounting data at outlet and central level for 6years for legal purposes - method to be defined.	H	2.0

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ID	Description	H/M/L	Ver
3.223	To record errors identified by verification routines or by other system procedures ( e.g. remittance errors/ stock take discrepancies) such as to create consistent views of the liability of agents to the Post Office for those errors and of the Post Office to its clients by product.	H	2.0
3.224	To account for errors by date of original transaction as well as by posting date.	H	2.0
3.225	To provide a means of adjusting errors that is compliant with the operating process.	H	2.0
3.226	To provide an "invoice" to each agent/ manager for the net amount due/ to be paid, itemising all errors.	H	2.0
3.227	To be able to re-instate "excused" net losses.	H	2.0
3.228	Analysis will be carried out to restrict items put to suspense	H	2.0
	Verification		
3.301	Any paper documents that have to leave the office are checked appropriately to system information before despatch.	H	2.0
3.302	Verify at front-end rather than confirm against paper stream in verification centre.	H	2.0
3.303	Where outlet system summary data is found to have errors,(e.g. batch header totals on cheques) appropriate correcting transactions should be raised and the summary data regenerated.	H	2.0
	Client Settlement Inpayment		
3.401	Align settlement for inpayment to PON cleared funds, as a minimum. Payment date for settlement should be based on transaction date, method of payment and client contract.	H	2.0
3.402	Consolidate all payments that fall due on the same date and maximise payment periods for all payment types within business rules and according to contracts.	H	2.0
3.403	Settlement. Commission will need to be segregated from client settlement although the client may require that they are combined for payment purposes, but not before ledgering.	H	2.0
	Client Settlement Outpayment		
3.501	Settlement. Require system facilities to make estimation for outpayments more accurate and automatic.	H	2.0
	Client Settlement Inpayment and Outpayment		
3.601	Transaction reports of sufficient detail to support client contracts will be available to support client settlement.	H	2.0
3.602	For settlement, single stream of data to provide client transaction reports and payment/collection data.	H	2.0
3.603	Settlement should be driven out of a single system which provides consistent data (product, timing, quantity, value, outlet) to satisfy the client that all transactions have been reported/accounted for and paid/collected	H	2.0
3.604	Method of payment analysis for settlement and client negotiating purposes.	H	2.0
3.605	Transaction feeds from other sales channels will be required (other than PON EPOS/Horizon) for the integrated system (MIS/Ledger) to power settlement. (MI, outlet remuneration, audit and the records from outlet liability will also be driven from the integrated system.	H	2.0
3.606	Settlement. Amend client contracts to enable new settlement process to work more efficiently (i.e. actual data will be available earlier than before). This is an issue for migration.	H	2.0
3.607	To enable automatic billing of clients for "management fees" where these are volume related.	H	2.0
3.608	To enable client balances to be ascertained by clients' accounting periods.	H	2.0
3.609	The system should be capable of dealing with a large number of clients and be able to differentiate between different products held in the same PLU – such as local authority products.	H	2.0

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Requirement		Priority	
ID	Description	H/M/L	Ver
3.610	Ability to identify amounts owed to and from clients by product so that payment can be made or received. To achieve this it may be necessary to maintain separate accounts for each client product in the purchase and sales ledger.	H	2.0
	End to End Process		
3.701	Common, agreed trading day rules between PON and clients control procedure to ensure consistent data coding of exceptions (errors) control on these exception to ensure progress – reports & messages	H	2.0
3.702	Exception list must be analysed by current day, cumulatives & age of entry	H	2.0
3.703	100% of transaction to be harvested by the end of the day after the transaction	H	2.0
3.704	Where data Collection/packaging/transmission exceptions are identified, they should be actioned* at the appropriate point (subject to authorisation) in the data flow N.B. not necessarily the data source. * auto invoked or provided & authorised by control body	H	2.0
3.705	Controls must ensure that although client data may have errors they will be corrected over time. Each stream must have its own in-built reconciliation points (do not reconcile between process streams) Integrity checks should be appropriate to process – don't build complexity into process, so that you are over-reliant on integrity checks (which may fail).	H	2.0
3.706	Move to Human Computer Interface (HCI) industry standards	H	2.0
3.707	Centre must be aware when the outlets are not in touch ('heartbeat'), and this must be communicated to the outlet. In addition the outlet system must be able to inform / prompt the counter staff that there is no communication with the centre.	H	2.0

#### 6.2.26.4.9 Descriptions of Functions

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Accounts and Settlement	
Agent Remuneration	The value of payment made to agents for transactions undertaken.
Create and Verify Branch Liability Statement	A continuous view of what a branch actually has in terms of cash, stock and other value. This would be derived from sales transactions, cash and stock movements and any losses or gains. This must be fully auditable.
Report Customer Data to Client	Automatically transmit client required data to clients
Summarise Transaction Data	Automatic activity of summarising all data items transmitted prior to posting to ledger entries
Client Settlement to Client	Make payments to clients to pass on the value of their impayments taken over the branch counters. In some cases this may be a net payment where the client product includes outpayments
Identify Settlement Terms	Check client contract to determine what the payments terms are. This may include such things as timings, method of payment, whether to use estimates or actuals
Summarise Sales and Calculate Payment Due to Client on Client Data	Take the source data from the client and summarise into the format required to make the settlement.
Settle on Estimated Settlement Amounts	Use estimated transaction data to calculate the settlement due. This may be because the actual data is not available in time to make the settlement on actuals. Estimate is based on historic trends, known seasonal factor, growth factors and price changes. Normally agreed with client in advance.

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Compare Settlement Data with Transaction Data	If settlement is based on a source other than Horizon data the settlement is later compared with the Horizon transaction data. The resultant difference may be between estimates and actual or Horizon data and the alternative data source.
Resolve Discrepancies	Differences between settlement data and Horizon data need to be resolved by determining which stream is correct. Subsequent corrections will be made to the transaction data stream or the client data stream dependent on cause. If cause not identified can result in losses or gains to the business.
Authorise , Make and Account for Payments	
Client Settlement From Client	Receive payments from clients who pass on the value of outpayments made on their behalf over the branch counters for example DWP.
Identify Settlement Terms	Check the client contract to determine what the payment terms are. Includes timings, method of payment etc.
Estimate and Agree Amounts Due From Clients	Ideally settlements for outpayment products are prefunded so this will often involve using estimates in the first instance. This is negotiated and agreed with the client based on historical trends and current market.
Request Payment From Client	Usually in the form of a letter or statement of account rather than an invoice which shows the next month's agreed estimates.
Check Amounts Have Been Received	Client Cashier is notified of amounts to expect into the bank account and monitors whether the amounts have been received as agreed. If not the client is contacted to request settlement.
Compare Settlement Data with Transaction Data	If settlement is made based on a source other than Horizon data the settlement made is later compared with the Horizon transaction data. The resulting differences may be between estimates and actual or Horizon data and the alternative data source.
Resolve Discrepancies	Differences between settlement data and Horizon data need to be resolved by determining which stream is correct. Subsequent corrections will be made to the transaction data stream or the client data stream dependent on cause. If cause not identified can result in losses or gains to the business.
Verification	
Automated Reconciliation	Derived from transaction data. This can be an automatic verification such as DRS and AP but will also include manual verification for clients such as AON and Camelot. This will also include input of MOD cash accounts and may include any rump of non-tokenised products. May also be used to verify effectiveness of validation at the counter on a sampling basis.
Cheque Verification	Back office process to verify value of cheques despatched to payment processing centre
Rota Checks	Verification against streams of data for non-tokenised products. This is a sample check not a full check and is based on Business rules.

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Transaction Data Set Criteria Checks	Verification that the data for the transaction conforms to the criteria defined for the product
Transaction Activity Level Checks	Investigates patterns of transactions that are outside the norm of patterns for the branch.
Investigate Transaction Data	Ability to enquire back to individual transaction data level to answer customer enquiries or further progress verification activities to this level.
Debt Recovery	
Assess Actions on Debt	The decision point to ascertain the debt route taken. The decision will be based on value, age etc
Simple Recovery	Recovery of debt simply by contacting the agent and/or client and requesting payment
Sell The Debt	Debt factoring which is currently not used.
Make Provision for Bad Debts	Analysis of total debt and creation of provision dependant on anticipated recovery rate.
Write Off	The debts, which are deemed irrecoverable, and therefore the value is written off through the ledgers system.
Initiate Recovery Through Payroll	An agent or employee may agree to recovery of debt directly from their salary. For agents this would be via agent remuneration and for employees via HR/SAP payroll.
Defer The Debt	The ability for the agent to defer debt for a period of time or until the branch is sold.
Criminal and Civil Litigation Investigations	The point at which it is deemed unlikely that the agent will repay the debt without using the court systems. At this point the agent will be requested
Produce POL Sub Ledgers	
Produce Client Ledger	Created using transaction data from Horizon and settlement data to create liability to clients as a consequence of transactions undertaken at the branch
Produce Branch Liability Ledger	Created using transaction data to create branch liability. This would include any items in the branch suspense and error notices.
Produce Personal Agent Ledgers	This would encompass the branch liability and would also include items of debt which are not as a consequence of transactions undertaken at the counter e.g. licence fees and security screens.
Produce Cash and Bank Ledgers	Balances, payment and receipt of cash, and bank account transactions
Branch Liability Management	
Investigate Suspense Items	Investigations to establish cause of suspense items. This is performed on a risk management basis.
Investigate Discrepancies	Investigation of items identified. This would accumulate any necessary evidence for future criminal investigations
Investigate Unusual (Outside Norms) Values in Branch Liability	This would highlight unexpected values such as stock inflation. There may not be a known error but may indicate and expected/anticipated error.
Branch Closing and Transfers	Identification of branch closure and therefore acceleration of error analysis and debt recovery for the specific branch.
Ledger Profit and Loss Items from Branch Accounts	This would include items from branch transactions which impact the business P & L account eg cash sales from postal orders and bureau
Produce Borrowings and Investments Ledger	This would include any borrowings, including DTI, and investments
Produce Stock Ledger	This would only include real stock such as retail items

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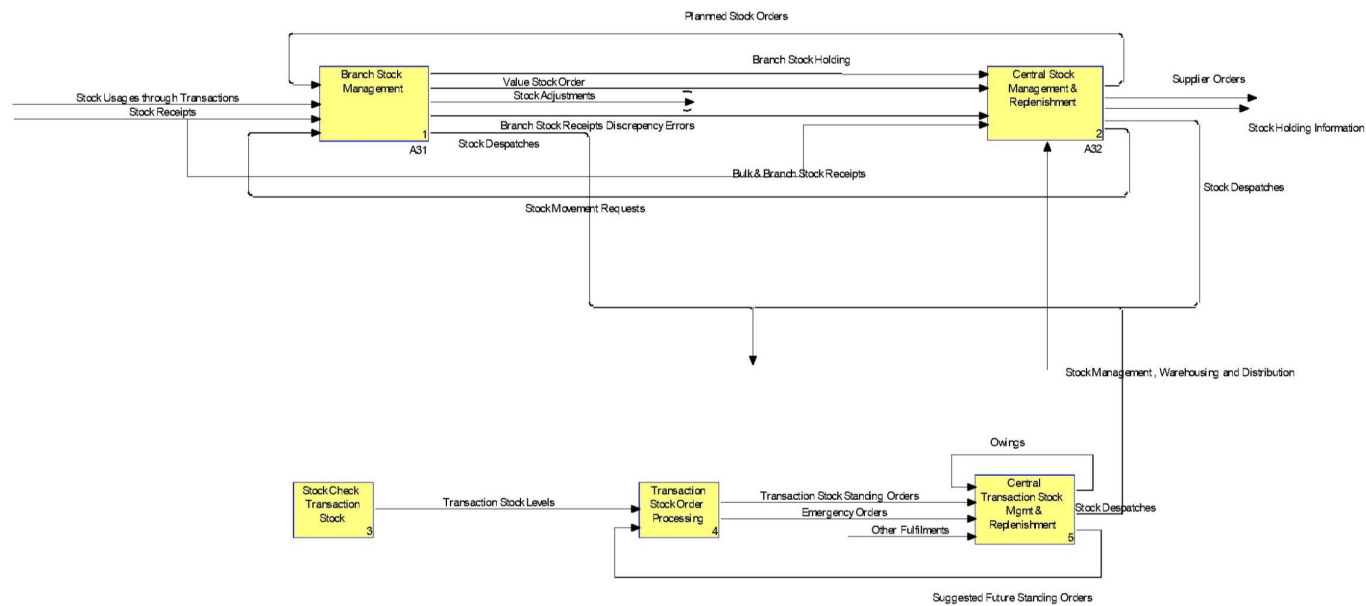
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Produce Nominal Ledger	This activity is the end product of all the business ledger entries
Reconcile, Consolidate, Review and Report	This is the overall process undertaken to verify the ledger and consequently support the ledger items.
Liquidity and Funds management	Analysis of PO Ltd daily cash requirements. Twice daily reporting to Group for investments/borrowings requirements.
Business Funds Analysis	
Client Funds Analysis	
Daily Funds Requirement	
Forecast Performance Analysis	

#### 6.4.10 Information Usages

The information usages of the lowest level processes are identified in Appendix A

## 6.5 Stock Management

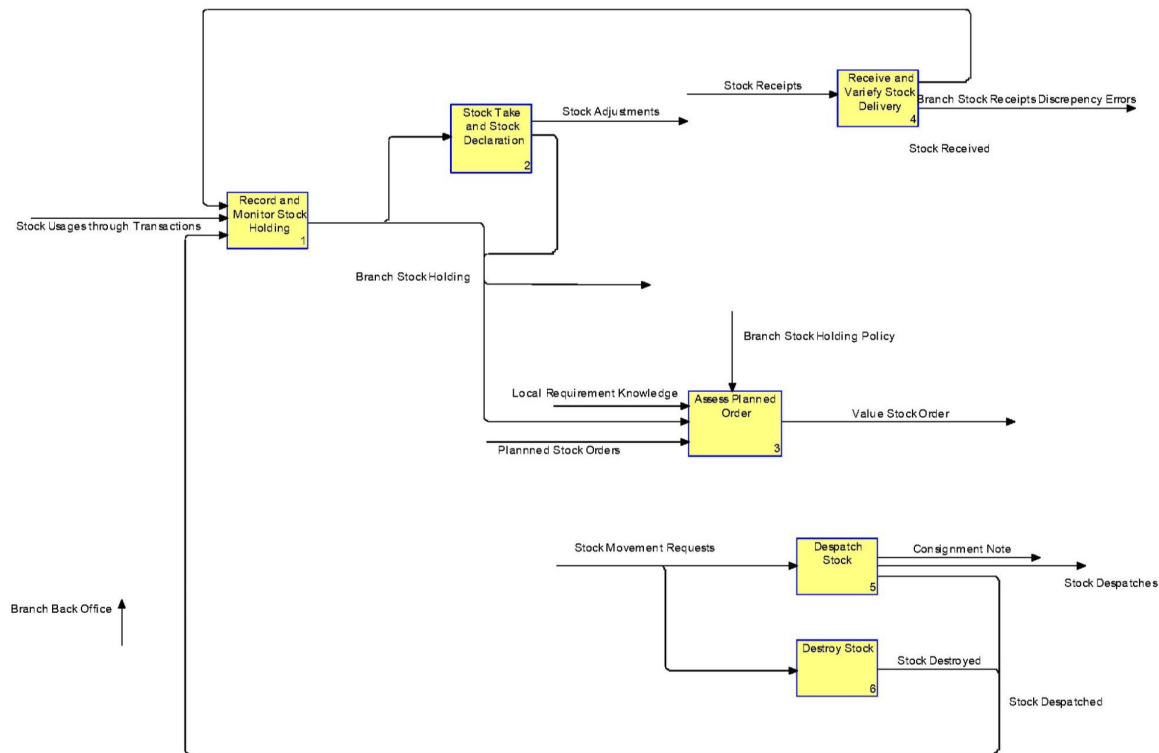


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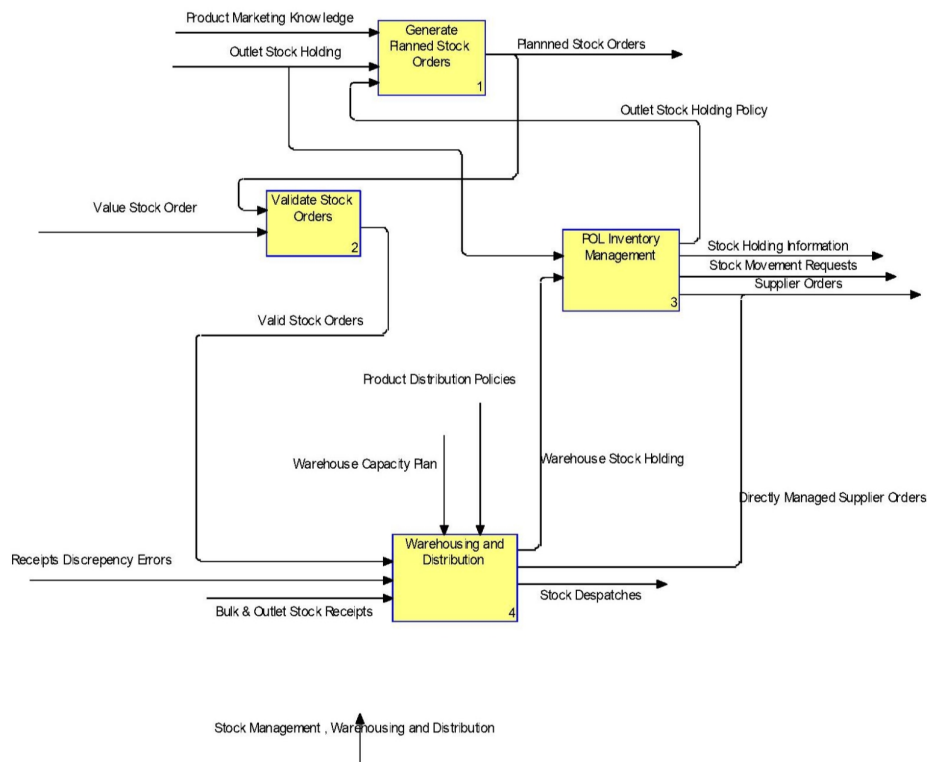
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## 6.5.1 Branch Stock Management



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## 6.5.2 Central Stock Management & Replenishment



### 6.5.3 Business Design Assumptions

**6.5.3.1** It is assumed that items suitable/unsuitable for local destruction of stock at the outlet will be identified within reference data. Those items unsuitable for local destruction will be returned to the central warehouse for destruction. Reference data will define, for each product identified as suitable for local destruction, business rules for; maximum amounts of local destruction (by volume, by value, in a single destruction transaction and over a period, by outlet risk classification (high risk/medium risk etc), stock values (for inclusion in outlet liability statement), roles at outlets allowed to utilise local destruction functionality, acceptable reason codes for destruction, whether or not serial numbers should be entered.

It is assumed that these rules will be applied locally at the outlet at time of entering stock destruction information. It is assumed that users will need to re-affirm their identity (re-type their password) to use the local destruction functionality. It is assumed that the data as to who destroyed what, for what reason, and when will be stored for subsequent analysis/auditing.

It is assumed that only held stock can be destroyed (no negative stock) and that stock balances, and therefore outlet liability will be updated as a result of stock destruction.

**6.5.3.2** It is assumed that the process for stock control will be centrally driven.

**6.5.3.3** It is assumed that it is the agent's responsibility to make cash and stock declarations.

**6.5.3.4** It is assumed that the current model for Stock Units is to be retained to reflect the fact that individuals are responsible for stock items.

**6.5.3.5** It is assumed that outlet stock position will be calculated locally and reported to the centre.

**6.5.3.6** It is assumed that the central stock management process will notify the agent concerning the proposed stock ordering position. The agent will then be required to make any necessary adjustments and confirm the resulting order. This is in principle existing functionality, except that the request to vary the planned order is currently by telephone. It is assumed that extension to allow display of, and request amendment to planned orders is required.

**6.5.3.7** It is assumed that every stock item (e.g. individual stamps) consumed/sold as part of a transaction, will be identified in transaction data and used to maintain accuracy of stock tracking.

**6.5.3.8** To support stock movements between outlets, it is assumed that the central stock management process will request the stock from the outlet and the resident agent will prepare a separate pouch for onward transmission of the stock.

**6.5.3.9** It is assumed that adjustments, following identification of loss of valued stock (e.g. vouchers), are performed locally in the outlet via creation of adjusting transactions. Some items may have a liability value, which is different to their sale value. Where a loss occurs in this instance the liability value will be identified as such and included on the outlet liability statement.

**6.5.3.10** It is assumed that the current, human processes within outlets for “borrowing” stock items (between stock units) to complete a purchase are sufficient for needs and that there are no further requirements for managing those (i.e. it is the agents responsibility to reconcile stock holding between stock units within the outlet). It is assumed, however, that at the time of stock declaration/outlet liability statement posting, negative values for stock holding at the outlet level would be flagged as unacceptable and that other actions would be required (remitting in of received stock/ stock found declarations) before these actions could be completed.

**6.5.3.11** It is assumed that the current stock ownership model remains in force and that stock is owned by Post Office

**6.5.3.12** It is assumed that facilities to handle stock discrepancies will provide support to the following processes;

- Outlet may identify a cash/stock discrepancy as part of outlet liability. He may make this good himself or (if disputing) identify as an unidentified discrepancy in the outlet liability. This discrepancy will be ledgered.
- Investigations may take place centrally and with outlet to determine if the discrepancy is true or otherwise. If it is agreed that the outlet is liable then a correcting transaction will be generated by Debt Recovery for automated acceptance by the outlet. This transaction will be flagged as “pending acceptance by outlet”. The automated acceptance by the outlet will update the outlet liability which, in turn, will be flagged in the outlet liability statement which, in turn, will remove the centrally flagged “pending acceptance by outlet”. The ledgers will be updated accordingly. If for any reason the outlet does not accept the correcting transaction, then the outlet liability will not be updated and the central flag will remain alerting the centre that non-acceptance has taken place and needs to be pursued.

## 6.5.4 Previously Identified Requirements

The following requirements are still valid and are focussed mainly around Branch Stock Management in addition to other requirements which have emerged from the workshops.

Requirement		Priority	
ID	Description	H/M/L	Ver
	STOCK MANAGEMENT		
	General		
2.003	Stock availability requirements will vary by items, products and potentially outlet types.	H	2.0
2.004	An up-to-date inventory position must be available to the outlet at any time.	H	2.0

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Requirement		Priority	
ID	Description	H/M/L	Ver
2.010	New consolidated stock position to be made available to outlet manager by product.	H	2.0
2.011	The sales process will decrement stock at the item/serial number level	H	2.0
2.012	When selling from common stock, accountability will be maintained by the system	H	2.0
2.013	When transferring stock between positions, the system will prompt the receiving till to book it in	M	2.0
2.014	Receipts will be printed for completed transfers	M	2.0
2.015	The outlet system must support the use of virtual stock	H	
2.016	Serial numbers should be allocated from a common stock unit for virtual stock	H	2.0
2.020	A hierarchy of access controls to system functions will be required.	M	2.0
2.021	Administration processes need to have varying levels of prompts and controls	M	
2.022	Stock may need to be activated at the point of sale	M	2.0
2.023	Commemorative coins will be treated as discrete products	M	2.0
2.024	Signing-on to and signing off from tills must be quick	H	2.0
	Inward Orders		
2.100	Records will be produced for each inward order activity	H	2.0
2.101	The system must support the concept of planned orders for delivery of cash/stock to the outlet.	H	2.0
2.102	Inventory items will be replenished by denomination	H	
2.103	All inward orders will include details of the content and planned delivery date	H	2.0
2.104	Inward orders may only be raised for inventory items that can be sold at the outlet	H	2.0
2.105	The outlet must have the facility to change planned orders	H	2.0
2.106	Orders supplied by 3 <sup>rd</sup> parties will be co-ordinated by Central Inventory Management	H	2.0
2.108	The outlet must have the facility to raise an inward order	H	2.0
2.109	Messages between outlets and Central Inventory Management must be timely	H	2.0
2.110	Product substitutions must be highlighted	H	2.0
2.111	The date on a planned order cannot be changed by the outlet	M	2.0
2.112	Revised delivery dates must be transmitted to the outlets	H	
2.113	A confirmation of order details will be transmitted to the outlet prior to despatch	H	2.0
2.114	Order confirmation messages must be confirmed as read at the outlet	M	2.0
2.115	Tokens will be used for all inward orders	H	2.0
2.116	Each order must contain a picking list/delivery note giving the order number and content details	H	2.0
2.117	Goods receipt token swipe must be linked to the delivery notification message at the outlet	H	2.0
2.118	The receipt process must be controlled	H	2.0
2.119	The delivery outlet will be verified at receipt	H	2.0
2.120	The order details will be automatically booked into the outlet on delivery	H	2.0
2.121	The carrier's driver will be given a physical receipt	H	2.0
2.122	Confirmation of the order receipt will be transmitted to Central Inventory Management	H	
2.123	Unchecked orders will be recorded with a holding status	H	2.0
2.124	All inward orders must be counted by the end of the trading day	H	2.0
2.125	Outlets will be liable for discrepancies in unchecked orders	M	2.0
2.126	Must be able to sell from an unchecked pouch	H	2.0
2.127	Checking of receipts will be aided using prompts	M	2.0
2.128	Pouch contents will be checked against the system	H	2.0

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ID	Description	H/M/L	Ver
2.129	Token technology will be exploited to the full to aid order receipt checking	M	2.0
2.130	Partial order receipt checks will be allowed	M	2.0
2.131	Inward order discrepancies will be transmitted to Central Inventory Management	H	2.0
2.132	A facility will be available to correct order checking input errors	M	2.0
	Outward Orders		
2.200	Records will be produced for each outward order activity	H	2.0
2.201	Central Inventory Management will plan return orders from outlets	H	2.0
2.202	Replenishment planning will include rules for 'out-of-date' recalls	H	2.0
2.203	Stock returns to 3 <sup>rd</sup> party suppliers will be co-ordinated through Central Inventory Management	H	2.0
2.204	Planned return order details will be transmitted to the outlet by Central Inventory Management	H	2.0
2.205	The outlet will be able to change planned orders within a defined timescale	H	2.0
2.206	The date on a planned return order cannot be changed by the outlet	M	
2.207	The outlet will have a facility to raise return orders	H	2.0
2.208	The outlet will inform Central Inventory Management of unscheduled return orders	H	2.0
2.209	Messages between outlets and Central Inventory Management must be timely	H	2.0
2.210	Central Inventory Management will inform the outlet of delivery dates for outlet requested return orders	H	2.0
2.211	The process for returning note/coin bag shortages and surpluses must be simplified.	M	2.0
2.212	The frequency of return of inventory items will be governed by business rules	M	
2.213	Token technology will be used where possible to aid picking and packing	H	2.0
2.214	The system will provide help during the picking/packing process to prevent packing together of incompatible items	M	2.0
2.215	When an order is packed, the inventory items will be changed to a holding status	H	2.0
2.216	'Held' orders will be highlighted by prompts after a defined period of time	M	2.0
2.217	Order handover from the outlet to the supplier will be tightly controlled	H	2.0
2.218	Central Inventory Management will be informed when orders are despatched	M	2.0
2.219	Cash Handling & Distribution will open cash returns within the next working day	H	2.0
2.220	Stock returns to Hemel and other suppliers will be opened within the next working day	M	2.0
2.221	Despatch of outward orders will not be limited to a single till	M	2.0
2.222	Outward order discrepancies will be communicated to the outlet by Central Inventory Management	M	2.0
	Outlet to Outlet Orders		2.0
2.300	Outlet to outlet orders will be allowed subject to authorisation	M	2.0
2.301	Business rules will determine whether the outlet to outlet orders can take place	M	2.0
2.302	Outlet to outlet orders will be controlled via the Central Inventory Management system	M	2.0
2.303	Outlet to outlet order messages will be sent to Central Inventory Management	M	2.0
2.304	Where possible, the outlet system will be used to enforce rules for outlet to outlet orders	M	2.0
2.305	Transport controls are required for outlet to outlet orders	M	2.0
2.306	Transfer from an outlet to an outlet that cannot sell the inventory item will not be allowed	H	2.0
2.307	Error rules for outlet to outlet orders will be as for standard inward/outward orders	M	2.0
	Stock Declaration		
2.500	The stock declaration system will support industry best practices	H	2.0
2.501	A stock check may take place at any time, on any inventory items	H	2.0
2.502	The outlet will have the facility to perform a stock check on a single product or a range of products	H	2.0
2.503	A stock check may not begin until all relevant inward orders have been opened and counted	H	2.0
2.504	Stock declarations will be system driven to permit tracking from sales through stock	H	2.0
2.505	Stock inventory items will be counted by quantity or volume, not value	H	2.0

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Requirement		Priority	
ID	Description	H/M/L	Ver
2.506	Inventory item serial numbers will be recorded during the stock declaration process where appropriate	H	
2.507	Postal fee value data will not be visible during a stock check	M	2.0
2.508	Stock declaration differences will be displayed, and prompts/assistance given to aid resolution	M	2.0
2.509	Stock declarations will be confirmed/authorised using a PIN or password	H	2.0
2.510	Stock declaration discrepancies will be reported to Central Inventory Management and outlet liability	H	2.0
2.511	The interface to Central Inventory Management for stock declarations must be consistent with CH&D requirements	H	
2.512	The system must be capable of instructing outlets to return excess stock	H	2.0
2.513	Stock declaration records should be held electronically	M	2.0
	Local Destruction/Write-Off		
2.600	Outlets will have the ability to locally destroy certain types of stock	H	2.0
2.601	The local destruction process must be fully auditable	H	2.0
2.602	Details of local destruction and local write-offs will be passed to outlet liability and Central Inventory Management	H	2.0
	Product Withdrawal		
2.650	Stock Management of product withdrawal and product introduction is only required for inventory items only	H	2.0
2.651	Suppliers must be capable of creating flexible withdrawal schedules for products	H	2.0
2.652	The date after which stock has no value will be set by product	M	2.0
2.653	The distribution of product withdrawal messages to outlets must be timely	H	2.0
	Product Introduction		
2.675	Time to market must be reduced, but without impacting the current fast-track process	H	2.0
2.676	Existing product data will be used to determine the locations where new products will be introduced	M	
2.677	Suppliers will be given sufficient time to introduce products to outlets	H	2.0
2.678	Reference data must be available at the outlet by the time the product is delivered	H	2.0
2.679	Product activation start/end dates will vary by outlet or outlet type	H	2.0
	Revaluation/Repricing		
2.700	Revaluation (repricing) can be done on any day of the week	M	2.0
2.701	Revaluation (repricing) must be complete in time for the start of a trading day	H	2.0
2.702	The system will prompt the outlet to perform a stock check the day before the revaluation (repricing)date	H	2.0
2.703	The outlet system will automatically re-value (reprice)all stock on hand and record accounting contras	H	2.0
2.704	The revaluation (repricing) process needs to be tolerant of failures	H	2.0
2.705	Outlets failing to count their stock will be liable for any revaluation discrepancies	H	2.0
2.706	Accounting rules will be used to manage stock in transit at the time of revaluation	H	2.0
	Miscellaneous Adjustments/ Burglaries/Robberies		
2.750	A facility to record miscellaneous adjustments (e.g. following a burglary) is required	H	2.0
2.751	Details of Miscellaneous Adjustments will be passed to Outlet Liability and Central Inventory Management	H	2.0
	Reporting/MIS		
2.800	Must be able to report stock levels by product by outlet	H	2.0
2.801	Lost sales opportunities need to be captured and analysed	M	2.0

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Requirement		Priority	
ID	Description	H/M/L	Ver
2.802	It must be possible to reconcile the movements of secure stock throughout the network at the lowest level	M	2.0
2.803	The cost of replenishment needs to be calculated	H	
2.804	Undelivered orders must be reported	H	2.0
2.805	Outlet to outlet orders will be monitored	H	2.0
2.806	Any Horizon till being reported on must not have its performance adversely affected.	H	2.0
2.807	It must be easy to isolate and print suspect transactions on the transaction log.	H	2.0
2.808	End of day reporting must be automated	H	
2.809	Reporting processes must be efficient	H	2.0

#### 6.2.26.5.5 Descriptions of Functions

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Branch Stock Management	
Record and Monitor Stock Holding	Update of stock position through either sale of a stock item or receipt/despatch of stock items or local destruction of stock
Stock Take and Stock Declaration	Declaration of stock position at item level by comparing actual stock with system held position
Assess Planned Order	Branch review and amendment if required of scheduled order
Receive and Verify Stock Delivery	2-phase process – at receipt of pouch process outputs recognition of amount of stock assumed to be as on consignment note to be recorded on branch accounts. At some time later the verification/acceptance of amount take place.
Despatch Stock	Outward remittances being returned to the stock centre
Destroy Stock	Local activity, driven by business rules, allowing the branch to destroy stock items rather than returning them provided audit trail is maintained
Central Stock Management & Replenishment	
Generate Planned Stock Orders	Centralised calculation of expected orders for branches for given time period using historical data
Validate Stock Orders	Sense check of stock orders prior to despatch to warehouse
POL Inventory Management	Management of stock inventory inc redistribution of stock, monitoring of stock levels nationally
Warehousing and Distribution	Role of Hemel Hempstead
Stock Check Transaction Stock	Declaration of stock position at item level by comparing actual stock with system held position
Transaction Stock Order Processing	
Central Transaction Stock Management and Replenishment	

#### 6.5.6 Information Usages

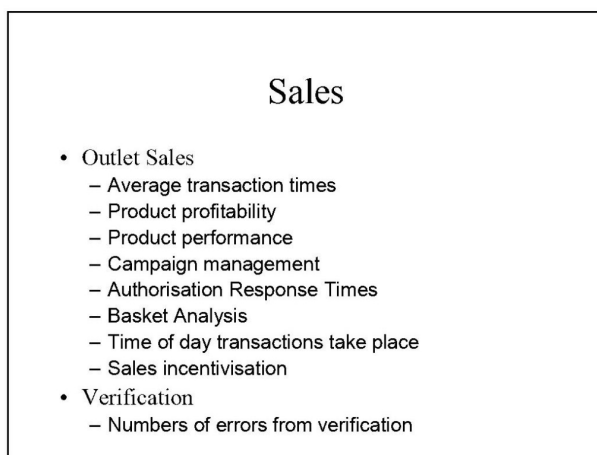
The information usages of the lowest level processes are identified in Appendix A

## 6.6 Management Information

Management Information Requirements were identified throughout the requirements analysis and are summarised in this section.

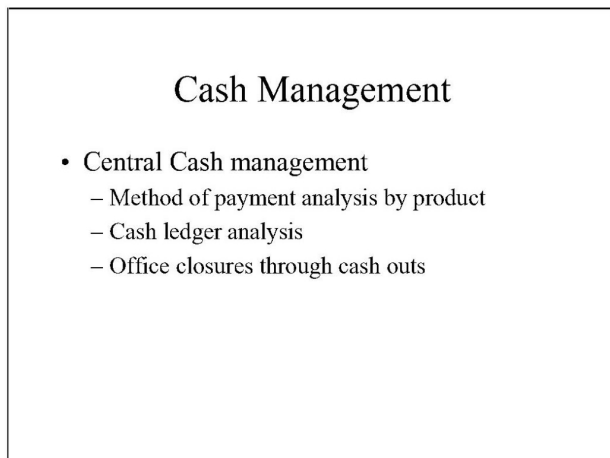
### 6.6.1 Selling Products and Services, including Client & Customer Aftersales Service

MI needs were documented from the Sales workshop as below:



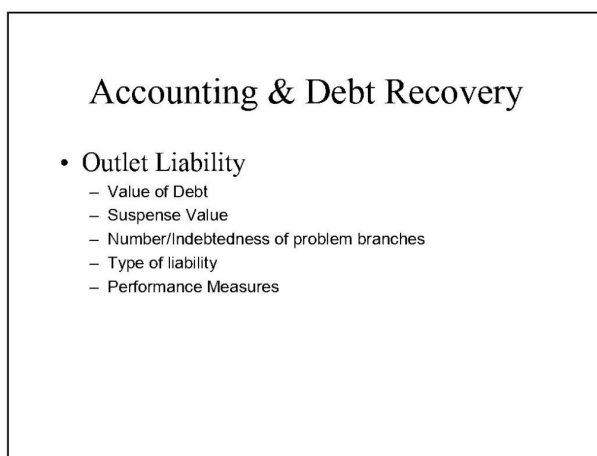
### 6.6.2 Cash and Funds Management

MI needs were documented from the Cash Management workshop as below:



### 6.6.3 Accounting, Reconciliation and Settlement, including Debt Recovery and Branch Control

MI needs were documented from the Accounting and Debt Recovery. workshop as below:



## Accounting & Debt Recovery

- Debt Recovery
  - Debtor days
  - Total value of trend and debt
  - Debt written off
  - Aged debt analysis
  - Type of debt
  - Interest cost

## Accounting and Debt Recovery

- Client Settlement
  - Creditor days
  - Total value of creditors
  - Value written off
  - Ratio of cash creditors
  - Interest benefits

## Accounting and Debt Recovery

- Produce Ledgers
  - Days to close
  - Timeliness
  - Clean audit
  - Value of unreconciled items

### 6.6.4 Stock Management

MI needs were documented from the Stock Management. workshop as below:

## Stock Management (cont)

- Warehouse
  - Planned demand versus actual demand
  - On time in full
    - Order picked when it should be , with all the items it should have
  - Stock holdings and amounts/values of stock adjustments
  - Stock availability
  - Balance Sheet reductions

## Stock Management

- Branch
  - Time between receiving order and booking it in
  - Number of specials dispatched to each outlet
  - Customer satisfaction questionnaires used to measure despatch accuracy/timeliness

### 6.6.5 Operational MIS Reporting Requirements

- Sales MI – at COO level
  - National Sales Report
    - Weekly – Monday for sales to previous Sunday
    - Summation of Products - Not All Products
  - Income Generated
    - Based on Notional Income Factor
      - Based on ABC model
  - National and General Manager Level of Granularity
  - Drill Down Facility Required to GM Level
- Sales MI – at General Manager level
  - National Sales Report
    - Weekly – Monday for sales to previous Sunday
    - Summation of Products - Not All Products
  - Income Generated
    - Based on Notional Income Factor

- Based on ABC model
  - National, Segment and Head of Area Level of Granularity
  - Drill Down Facility Required to RLM Level
- Sales MI – at Head of Area level
  - National Sales Report
    - Weekly – Monday for sales to previous Sunday
    - Summation of Products - Not All Products
  - Income Generated
    - Based on Notional Income Factor
      - Based on ABC model
  - General Manager, Head of Area Level and Regional Line Manager Level of Granularity
    - By multiple partner e.g. Sainsbury, Dillons, etc.
  - Drill Down Facility Required
    - to Branch Level for Directly Managed and Commercial Branches
    - to Post Code area for Community Branches
- Sales MI – at Regional Line Manager level
  - National Sales Report
    - Weekly – Monday for sales to previous Sunday
    - Summation of Products - Not All Products
  - Income Generated
    - Based on Notional Income Factor
      - Based on ABC model
  - Head of Area, Regional Line Manager and Branch Level of Granularity (for Directly Managed and Commercial Branches – Post Code Area Level for Community Areas)
  - Drill Down Facility NOT Required

- Sales MI – at Branch level for Directly Managed branches (of which there are 581)
  - At Branch Level
  - National Sales Report
    - Weekly – Monday for sales to previous Sunday
    - Summation of Products - Not All Products
  - Income Generated
    - Based on Notional Income Factor
      - Based on ABC model
  - Drill Down Facility Required
    - By product
    - By Clerk (not till)
  - Sales by Timeline (15 minute slots)
    - Workloads
    - Average Transaction Times
    - By Product
    - By Branch
    - By Clerk
      - By Products
      - By Mix of Products
- Sales MI – at Branch level for Commercial branches (of which there are approx. 8000+)
  - At Branch Level
    - By clerk TBC
  - National Sales Report
    - Weekly – Monday for sales to previous Sunday
    - Summation of Products - Not All Products

- Drill Down Facility Required
  - By product
- Income Generated
  - Calculated by numbers of transactions
- Sales MI – at Branch level for Community branches (of which there are approx. 10,000)
  - At Branch Level
  - National Sales Report
    - Issue over Frequency (and period for which) required
    - Expected to be (on demand)
  - Drill Down Facility Required
    - By product
- Cash MI – at Branch Level
  - At Branch Level
  - Non-Conformance
    - Specials
  - Holdings
    - Movements
- Cash MI – at Regional Line Manager Level
  - As Above
  - Non-Conformance
    - Holdings against Targets
    - Specials
    - Non-Despatches
    - Non-Declaration
    - Cash-outs

- Holdings
  - Movements
- Summarised to RLM level
- Cash MI – at Head of Area Level and above (GM & COO)
  - As Above
  - One level below
  - Summarised to their level
- Stock MI – at Branch Level
  - Holdings
    - By products
    - Movements
  - At Branch Level
  - Non-Conformance
    - Movements
  - See outputs from Stock Workshop
- Stock MI – at Regional Line Manager Level
  - As Above
  - Non-Conformance
    - Holdings against Targets
    - Specials
    - Non-Despatches
    - Non-Declaration
    - Stock-outs
  - Holdings
    - Movements
  - Summarised to RLM level

- Stock MI – at Head of Area Level and above (GM & COO)
  - As Above
  - One level below
  - Summarised to their level
- Profit and Loss MI – at Branch Level for Directly Managed branches
  - Income
  - Managed Costs
  - Other Costs
  - Performance Ratios (£/Sale)
- Profit and Loss MI – at Branch Level for Commercial & Community branches
  - NOT required
- Profit and Loss MI – at Regional Line Manager Level
  - Summaries of ALL of above
    - By area
  - Drilldown by branch
- Profit and Loss MI – Head of Area Level and above (GM & COO)
  - Summaries of above to their level
  - Drilldown to one level below
- Accounting MI – at Branch Level for all types of branches
  - Summaries of transactions
  - Stock levels and movements
  - Cash levels and movements
  - Methods of Payments
  - Error Notices
  - Discrepancies
    - By clerk (ideally)

- By stock unit (otherwise)
  - Debt Items
- Accounting MI – at Regional Line Manager Level
  - By branch
  - Debt
  - Non-conformance
    - Recovery
    - Stock Mgmt
    - Cash Mgmt
    - Errors/Discrepancies
- Accounting MI – at Head of Area Level
  - Debt
  - Non-conformance
    - Recovery
    - Stock Mgmt
    - Cash Mgmt
    - Errors/Discrepancies
  - Summarised to RLM level (+ post code levels for Community Socials)
- Accounting MI – at General Manager Level
  - Debt
  - Non-conformance
    - Recovery
    - Stock Mgmt
    - Cash Mgmt
    - Errors/Discrepancies
  - Summarised to HOA level

- Accounting MI – at COO Level
  - Debt
  - Non-conformance
    - Recovery
    - Stock Mgmt
    - Cash Mgmt
    - Errors/Discrepancies
  - Summarised to GM level
- Non-financials MI – at Branch Level for Directly Managed branches
  - Mystery Shopper
  - Staff Hours
    - Overtime
    - Standard time
    - Absence
      - Sick
      - Other
    - Training time
  - Counter Serving Hours
  - Multiple AP Transactions
  - Client Related Errors
  - People Satisfaction Tracking
  - Customer Satisfaction Tracking
  - Office Closures
    - Reasons
      - Force Majeur
      - Network reinvention

- Re-openings
- Non-financials MI – at Branch Level for Commercial & Community branches
  - Mystery Shopper
  - Counter Serving Hours (if paid for)
  - Client Related Errors
  - People Satisfaction Tracking
  - Customer Satisfaction Tracking
  - Office Closures
    - Reasons
      - Force Majeur
      - Network reinvention
  - Re-openings
- Non-financials MI – at Regional Line Manager Level
  - As for branch level summarised up to RLM level with drilldowns to branch level
  - Multiple AP transactions for RLM of Community & Commercial branches
- Non-financials MI – at Head of Area Level
  - As for RLM level summarised up to HOA level with drilldowns to RLM level
- Non-financials MI – at General Manager Level
  - As for HOA level summarised up to GM level with drilldowns to HOA level
- Non-financials MI – at COO Level
  - As for GM level summarised up to COO level with drilldowns to GM level

#### 6.6.5.1 Costs Definitions

- Direct Costs

- Indirect Costs – info needs
  - Stock
    - Standards/Specials
    - Cost to provision
  - Cash
    - Holdings
    - Standards/Specials
    - Overnight holdings
    - Cost to provision
  - Accounting
    - Errors & Associated Penalties
- Horizon Costs
  - Equipment
  - Overheads
- Depreciation
- Controllable Other Costs

#### 6.6.5.2 Other MI Requirements – to be defined

- League Tables – Rankings
- Migrations of Sales on Office Closures

### 6.6.6 Previously Identified Requirements

The following requirements are still valid in addition to other requirements which have emerged from the workshops.

Requirement		Priority	
ID	Description	H/M/L	Ver
	REPORTING		
4.001	Outlet daily sales by Stock Unit	H	2.0
4.002	Outlet daily sales by clerk	H	2.0
4.003	Outlet daily sales by time	H	2.0
4.004	Outlet transactions	H	2.0
4.005	Outlet Daily Sales	H	2.0
4.006	Outlet Daily Sales by Product	H	2.0
4.007	Outlet Daily Sales by Counter	H	2.0
4.008	Outlet Product Stock Levels	H	2.0
4.009	Outlet Stock Taking Report	H	2.0
4.010	Outlet Stock Count Forms	H	2.0
4.011	Outlet Cash Report	H	2.0
4.012	User Session Reporting	H	2.0
4.013	Outlet Batch Control Total	H	2.0
4.014	Outlet transactions making up control total	H	2.0
4.015	Report expected outlet events which have not occurred	H	2.0
4.016	Report future outlet events	H	2.0
4.017	Monitor sales against targets	H	2.0
4.018	Report Client Product Sales against Targets	H	2.0
4.019	Analyse product sales by all method of payments	H	2.0
4.020	Analyse all sales by all methods of payment	H	2.0
4.021	Analyse sales of the product group mail by destination	H	2.0
4.022	Report sales of the International Mails Products by destination and weight	H	2.0
4.023	Report on customer enquiries	H	2.0
4.024	<del>Report sales in multiple outlets</del> Replaced by Requirement 4.081		
4.025	Analyse sales by outlet within RNM cluster	H	2.0
4.026	Analyse Client Product Sales	H	2.0
4.027	Analyse customer sessions	M	2.0
4.028	Analyse Client Product Sales by Time	H	2.0
4.029	Analyse refunds by outlet	H	2.0
4.030	Analyse refunds by product	M	2.0
4.031	Monitor Planned Order amendments	M	2.0
4.032	Monitor Inward Order Discrepancy by Outlet	M	2.0
4.033	Monitor inward order discrepancies.	M	2.0
4.034	Report on local destruction and write off by product for specified products	H	2.0
4.035	Report on destruction and write off by outlet within RNM cluster	H	2.0
4.036	Report on local destruction and write off by clerk	H	2.0
4.037	Monitor transfers between outlets	M	2.0
4.038	Monitor withdrawal of products	H	2.0
4.039	Report stock items by serial number	H	2.0
4.040	Report on deliveries rejected at outlets for Inter Business Agreement Managers	H	2.0
4.041	Report on stock on hand by product for specified products	H	2.0
4.042	Report on emergency orders made	M	2.0
4.043	Report on Stock-outs	M	2.0
4.044	Report effect of Past Stock Outs	M	2.0
4.045	Analyse Product Errors	H	2.0

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Requirement		Priority	
ID	Description	H/M/L	Ver
4.046	Analyse Errors by Organisational Unit	H	2.0
4.047	Outlets repeatedly not returning cash/stock amounts asked for	M	2.0
4.048	Correlate usage of interactive help against help desk by user, over time	L	2.0
4.049	Monitor message failures	H	2.0
4.050	Monitor system availability	H	2.0
4.051	Amount collected per time period by product	H	2.0
4.052	Amount paid out per time period by product	H	2.0
4.053	Amount collected on behalf of client vs amount paid out to client	H	2.0
4.053	Amount paid out on behalf of client vs amount collected from client	H	2.0
4.055	Identify unusual amounts of inpayment/outpayment sales	H	2.0
4.056	Amount collected per time period by client	H	2.0
4.057	Income by client and product	H	2.0
4.058	Report Unmatched Items	H	2.0
4.059	Code Balance Analysis	H	2.0
4.060	Whole Office View	H	2.0
4.061	Identify outlets meeting performance characteristics	H	2.0
4.062	Summarise amounts owed to the outlets	H	2.0
4.063	Summarise amounts owed by the outlets	H	2.0
4.064	Pre-funding Report	H	2.0
4.065	Report on Transaction Numbers	H	2.0
4.066	Exceptional Item Report on cumulative error balance	H	2.0
4.067	Exceptional Item Report on cumulative error volume	H	2.0
4.068	Provide information allowing the true cost of replenishment to be determined Replaced by Requirement 4.082		
4.069	Unusual Postings	H	2.0
4.070	Analyse settlement amount by transaction	H	2.0
4.071	Report errors under enquiry	H	2.0
4.072	Analyse uncleared errors	H	2.0
4.073	Aged outlet error analysis	H	2.0
4.074	Report individual errors over a certain size	H	2.0
4.075	Report on cumulative write-off figure	H	2.0
4.076	Aged Error Analysis	H	2.0
4.077	Outlet Product Summary	H	2.0
4.078	Outlet Product Transactions	H	2.0
4.079	Outlet Stock Movements	H	2.0
4.080	Identify Outlets with unusual cash outpayments	H	2.0
4.081	Partner Reporting	H	2.0
4.082	Support Activity Based Costing	H	2.0
4.083	Provide Outlet Scheduling Information	H	2.0
4.084	Outlet Daily Sales by Method of Payment	H	2.0
4.500	Apply current Product/Organisation view to historical data	H	2.0
4.501	Outlet Reporting Performance	H	2.0
4.502	Outlet Reporting Tailoring	H	2.0

### Non Functional Requirements

Although specific non functional requirements have been identified and captured as part of the Blueprint, in general at this stage non functional requirements are expressed only at a high level. During the Functional Specification phase detailed non functional requirements will be developed.

High level non-functional requirements have been considered under the following headings:

- Legal
- Security and Access Control
- Performance
- Audit
- Data Integrity
- Usability
- Data Retention and Archiving
- Printing

Within the non functional requirements section the term system is used to encompass any computer system which meets ERA requirements.

Unless stated otherwise the Horizon system must continue to meet existing non functional requirement.

#### Legal

##### Data Protection Act

5.001 As under some circumstances personal details will be collected, the system must comply with the 1998 Data Protection Act. The main effect on ERA is that personal details must only be collected and stored where there is a legitimate business purpose, used only for that purpose and the data subject<sup>1</sup> must be aware of that purpose. Within the Functional Specification detailed requirements will cover:

- the collection of personal data;
- storage of personal data;
- confidentiality of personal data
- the rights of the individual in terms of subject access etc.

##### Companies Act 1985 and 1989

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<sup>1</sup> Data Subject - the term is defined in the DPA but essentially the person identified by the personal details is the data subject.

5.002 The system must take account of the Companies Act. The effect on ERA will be that any accounting information retained within the system must meet the statutory requirement of the Act.

#### **Computer Misuse Act 1990**

5.003 The system must take account of the Computer Misuse Act 1990 which covers unauthorised access or modification of computer material. While this act creates a number of offences for individuals, prevention of such offences is preferable and so security and access control requirements will be generated.

#### **Electronic Communications Bill 2000**

5.004 The Electronic Communications Bill is intended to facilitate e-commerce. There are areas of ERA that fall into this area such as the authorisation of cash accounts. Detailed requirements that are developed during the Functional Specification phase will take account of this Bill.

#### **Value Added Tax**

5.005 The system must take account of the UK legislation governing VAT (Value Added Tax Act 1994 etc). The potential areas of ERA affected will be that the content of any VAT receipts, the keeping of records and the calculation of VAT.

#### **Money Laundering Regulations 1993**

5.006 The system will take account of the Money Laundering Regulations. The areas of ERA affected will be the keeping of records, and the prompting for the checks which are required.

#### **Security and Access Control**

5.020 Only authorised users must be able to access the system.

5.021 It must be possible to determine who has been logged on to the system and so the logging on and logging off of users is an event that must be recorded.

5.022 Every user must be uniquely identifiable by the system.

5.023 Every authorised user must belong to one defined user group which will:

- determine the system functions that he/she can access
- for a system function determine any restrictions. For example, there may be more than one group of users who can authorise a transaction but one user group may be able to authorise a higher value transaction than another.

5.024 The definition of user groups must be a global function. The assignment of an individual to a user group can occur locally.

5.025 The assignment of an individual to a user group is a transaction that must be audited.

5.026 Where data is exchanged between systems, sensitive information must be protected against unauthorised access.

5.027 Access to value stock must be controlled.

#### **Performance and Timing**

Where an individual requirement has an associated performance or timing requirement, this is identified on the individual requirement within the requirements catalogue. During the functional specification phase when functions are identified performance and timing requirements will be specified where these are critical.

5.040 Within the outlets it must be possible to print without affecting the performance of any system dialogues.

5.041 Within the outlets staff need to change counter positions during the day. Therefore, signing-on and signing-off at tills needs to be rapid.

5.042 Within the outlets there must be the ability to connect simultaneously to multiple external systems e.g. where different transactions requiring authorisation from different services are occurring at the same time.

#### **Audit**

5.060 There will be an audit trail of all transactions. For any transaction as well as the transaction details it will be possible to determine:

- who recorded it;
- authorisation details (if applicable)
- date, time and location.

5.061 No audit information can be altered under any circumstances.

#### **Data Integrity**

5.080 Wherever data is transmitted, it must be possible to prove that the data transmitted is the same as the data received and that no records are lost, created or amended during the transmission.

5.081 Where it is shown that data has been lost, created or amended during a transmission the facility to correct this must exist.

5.082 Where it is identified that the contents of an electronic message must be protected, there must be a means of detecting any changes or corruption. An example of this would be a message that related to an electronic funds transfer.

5.083 Wherever a data stream is split controls must be in place to ensure and prove no data is lost as a result.

5.084 Wherever a balance figure exists it must be possible to demonstrate that the balance figure is correct.

5.085 Once a transaction has been committed it must not be possible to amend it. Any corrections will be accomplished by means of an adjustment transaction.

#### **Usability**

5.090 Any new features introduced into the POS system must be consistent in look and feel with the agreed style.

5.091 The system must provide guidance to the user and assist the user to record valid transactions. This will be accomplished in two ways:

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- Use of prompts and interactive help. The requirements for this are described in the requirements catalogue.
- Guiding the user through a transaction. Each choice that the user makes when recording a transaction should constrain the next set of choices to only those that are valid. So for example, selecting a destination for a mails product would constrain the type of service available.

5.092 There must be a facility to suspend and resume an activity e.g. Help, CBT Package.

5.093 There must be the facility to move a customer session to a different till.

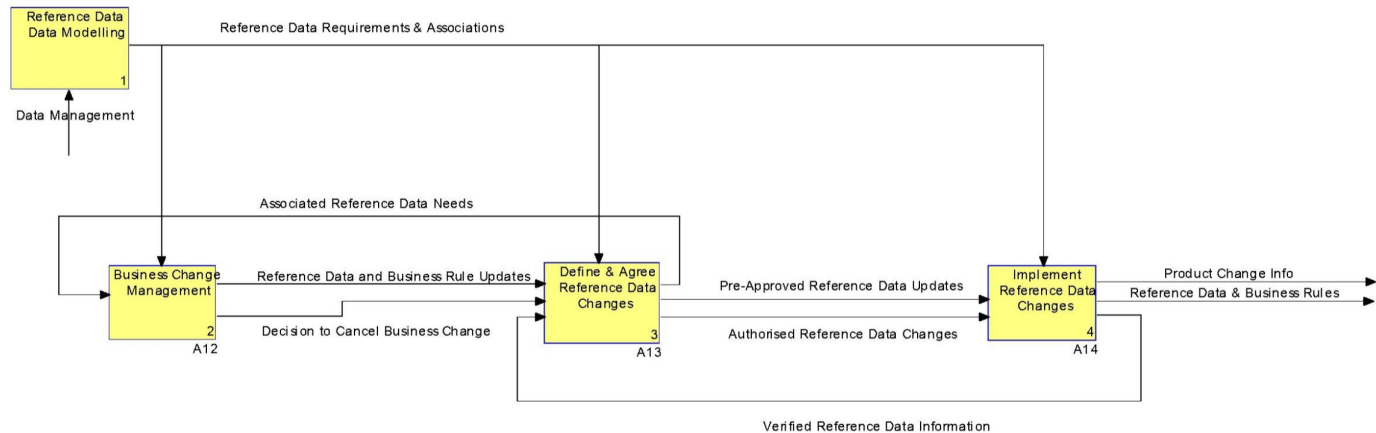
5.094 The clerk at the outlet must be alerted to the presence of a suspended activity.

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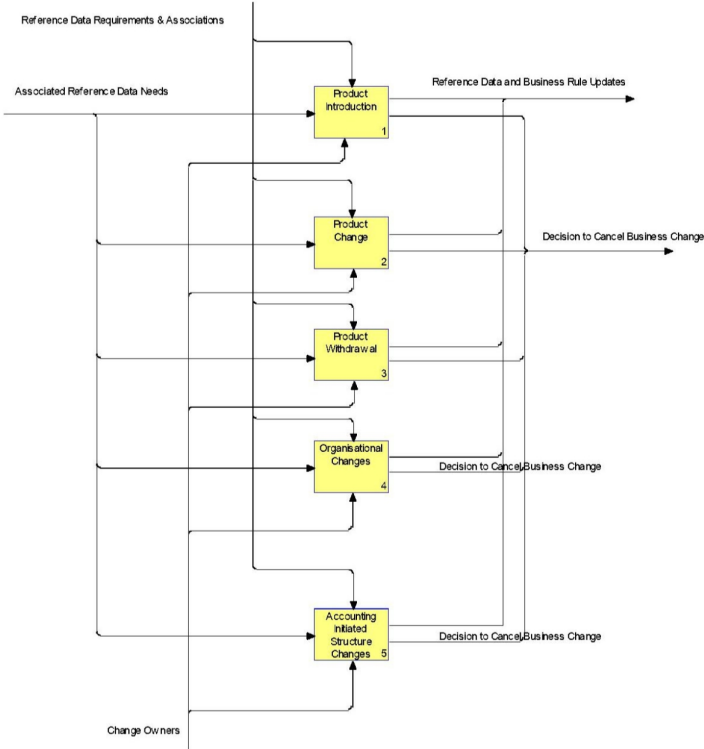
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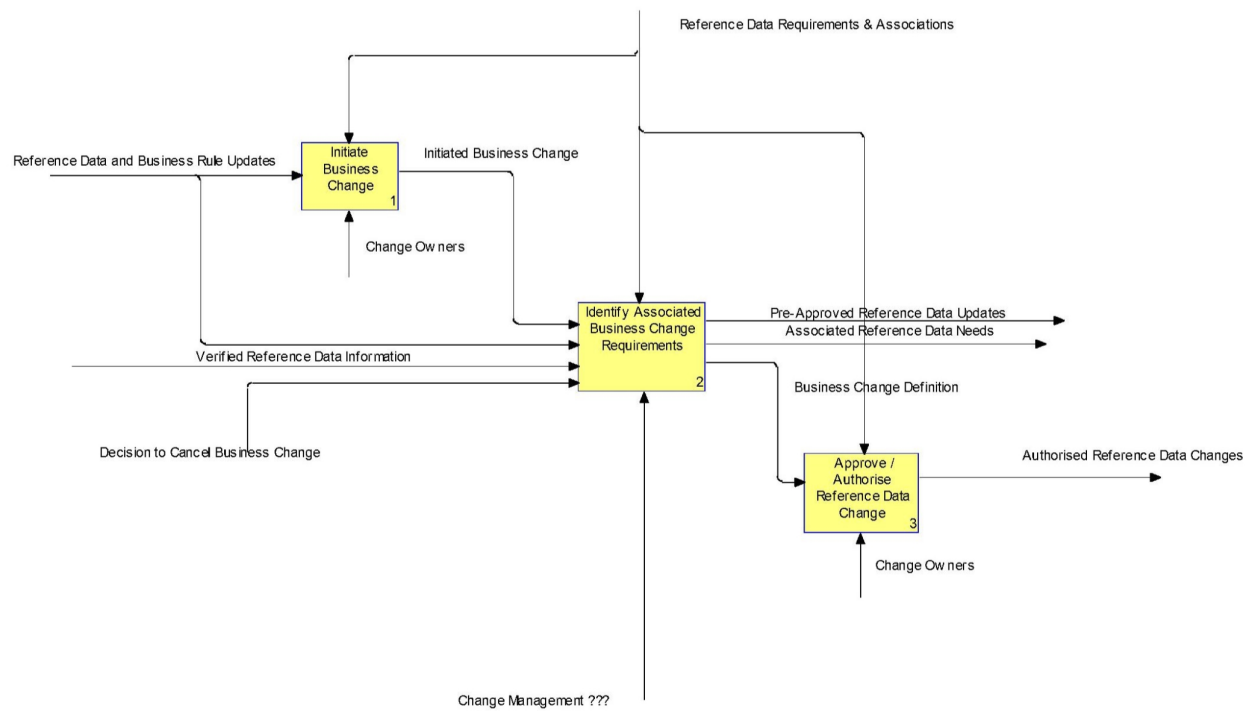
## 6.66.7 Reference Data



6.7.1 Business Change Management



## 6.7.2 Define & Agree Reference Data Changes





## 6.7.4 Business Design Assumptions

<b>6.7.4.1</b>	It has been assumed that the Enhanced AP Handling activity will cover the improved data capture requirements, at the counter, previously covered by ERA. The re-architecting study however assumes; that data capture requirements at the counter will be defined through reference data, that enhanced validation definition will be defined through reference data, that reference data management processes will be streamlined and that improved management of AP data through back-end systems will be implemented.
<b>6.7.4.2</b>	It is assumed that organisational change (e.g. opening/closing of outlets, re-organisation of regions, impact on accounts, etc) will be managed by definition of reference data.
<b>6.7.4.3</b>	It is assumed that Product reference data will define whether session adjustments are permitted for a product. This could occur if the Customer had insufficient funds to pay for all transactions conducted within a session.
<b>6.7.4.4</b>	<p>It is assumed that the Product Design process will include requirements for handling the following within reference data: Although the reference data system and processes should cater for future reqts but not necessarily implement them</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Help and Cross-Selling prompts</li><li><input type="checkbox"/> Customer Service support for Product</li><li><input type="checkbox"/> Details of Client associated with Product</li></ul>
<b>6.7.4.5</b>	<p>It is assumed that user and organisational information will be communicated and maintained by Reference Data. The reference data will provide sufficient information to determine:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> user entitlement to access system functionality</li><li><input type="checkbox"/> authority required to authorise an individual's transactions (where appropriate) e.g. payment/write-off authorisations</li></ul>
<b>6.7.4.6</b>	<p>It is assumed that Reference Data will be used to communicate with E2E systems details of changes to:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> product hierarchy</li><li><input type="checkbox"/> outlet status – open new/close old</li><li><input type="checkbox"/> mapping of outlet to a group (of outlets)</li></ul>
<b>6.7.4.7</b>	It is assumed that the current reference data structures are not flexible enough to meet the requirements

## 6.7.5 Previously Identified Requirements

### 6.7.5.1 Access

MRDS/Access/CR010 The MRDS user interface must be accessible by any authorised user connected to the Consignia Intranet.

MRDS/Access/CR020 It must be possible for Post Office System Administrators to restrict the access to reference data for any specific class of user.

### 6.7.5.2 People

MRDS/People/CR010 MRDS must enable reference data maintenance to be brought within the direct control of the data owners.

MRDS/People/CR020 Users must have adequate training prior to using the MRDS and continuing support available subsequently, to ensure that they are properly skilled in the use of the system.

MRDS/People/CR030 MRDS must eliminate the need for duplicated data entry by replacing current legacy systems (RDS and NNDB – **and others**) with a single master reference data source.

MRDS/People/CR040 The MRDS must allow groups of detailed reference data changes comprising a single business change to be viewed and managed as a single integrated business change as they progress within the MRDS.

MRDS/People/CR050 MRDS must enable any combination of the following events to be active concurrently:  
different users carrying out data maintenance tasks on separate business changes simultaneously  
simultaneous enquiries from other users  
data extracts for data transfer to other systems

### 6.7.5.3 Process

#### 6.7.5.3.1 Update

MRDS/Process/CR010 The MRDS must provide mechanisms to allow the entry, verification, authorisation and distribution of detailed data changes to be permanently associated with the business change they are part of, and with other detailed changes comprising the same business change.

MRDS/Process/CR020 The MRDS must provide workflow messaging to allow any business change to be progressed and it's progress to be tracked. The workflow processes must be configurable, and it must be possible to change the workflow life cycle and introduce new additional life cycles.

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MRDS/Process /CR030 The MRDS must be provide for the allocation of reference data maintenance tasks to be changed and reorganised to allow the business to improve it's manual processing systems, reducing duplicated data handling and improving change implementation times.

MRDS/Process /CR040 The MRDS must provide a bulk upload facility to allow the update of large volumes of similar changes.. A typical example would be the linking of products to all the outlets it will be offered in.

#### **6.7.5.3.2 Reports**

MRDS/Process/CR050 The MRDS must provide facilities for authorised users to produce standard report sets and user defined ad hoc reports using the Post Offices preferred reporting tool .

MRDS/Process/CR052 The MRDS must support the introduction and amendment of standard and ad hoc reports by authorised users using the Post Offices preferred reporting tool .

MRDS/Process/CR054 The MRDS must produce the Office Details Report (ODR) by outlet, by RLM or by territory when required

#### **6.7.5.3.3 Management Information**

MRDS/Process /CR060 The MRDS must provide information on the progress and processing of reference data changes so that the update process can be monitored and improved

#### **6.7.5.3.4 Validation**

MRDS/Process /CR070 The MRDS data structures must apply business rules directly to ensure the integrity and quality of data.

MRDS/Process /CR080 The MRDS must provide facilities for enforcing the automated verification of reference data changes by double keying while this remains a process requirement. It must be possible to remove the requirement for all or certain sections of the data if the business process changes.

MRDS/Process /CR090 The MRDS must provide a single master repository for reference data so that errors due to replicated data entry in multiple systems are eliminated.

#### **6.7.5.4 Content and Functionality**

MRDS/Content/CR020 The data must be held in data structures that accurately reflect the

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Post Office business.

MRDS/Content/CR030	The closure or deletion of any reference data object in the database must automatically cause the closure or deletion of all its children
MRDS/Content/CR040	The MRDS must record all versions of reference data objects and be able to show the changes to the object and the user who made them The MRDS must be able to apply reference data changes from or to specific dates and times.
MRDS/Content/CR050	The MRDS must be able to display all versions of a reference data object to any authorised user, and must provide an automatic means of comparing different versions of the object.
MRDS/Content/CR060	The MRDS must provide facilities for users to configure the default view of reference data summary screens to allow them to select the information they want to see.
MRDS/Content/CR070	It must be possible for MRDS administrators to redefine the user interface to meet the developing needs of the business based on the structure of the database, and without the need for modification or addition to the system software. MRDS Administrators must be able to define search criteria for the user interface for a reference data object on any of its fields.

#### 6.7.5.5 Organisation

MRDS/Org/CR010	The MRDS must ensure that the implementation technology does not impose technical limitations on the implementation of business change.
MRDS/Org/CR020	The MRDS must provide a flexible means of controlling the passage of a reference data change through the organisation. This must be able to be adapted to changing business organisation, methods and priorities.

#### 6.7.5.6 Interfaces

MRDS/Interface/CR005	The MRDS must provide facilities for the automatic scheduling of file extracts and batch interfaces, automatic generation of control files, and the automatic transfer of extract \ interface files to the target system. It must also provide facilities for the automatic receipt and processing of any incoming files, including the generation of control files. This process must be configurable.
MRDS/Interface/CR030	The MRDS must provide for modification of content and format of

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extracts without the need for software development and extensive lead times.

MRDS/Interface/CR040 The MRDS must provide automatic means by which new extract or upload file formats will become effective at a scheduled date and time and old interface formats will cease to be valid at a specific date and time.

#### 6.7.5.7 Technology

MRDS/Tech/CR010 The MRDS User interface must be web browser based and supported by a scaleable web server architecture.

MRDS/Tech/CR020 The user interface must be dynamically generated from information supplied by the MRDS at the time each screen is invoked.

MRDS/Tech/CR030 The MRDS must conform to the Consignia Strategic Architecture at the point of delivery (the Managed Service Boundary). Within the Managed Service Boundary the technical architecture is at the discretion of the supplier.

MRDS/Tech/CR040 The MRDS service must be delivered from the Managed Service Boundary to user desktops through the Consignia IT communications network, and utilise the users normal computer and printer equipment.

MRDS/Tech/CR050 The MRDS must provide access to an MRDS reporting database, kept up to date with the main MRDS database and accessible by the Post Offices preferred reporting tool (currently Business Objects) at the Managed Service Interface.

#### 6.7.5.8 Support and Maintenance

MRDS/Support/CR010 The MRDS must be supported throughout its life. The supplier must provide a single point of contact or help desk for reporting support problems, and this must be staffed during the whole of the period that the MRDS is required to be available.

MRDS/Support/CR020 The supplier must maintain a capability to maintain and modify the MRDS throughout its life.

MRDS/Support/CR030 The MRDS must provide functionality for Post Office System Administrators to be able to modify the following through configurable parameters held as part of the MRDS :  
user interface  
search criteria on reference data objects

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extracts.

#### 6.7.5.9 Testing and Migration

MRDS/Test/CR010	All releases of the MRDS must be rigorously tested before implementation to ensure that business objectives of the release have been achieved, that the release is compatible with other systems and users in the end to end automation system, and that the new release can be implemented without disruption to the overall service provided by the Post Office
MRDS/Test/CR020	The testing must ensure that any data that is required to be loaded to the MRDS is verified, and included in the test programme.
MRDS/Test/CR030 MRDS/Test/CR040	The test programme must include a User Acceptance Test . The MRDS supplier must provide discrete services to support testing and data generation and migration when these are required :

#### 6.7.5.10 Availability and Resilience

MRDS/Avail/CR010	The MRDS will be available for user operation between 6am and 9pm each day from Monday to Saturday. The service provider must make the service available for defined periods outside these when requested with 48 hours prior notice.
MRDS/Avail/CR020	During the period of user operation the MRDS must achieve an availability of 99%, measured at the Managed Service Boundary.
MRDS/Avail/CR030	In the event of a failure occurring caused by a catastrophic event that is outside the control of the service provider the service must be reinstated within 24 hours of the failure. (Such events will not be included in the measurement of availability).

#### 6.7.5.11 Security

MRDS/Secure/CR010	The MRDS must conform to the MRDS Security Policy. This has been produced in compliance with ISO/IEC 17799:2000 the Code of Practice for Information Security Management
MRDS/Secure/CR020	The MRDS must provide configurable access controls allowing separate control of user access to update and view data. The control must allow access rights to be defined at attribute level, and scoped within a suitable parameter elsewhere in the data structure.
MRDS/Secure/CR030	MRDS access controls must be capable of being allocated to user groups or profiles that can be applied to groups of similar users.

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MRDS/Secure/CR040	The MRDS must provide adequate backup facilities for data, database, software and infrastructure configuration to ensure that the system can be restored without loss in the event of a failure..
MRDS/Secure/CR050	The MRDS must provide adequate archiving that archive data at a fixed period after it has ceased to be live. It must be possible to set the default archiving period, and to enter an overriding run time period. Initially the default archiving period will be set to 18 months

#### 6.7.5.12 Usability

MRDS/Use/CR010	The MRDS User Interface must use industry standard internet browser navigation methods and techniques.
MRDS/Use/CR020	The MRDS must use standard screen layouts and consistent designs for finding, adding, changing and deleting reference data.
MRDS/Use/CR030	The MRDS must provide drill down functionality through hierarchies of reference data objects
MRDS/Use/CR040	As a guide an animated model of the required user interface has been produced, and service providers should base their user interface design upon this. The final user interface design must be agreed with the Post Office before construction.

#### 6.7.5.13 Performance

MRDS/Perf/CR010	The performance of the MRDS must be monitored automatically at the Managed Service Boundary, and the results made available to the Post Office.
MRDS/Perf/CR020	The MRDS must be capable of supporting agreed service levels for enquiry, update and batch processing functions concurrently.
MRDS/Perf/CR030	The system must be able to perform all batch processing within the required batch schedules.
MRDS/Perf/CR040	The MRDS architecture must be scaleable to allow for future growth of data and processing volumes.

#### 6.7.5.14 Implementation

MRDS/Imp/CR010	The MRDS must be implemented without disruption to the service provided to the Post Office business or to other systems supporting Post Office Automation.
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MRDS/Imp/CR020	The implementation process must include adequate fallback provision to prevent service disruption in the event of unexpected problems. Fallback provisions must remain in place until the MRDS is proven.
MRDS/Imp/CR030	Adequate training and support must be given to users of the MRDS and to users supporting fallback provisions during the implementation process..
MRDS/Imp/CR040	Source data for the MRDS must be validated and errors in the data corrected prior to implementation

#### 6.7.5.15 Training and Support

MRDS/Train/CR010	The Post Office must be able to give training, documentation and support to users of the system covering the operation of MRDS and the business processes involved in maintaining the data. The training given should be relevant to the needs of individual user groups/profiles.
MRDS/Train/CR020	The MRDS must provide an integrated on line help system covering all aspects of the on-line system in the context of the overall business process.
MRDS/Train/CR030	After initial implementation training, continuation training will be necessary to maintain the skills and induct new users.
MRDS/Train/CR040	Support for the system and business process must be available during the period of operation of the system.

#### 6.7.5.16 Data Quality

MRDS/DQ/PF010	<p>The quality of the data in RDS and NNDB is not reliable, particularly regarding the outlet data that is not sent to Pathway. It is reported that the data sent to external users and systems, particularly data to NBSC and territories, has an unacceptable level of errors, is out of date or untimely and, in many cases, is incomplete. Data Quality is one of the significant factors that lead to the widespread duplication of data, and the duplicate maintenance of local databases. It also leads to expensive manual checking of data exported by RDS and NNDB, and manual re-entry to correct errors.</p> <p>It is also reported that the business change process does not give comprehensive coverage of all reference data maintenance requirements and means a large section of reference data changes never reach official systems.</p> <p>In implementing the MRDS the overall quality of data must be improved, and the Business Change Process improved and extended</p>
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to ensure the quality of Reference Data does not regress.

MRDS/DQ/PF020 Lack of formal data ownership mechanisms in current systems means that the maintenance of data is not clearly within any one persons responsibilities or accountability. It is thought that this also contributes to the problems of addressing the quality problems.

The MRDS will provide data ownership mechanisms which will allow these responsibilities and accountabilities to be enforced. In implementing the MRDS formal data ownership must be allocated to the appropriate business users to ensure accountability for data quality.

MRDS/DQ/PF030 NBSC need access to accurate records of outlet closures, re-openings and contact telephone numbers, to support their customer and internal support services. The quality of the information held in current systems is not adequate for this purpose.

MRDS/DQ/PF040 It is reported that the Reference Data interface between RDS and Remedy introduces "data quality problems".

The MRDS interface with Remedy will must pass a complete, accurate data set.

#### 6.7.5.17 Data Duplication

MRDS/DD/PF010 Operations staff need to have direct access and visibility to the MRDS to enable them to maintain network records. Currently access and visibility are restricted and local systems have been initiated to fill the gap, and the update of NNDB is patchy as a result. Particular information outside of Horizon are :

certain types of equipment record (not maintained by the Outlet Equipment Team of the Customer and Network Specification Section)

Outlet Contact Name  
Nature of Private Business  
Scale of Private Business  
Cut-off times  
Alternative Offices  
Frontage Type

Particular problems exist with data that is used by Horizon as well as territories. Territories are not authorised to update this data directly, while the time scale limitations on Horizon changes mean that the changes are missed and the data is inaccurate. This information is :

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MRDS/DD/PF020	<p>Outlet Status</p> <p>Outlet Opening Times</p> <p>Non Standard Transactions</p> <p>The MRDS should produce monthly reports of outlets by territory, giving total numbers of outlets by outlet type, and details of those that have changed over the month with reason for change. Reasons are :</p> <p>New office</p> <p>Re-opened</p> <p>Closed "Force Majeure"</p> <p>Closed "Public Consultation"</p> <p>Seasonal Opening</p> <p>Seasonal Closure</p> <p>Change of outlet status (e.g. BO to SPSO)</p> <p>Such reports are currently produced in territories using local systems holding appropriate reference data.</p>
MRDS/DD/PF030	<p>Operations staff should have access to ad hoc reporting tools accessing reference data through a MIS interface. Local systems are being developed to supply Reference Data MIS to territories fed through regional exports of outlet information. It would be more efficient if such information could be provided without the need to duplicate data.</p>
MRDS/DD/PF040	<p>It should be possible to rationalise the MRDS with NSBC data bases that duplicate the same information . This should result in cost savings in system maintenance, data replication and ensure that the data used by NBSC is up to date. At present the interface to NBSC is scheduled weekly. The process should ensure that NBSC data is updated at least nightly.</p>

#### 6.7.5.18 Data Scope

MRDS/DS/PF010	<p>Increase the scope of data held in the in MRDS, particularly :</p> <p>to replace the SCALES Database</p> <p>to replace local systems and spreadsheets that are currently used and maintained by regions</p> <p>to support requirements such as configuration management and outlet equipment that require more detailed information on objects currently held as reference data</p> <p>to support reference data for other Post Office Ltd units such as CHD.</p> <p>to replace any other reference data update that is carried out independently of the MRDS.</p>
MRDS/DS/PF020	<p>The NBSC require additional information to be available about offices. The items identified are:</p> <p>Equipment</p> <p>Contract type</p>

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Format( e.g. Fortress)  
OOH contact list  
Trial (to show the office is participating in a particular trial e.g. Your Guide)  
Office Manager

Availability of accurate and reliable data of these types would save NSBC resources in maintaining Out Of Hours data, would help a future project to identify requirements, would improve customer service and ensure accuracy, and would improve knowledge of the outlet and key contacts.

MRDS/DS/PF030 NBSC require some data, particularly the OOH contact list to be available 24 hours per day.

MRDS/DS/PF040 Any data that is not actually used should be removed from the scope of reference data. (It is suspected that there are examples in NNDB of data that is maintained, but never used. It would require some investigation to ensure only unused data is removed)

MRDS/DS/PF050 The MRDS should include equipment data and processing to support the equipment information required by the Outlet Equipment Team of the Customer and Network Specification Team.. This team currently maintains outlet equipment records on local Excel and Access systems. The data is more detailed than the equipment data on NNDB.

The team also maintain NNDB equipment records when requested to do so by Territory staff. The coverage of the equipment is patchy, and the overall process is inefficient. All the equipment information entered on NNDB has previously been entered by the equipment team on local systems, somehow noticed by Territory staff who collect the information independently of the equipment team, and then submit it to the team for manual entry. This process means that both comprehensiveness and accuracy of the NNDB equipment records suffer.

Security equipment is not included in the scope of this team.

MRDS/DS/PF060 A link should be provided between the MRDS outlet and appropriate source of up to date postmaster information (potentially held externally to MRDS) to allow postmaster contact information to be made available with the office records. Uses of this information are NBSC help desks and the Outlet Details report.

MRDS/DS/PF070 A comment facility should be attached to outlets to allow territories to keep notes of significant happenings and events and ensure they are available to any authorised user.

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MRDS/DS/PF080 Some outlets have different opening hours in summer to those in winter. Currently the opening hours have to be changed twice a year ( if they get notification). The MRDS should be able to cope with this change automatically.

MRDS/DS/PF090 The Reference Data interface between RDS and Remedy is not providing a complete data set. The particular example quoted is the “unlisted telephone number flag” which is necessary to prevent disclosure of ex-directory telephone numbers. This is not passed in the file. It is thought that there are other additional data requirements.

#### 6.7.5.19 Product and Outlet Management

MRDS/POM /PF010 The MRDS should provide facilities to group objects, particularly products & outlets into structures to provide an effective means of managing similar products as a block. It is expected that the grouping structures would be hierarchical, and that individual products may need to be included within a number of different groups, both “formal” and “informal”.

Structuring products and outlets is expected to generate benefits from simplifying the process of allocating products to outlets, promoting consistency between related products and eliminating the need for specially skilled resources to implement bulk changes. Appropriate structures may also be used by reporting systems to aid decision making, and supporting swift reaction to change

MRDS/POM /PF020 Improved Product and Outlet Management must provide:  
simple means of allocating a new product to all relevant outlets based on the allocations of a similar or complementary product or products.  
simple means of allocating product ranges to a new store based on the allocations of products to similar stores.  
simple means of ending the associations between groups of related items and groups of related outlets  
effective mechanism for applying reporting structure updates to outlets falling under a RLM, Area, HOA and organisational segment

MRDS/POM /PF030 The implementation of product and outlet structures must substantially reduce the need to apply high volume changes to reference data. The structuring of the products and outlets must allow normal operational changes to be applied without the need for special processes or large scale update. These structures should improve the visibility and clarity of the change, reduce the resource required, improve the implementation speed and reduce errors.

Facilities must still be retained to allow large volume “one off”

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changes (e.g. an external restructuring of telephone codes) to be implemented by special processes

MRDS/Process /PF040 It is likely that the overall process of managing product and outlet data could be improved by adopting new structures to make the allocation of products to outlets more manageable, and to align it with other retails. This would require business analysis to establish the detailed requirement.

#### 6.7.5.20 Reporting and Management Information

MRDS/RMI /PF010 There is likely to be a growing requirement for reporting to support the business, and business decisions.. The scope of this management information will include, but is not limited to, reference data. Although there are some reports that only require reference data, the main value would come from the ability to combine reference data with transaction data. The reference data system reporting is best provided through a general data warehousing solution, that will enable reports to be constructed across all classes of data..

MRDS/RMI/PF020 The Office Details Report should include postmaster information. The format of the report should be redesigned to make it easier to understand by Postmasters.

MRDS/RMI/PF030 It should be possible to supply lists of Post Offices by geographical area, as these are used by charities and other organisations in publicity and in providing information to their customers.

#### 6.7.5.21 Business Change Process

MRDS/BCP/PF010 The change process should cover the complete range of reference data changes that occur within the Post Office A unique change control number should be allocated automatically to each business change, and this should be linked automatically to all consequential data changes. The automatic allocation process for change control number must enable controls to be classified by type of change (as currently implemented in change control numbers and suffixes) and the number generated accordingly.

The implementation of an effective and efficient change process should improve the accuracy, timeliness and completeness of the data and, as a consequence, improve the quality of customer service.

MRDS/BCP/PF020 Reference Data update must be provided by an efficient Business Process that ensures that resources are used to greatest effect, and must be integrated into the wider Post Office change management and configuration management processes.

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The process should enable reference data changes to be brought to market faster, reduce the costs of reference data maintenance, reduce the costs of distributing erroneous data to customers and generally improve the visibility of data to the business at large.

MRDS/BCP/PF030 The business process must be automatically controlled by a workflow system. This will allocate jobs required in support of the change and have facilities for follow up and escalation of jobs not completed on time. The workflow system must be capable of supporting different workflows for different types of change. The control system must be configurable so that individual workflows can be amended, new ones created and closed when they are no longer required.

MRDS/BCP/PF040 The current process for introducing a change involving Horizon data is complicated and largely based on passing manual forms between the sections involved in the change. The work is repetitive and inefficient resulting in longer lead times and high error rate. There is no systematic visibility of the progress of the change, and manual notification of progress is patchy. The process ends up with electronic data in spreadsheets being printed off in order to re-enter it into RDS/NNDB.

The Business Process should be re-engineered to create a streamlined efficient means of introducing business changes. The IT support to the Business Change process should provide end to end visibility of the change status and data by those with a need to know throughout the change process, and contain work flow capabilities to automate and control the change.

MRDS/BCP/PF050 The new business process must provide for changes to be built up over a period of time as information about the change becomes available, allowing amendment to the data by authorised staff at any time up to the release of the data for implementation. The release process must include adequate controls to ensure the integrity and accuracy of the data. The release process must be available only to data owners and authorised deputies and must enable the staff to set release priorities and time scales. There should be no significant lead time requirement between the release of the data and delivery to recipient systems. During the whole process visibility of the reference data must be available to users with a need to know..

MRDS/BCP/PF060 The business process must have clear ownership of data enforced by the MRDS, with effective responsibilities and accountability for the accurate maintenance of the data. Data ownership must be applied to each element of data. This will ensure that the data is accurate, updates are timely and an audit trail is maintained.

Process must be fully configured with change management in place.

Amendment workflows must be configurable /

Reference data changes faster to market  
 Reduced loss of revenue caused by wrong data to customers  
 Improved ability for Joe Public to react with the business  
 Reduced cost of data maintenance (staff time, head count)

Resource savings in territories/ The issue of data ownership needs to be addressed by the business.

MRDS/BCP/PF070 The MRDS will allow changes to be entered into a product or outlet record up to the time that the record is authorised for release to Pathway. This enables the release to be delayed until the data needs to be sent to Pathway so that late changes can be incorporated.  
 (Currently changes entered into RDS can not be amended after entry)

In order to take advantage of this added flexibility the Business Change Process needs to incorporate “just in time” change authorisation .

## 6.2.26.7.6 Descriptions of Functions

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Business Change Management	Activities in the business to define changes required which will result in changes to reference data
Product Change	As above for products
Product Introduction	As above for products
Product Withdrawal	As above for products
Organisational Change	As above for organisation
Accounting Structure Changes	As above for accounting changes
Define and Agree Reference Data Changes	
Initiate Business Change	For each individual change the start of specifying reference data changes required
Identify Associated Business Change Reqs	Management of the associated reference data reqts
Approve/Authorise Reference Data Change	Authorisation to implement reference data changes
Implement Reference Data Changes	
Translate Business Change to ref Data Change	Creates reference data items to support each business change
Verify Ref Data	Verifies reference data items to support each business change
Deliver Ref Data	Delivers reference data items to support each business change

### 6.7.7 Information Usages

~~6.6.2~~The information usages of the lowest level processes are identified in Appendix A

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## 7.0 Operational Characteristics

Unless entries in the table identify otherwise the following assumptions have been made:

- Availability: Standard office hours will be required, with some setup and close down time around those. i.e. no 24 hour working.
- Data Retention: Data should be retained as long as required to perform the processing required on that data and can then be archived normally. This is generally stated at the highest activity level on the assumption that data retention for the whole process is the same –except where specific examples are cited and where the process covers different organizational areas (eg, branch and central). In this case the differences are shown at that level.
- Potential for Change: No significant change other than normal ongoing care and maintenance is foreseen
- Usability: Requirements for “designed-in intuitive usability” will increase as the number of users increases. No area will suffer any greater or lesser user churn than any other.

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?) Volatility H/M/L	Major Exceptions
<b>Reference Data Management</b>						Audit trail of latest changes to be made		
Business Change Management	Activities in the business to define changes required which will result in changes to reference data							
Product Change	As above for products	Sales & Marketing (30 people assumed)	1 London	Product introductions currently occur at a rate of around 10 per month maximum.	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Product Introduction	As above for products	Sales & Marketing (30 people assumed)	1 London	Product introductions currently occur at a rate of around 10 per month maximum.	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			

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Product Withdrawal	As above for products	Sales & Marketing (30 people assumed)	1 London	Would anticipate the rate of product withdrawals to match that of product introductions	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Organisational Change	As above for organisation	Operations 5 users	1 Bristol ???	Organisational change currently occur at a rate of around 1000 per month maximum.	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Accounting Structure Changes	As above for accounting changes	Finance 1 user	1 Chesterfield	Potentially one set of changes per year	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Define and Agree Reference Data Changes								

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?) Volatility H/M/L	Major Exceptions
Initiate Business Change	For each individual change the start of specifying reference data changes required	Business Owners for product, organisation, accounting plus Virtual Reference Data team	London Bristol Chesterfield	As per above business changes	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Identify Associated Business Change Reqts	Management of the associated reference data reqts	Business Owners for product, organisation, accounting plus Virtual Reference Data team	London Bristol Chesterfield	As per above business changes	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Approve/Authorise Reference Data Change	Authorisation to implement reference data changes	Business Owners for product, organisation, accounting plus Virtual Reference Data team	London Bristol Chesterfield	As per above business changes	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Implement Reference Data Changes								

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Translate Business Change to ref Data Change	Creates reference data items to support each business change	Virtual Ref Data team	London Bristol Chesterfield	As per above business changes	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Verify Ref Data	Verifies reference data items to support each business change	Virtual Ref Data team	London Bristol Chesterfield	As per above business changes	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Deliver Ref Data	Delivers reference data items to support each business change	Virtual Ref Data team	London Bristol Chesterfield	As per above business changes	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?) Volatility H/M/L	Major Exceptions
Sales						As per the current transaction process at the branch (unless stated otherwise)		
Client Authorisation	The activity of a client receiving and authorising requests from a branch. Typically through on line banking	Branch Point of Sale (40,000 sales positions)	17,500 Branches	As per now (at completion of banking) with expected 20% growth to allow for other on-line products	Normal office hours maybe occasional exception			
Customer Enquiries	Customer making an enquiry for a product or service	Branch Point of Sale (40,000 sales positions)	17,500 Branches	Typically 3% of all transactions, therefore between 300k – 450k per day.	Normal office hours maybe occasional exception			
Launch Session	Entry point to a transaction or service	Branch Point of Sale (40,000 sales positions)	17,500 Branches	1.8 products per session ... 45 million session per week 11 million sessions per day peak.	Normal office hours maybe occasional exception			

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Capture and Validate Transaction Data	Capture and validation of data required to undertake the transaction	Branch Point of Sale (40,000 sales positions)	17,500 Branches	80 million transactions per week. 20 million transactions per day peak Estimate of 90% of transactions and 80% of products will be tokenised	Normal office hours maybe occasional exception			
Authorise Transaction	Authorisation of a transaction where this is required. Could be on-line or local depending on product	Client	17,500 branches	As per banking allowing for 20% growth	Normal office hours maybe occasional exception			
Settle Customer Session					Normal office hours maybe occasional exception			
Authorise Payment	Authorisation of payment through use of specific MOP e.g. Debit card	Branch Point of Sale (40,000 sales positions)	17,500 Branches	As now	Normal office hours maybe occasional exception			
Make Take Payments		Branch Point of Sale (40,000 sales positions)	17,500 Branches	As now	Normal office hours maybe occasional exception			

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Produce Receipt	Printing of a receipt for the customer	Branch Point of Sale (40,000 sales positions)	17,500 Branches	As now	Normal office hours maybe occasional exception			
Print Transaction Documentation	Printing of items at either POS or Branch back office eg. Tax discs/insurance certificates etc	Branch Point of Sale (40,000 sales positions) with access to one point per branch	17,500 Branches	100 daily	Normal office hours maybe occasional exception			
Record Transaction Details	Electronically recording of transaction details	Branch Point of Sale (40,000 sales positions)	17,500 Branches	As now	Normal office hours maybe occasional exception			
Request Settlement	Request for the customer session to be closed through payment	Branch Point of Sale (40,000 sales positions)	17,500 Branches	As now	Normal office hours maybe occasional exception			

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<b>Stock Management</b>								
Branch Stock Management						As per the current transaction process at the branch unless stated otherwise		
Record and Monitor Stock Holding	Update of stock position through either sale of a stock item or receipt/despatch of stock rems or local destruction of stock	Branch Point of Sale and Back Office. 40,000 counter positions	17,500 Branches	After every transaction	Normal office hours maybe occasional exception			
Stock Take and Stock Declaration	Declaration of stock position at item level by comparing actual stock with system held position	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	Occurs periodically depending on product (Assume most frequently at frequency of weekly)	Normal office hours maybe occasional exception			
Assess Planned Order	Branch review and amendment if required of scheduled order	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	Stock deliveries are twice weekly on average.	Normal office hours maybe occasional exception	Latest version of orders only to be maintained		

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Receive and Verify Stock Delivery	2-phase process – at receipt of pouch process outputs recognition of amount of stock assumed to be as on consignment note to be recorded on branch accounts. At some time later the verification/acceptance of amount take place.	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	Stock deliveries are twice weekly on average.	Normal office hours maybe occasional exception			
Despatch Stock	Outward remittances being returned to the stock centre	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	Stock despatch weekly	Normal office hours maybe occasional exception			
Destroy Stock	Local activity, driven by business rules, allowing the branch to destroy stock items rather than returning them provided audit trail is maintained	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	Stock destruction weekly	Normal office hours maybe occasional exception			

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Central Stock Management & Replenishment						Two years data to be maintained. Current plus previous year		
Generate Planned Stock Orders	Centralised calculation of expected orders for branches for given time period using historical data	Stock Management, Warehousing and Distribution, Cash Management. 100 users assumed	Assumed London	Stock items = 830. Orders/despaches = 9.5m item lines per year, average 150 item lines per order, max 400 item lines for largest office. Returns = 650,000 item lines per year	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Validate Stock Orders	Sense check of stock orders prior to despatch to warehouse	Stock Management, Warehousing and Distribution, Cash Management. 100 users assumed	Assumed London	As above	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			

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POL Inventory Management	Management of stock inventory inc redistribution of stock, monitoring of stock levels nationally	Stock Management, Warehousing and Distribution, Cash Management. 100 users assumed	Assumed 3 locations	This will need to handle 1000 dispatches per day and to monitor 9.5m item lines per year.	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.			
Warehousing and Distribution	Role of Hemel Hempstead	N/a	N/a	N/a				
Stock Check Transaction Stock	Declaration of stock position at item level by comparing actual stock with system held position	Branch Point of Sale and Back Office. 40,000 counter positions	17,500 Branches	Occurs periodically depending on product (Assume most frequently at frequency of weekly)	Normal office hours maybe occasional exception	As per the current transaction process at the branch unless stated otherwise		
Transaction Stock Order Processing		Branch Point of Sale and Back Office. 40,000 counter positions	17,500 Branches	Transaction stock deliveries are twice weekly on average.	Normal office hours maybe occasional exception			

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Central Transaction Stock Management and Replenishment		Stock Management, Warehousing and Distribution, Cash Management. 100 users assumed	Assumed 3 locations	Approximately 1000 Transaction stock pouches are sent from the centre	Hours of Service 8am to 6pm Monday to Friday. Restore from backup within 24 hours.	Two years to be maintained. Current year plus previous year.		

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Accounts and Settlement						All central accounting data to be maintained on-line for two years (current plus previous year) and archived for a further five years - exceptions stated where appropriate		
Agent Remuneration	The value of payment made to agents for transactions undertaken.	Automated link from PIVOT to HR/SAP	N/a	Agents paid monthly	N/a			
Create and Verify Branch Liability Statement	A continuous view of what a branch actually has in terms of cash, stock and other value. This would be derived from sales transactions, cash and stock movements and any losses or gains. This must be fully auditable.	Branch Back Office. 17,500 Branches	17,500 Branches	To be produced daily (or as required, the agent may wish to request one on demand).	Normal office hours maybe occasional exception	As per the current transaction process in the branch		

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Report Customer Data to Client	Automatically transmit client required data to clients	Automated	Various PO Locations.	Depends on Product (usually daily, sometimes weekly)	This service needs to be available from 8am to 6pm Monday – Friday	As per the current transaction process in the branch		
Summarise Transaction Data	Automatic activity of summarising all data items transmitted prior to posting to ledger entries	Automated	National		Batch process			
Client Settlement to Client	Make payments to clients to pass on the value of their impayments taken over the branch counters. In some cases this may be a net payment where the client product includes outpayments	Total number of staff involved in all settlement activities = 25	1 location Chesterfield					
Identify Settlement Terms	Check client contract to determine what the payments terms are. This may include such things as timings, method of payment, whether to use estimates or actuals	As above	As above	Daily	This service needs to be available from 8am to 6pm Monday – Friday			

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Summarise Sales and Calculate Payment Due to Client on Client Data	Take the source data from the client and summarise into the format required to make the settlement.	As above	As above	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Settle on Estimated Settlement Amounts	Use estimated transaction data to calculate the settlement due. This may be because the actual data is not available in time to make the settlement on actuals. Estimate is based on historic trends, known seasonal factor, growth factors and price changes. Normally agreed with client in advance.	As above	As above	Daily	This service needs to be available from 8am to 6pm Monday – Friday			

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?) Volatility H/M/L	Major Exceptions
Compare Settlement Data with Transaction Data	If settlement is based on a source other than Horizon data the settlement is later compared with the Horizon transaction data. The resultant difference may be between estimates and actual or Horizon data and the alternative data source.	As above	As above	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Resolve Discrepancies	Differences between settlement data and Horizon data need to be resolved by determining which stream is correct. Subsequent corrections will be made to the transaction data stream or the client data stream dependent on cause. If cause not identified can result in losses or gains to the business.	As above	As above	Daily/Weekly	This service needs to be available from 8am to 6pm Monday – Friday			

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Authorise , Make and Account for Payments								
Client Settlement From Client	Receive payments from clients who pass on the value of outpayments made on their behalf over the branch counters for example DWP.	As client settlement to client (see above)	As above		This service needs to be available from 8am to 6pm Monday – Friday			
Identify Settlement Terms	Check the client contract to determine what the payment terms are. Includes timings, method of payment etc.	As above	As above	Weekly	This service needs to be available from 8am to 6pm Monday – Friday			
Estimate and Agree Amounts Due From Clients	Ideally settlements for outpayment products are prefunded so this will often involve using estimates in the first instance. This is negotiated and agreed with the client based on historical trends and current market.	As above	As above	Weekly	This service needs to be available from 8am to 6pm Monday – Friday			

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Request Payment From Client	Usually in the form of a letter or statement of account rather than an invoice which shows the next month's agreed estimates.	As above	As above	Weekly/Monthly	This service needs to be available from 8am to 6pm Monday – Friday			
Check Amounts Have Been Received	Client Cashier is notified of amounts to expect into the bank account and monitors whether the amounts have been received as agreed. If not the client is contacted to request settlement.	As above	As above	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Compare Settlement Data with Transaction Data	If settlement is made based on a source other than Horizon data the settlement made is later compared with the Horizon transaction data. The resulting differences may be between estimates and actual or Horizon data and the alternative data source.	As above	As above	Daily/Weekly	This service needs to be available from 8am to 6pm Monday – Friday			

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Resolve Discrepancies	Differences between settlement data and Horizon data need to be resolved by determining which stream is correct. Subsequent corrections will be made to the transaction data stream or the client data stream dependent on cause. If cause not identified can result in losses or gains to the business.	As above	As above	Weekly	This service needs to be available from 8am to 6pm Monday – Friday			
Verifi cation								

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Automated Reconciliation	Derived from transaction data. This can be an automatic verification such as DRS and AP but will also include manual verification for clients such as AON and Camelot. This will also include input of MOD cash accounts and may include any rump of non-tokenised products. May also be used to verify effectiveness of validation at the counter on a sampling basis.	Automated	National	As per now	As now			
Cheque Verification	Back office process to verify value of cheques despatched to payment processing centre	Debt Recovery Unit – assumed 200 users	Chesterfield	10% of current work load. Typically 1,700 branch outlets per week.	This service needs to be available from 8am to 6pm Monday – Friday	One year then archived for a further year		

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Rota Checks	Verification against streams of data for non-tokenised products. This is a sample check not a full check and is based on Business rules.	Debt Recovery Unit – assumed 200 users	Chesterfield	This will review all branch liability statements (1700 per day). In addition it will also need to review transaction data over long period, week, month or quarter, therefore it will require transaction data access.	This service needs to be available from 8am to 6pm Monday – Friday	One year then archived for a further year		
Transaction Data Set Criteria Checks	Verification that the data for the transaction conforms to the criteria defined for the product	Debt Recovery Unit – assumed 200 users	Chesterfield	The results from the previous process, anticipated to be by branch by day.	This service needs to be available from 8am to 6pm Monday – Friday	One year then archived for a further year		
Transaction Activity Level Checks	Investigates patterns of transactions that are outside the norm of patterns for the branch.	Debt Recovery Unit – assumed 200 users	Chesterfield	10% of current work load. Typically 1,700 branch outlets per week.	This service needs to be available from 8am to 6pm Monday – Friday	One year then archived for a further year		

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Investigate Transaction Data	Ability to enquire back to individual transaction data level to answer customer enquiries or further progress verification activities to this level.	Debt Recovery Unit – 200 users	Chesterfield		This service needs to be available from 8am to 6pm Monday – Friday	Assumed individual transaction data needs to be kept for 56 days on line and the remainder archived.		

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Debt Recovery		Debt Recovery Unit assumed to be circa 200 users	Chesterfield					
Assess Actions on Debt	The decision point to ascertain the debt route taken. The decision will be based on value, age etc	As above	As above	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Simple Recovery	Recovery of debt simply by contacting the agent and/or client and requesting payment	As above	As above	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Sell The Debt	Debt factoring which is currently not used.	As above	As above	Unlikely to occur	This service needs to be available from 8am to 6pm Monday – Friday			
Make Provision for Bad Debts	Analysis of total debt and creation of provision dependant on anticipated recovery rate.	As above	As above	Periodic review probably monthly	This service needs to be available from 8am to 6pm Monday – Friday			

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Write Off	The debts, which are deemed irrecoverable, and therefore the value is written off through the ledgers system.	As above	As above	Periodic review probably quarterly	This service needs to be available from 8am to 6pm Monday – Friday			
Initiate Recovery Through Payroll	An agent or employee may agree to recovery of debt directly from their salary. For agents this would be via agent remuneration and for employees via HR/SAP payroll.	As above	As above	Maximum monthly	This service needs to be available from 8am to 6pm Monday – Friday			
Defer The Debt	The ability for the agent to defer debt for a period of time or until the branch is sold.	As above	As above	Maximum monthly	This service needs to be available from 8am to 6pm Monday – Friday			
Criminal and Civil Litigation Investigations	The point at which it is deemed unlikely that the agent will repay the debt without using the court systems. At this point the agent will be requested	As above	As above	Approximately 100 per year.	This service needs to be available from 8am to 6pm Monday – Friday			

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?) Volatility H/M/L	Major Exceptions
Produce POL Sub Ledgers								
Produce Client Ledger	Created using transaction data from Horizon and settlement data to create liability to clients as a consequence of transactions undertaken at the branch	Mainly automatic	1	Updated daily, closed monthly. Number of entries determined by Chart of Accounts	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Branch Liability Ledger	Created using transaction data to create branch liability. This would include any items in the branch suspense and error notices.	Mainly automatic	1	Updated daily, closed monthly. 17,500 branches. Number of entries determined by Chart of Accounts	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Personal Agent Ledgers	This would encompass the branch liability and would also include items of debt which are not as a consequence of transactions undertaken at the counter e.g. licence fees and security screens.	Mainly automatic	1	Updated daily, closed monthly. 17,500 branches. Number of entries determined by Chart of Accounts	This service needs to be available from 8am to 6pm Monday – Friday			

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Produce Cash and Bank Ledgers	Balances, payment and receipt of cash, and bank account transactions	Mainly automatic	1	Updated daily, closed monthly. 17,500 branches. Number of entries determined by Chart of Accounts	This service needs to be available from 8am to 6pm Monday – Friday			
Branch Liability Management								

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?) Volatility H/M/L	Major Exceptions
Investigate Suspense Items	Investigations to establish cause of suspense items. This is performed on a risk management basis.	Debt Recovery Unit assumed to be circa 300 users	Chesterfield	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Investigate Discrepancies	Investigation of items identified. This would accumulate any necessary evidence for future criminal investigations	Debt Recovery Unit assumed to be circa 300 users	Chesterfield	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Investigate Unusual (Outside Norms) Values in Branch Liability	This would highlight unexpected values such as stock inflation. There may not be a known error but may indicate and expected/anticipated error.	Debt Recovery Unit assumed to be circa 300 users	Chesterfield	Weekly	This service needs to be available from 8am to 6pm Monday – Friday			
Branch Closing and Transfers	Identification of branch closure and therefore acceleration of error analysis and debt recovery for the specific branch.	Debt Recovery Unit assumed to be circa 300 users	Chesterfield	Ad hoc	This service needs to be available from 8am to 6pm Monday – Friday			

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?) Volatility H/M/L	Major Exceptions
Ledger Profit and Loss Items from Branch Accounts	This would include items from branch transactions which impact the business P & L account eg cash sales from postal orders and bureau	Mainly automatic	1	Updated daily, closed monthly. 17,500 branches. Number of entries determined by Chart of Accounts	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Borrowings and Investments Ledger	This would include any borrowings, including DTI, and investments	Mainly automatic with limited manual JV's input	1	Updated daily, closed monthly. 17,500 branches. Number of entries determined by Chart of Accounts	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Stock Ledger	This would only include real stock such as retail items	Mainly automatic	1	Updated daily, closed monthly. 17,500 branches. Number of entries determined by Chart of Accounts	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Nominal Ledger	This activity is the end product of all the business ledger entries	Mainly automatic	1	Updated daily, closed monthly. 17,500 branches. Number of entries determined by Chart of Accounts	This service needs to be available from 8am to 6pm Monday – Friday			

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?) Volatility H/M/L	Major Exceptions
Reconcile, Consolidate, Review and Report	This is the overall process undertaken to verify the ledger and consequently support the ledger items.	3	1	Daily/Weekly	This service needs to be available from 8am to 6pm Monday – Friday			
Liquidity and Funds management	Analysis of PO Ltd daily cash requirements. Twice daily reporting to Group for investments/borrowings requirements.	5	1	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Business Funds Analysis								
Client Funds Analysis								
Daily Funds Requirement								
Forecast Performance Analysis								

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?)	Major Exceptions
<b>Provide Management Information</b>	Provision of management information at 3 levels: <ul style="list-style-type: none"> <li>- operational performance for retail line</li> <li>- MI for each business process</li> <li>- MI for branches</li> </ul>	General. (200 users assumed centrally  17,500 branches	Various PO Locations inc 17,500 branches for branch MI and various central locations for operational performance and business processes			In general 2 years summary data except where stated.		
Produce Operational Performance MI				This will be a combination of the data warehouse holding 5 years data at outlet product day level and up to 8 data marts	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Debt Recovery Performance				Accounting component – volumes low	This service needs to be available from 8am to 6pm Monday – Friday			

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Produce Cash Management MI					This service needs to be available from 8am to 6pm Monday – Friday			
Produce Stock Management MI				Data mart derived from the data warehouse	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Sales and Marketing MI				Data mart derived from the data warehouse	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Accounting MI				Accounting component – volumes low	This service needs to be available from 8am to 6pm Monday – Friday			
Produce Branch Level MI				Produced at the outlet based on locally held data – volumes low	Normal office hours maybe occasional exception	Up to 3 months		

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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)	Potential for Change (Are changes likely or is the process relatively stable?)	Major Exceptions
<b>Cash Management</b>								
Cash In Transit	Cash in the course of conveyance, in the form of remittances, between cash centre's and branches in either direction. Also refers to the organisation engaged in the activity of transporting cash hence CHD is a cash in transit operator.	1,667	26 centres	Up to 1000 transit movements per day	This service needs to be available from 8am to 6pm Monday – Friday	As per current central cash management processes		
Branch Cash Management						As per current transaction process at the branch – unless stated otherwise		
Record and Monitor Cash Holding	Maintains a running total of cash holding	Branch Back Office, 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	At 17,500 outlets – volumes low per outlet	Normal office hours maybe occasional exception			

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Cash Verification and Declaration	Compares actual with branch system derived view of cash holding and identifies discrepancies	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	At 17,500 outlets – volumes low per outlet	Normal office hours maybe occasional exception			
Review Planned Orders and Request Changes	Activity performed at branch to review the planned cash order and request changes to that order if necessary	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	At 17,500 outlets – volumes low per outlet	Normal office hours maybe occasional exception			
Receive and Verify Cash Delivery	2-phase process – at receipt of pouch process outputs recognition of amount of cash assumed to be as on consignment note to be recorded on branch accounts. At some time later the verification/acceptance of amount take place.	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	At 17,500 outlets – volumes low per outlet	Normal office hours maybe occasional exception			
Despatch Cash	Outward remittances being returned to the cash centre	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	At 17,500 outlets – volumes low per outlet	Normal office hours maybe occasional exception			

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Batch and Despatch Cheques	Batching of cheques taken over the branch counter during the day and despatch of cheques to EDS.	Branch Back Office. 17,500 Branches (Note: Stock Unit role also needs to be considered)	17,500 Branches	At 17,500 outlets – volumes low per outlet	Normal office hours maybe occasional exception			
Cash Centre Cash Management	The operational activities associated with the processing of cash on receipt into or despatch from a cash centre.	700	7 centres (Note) 3 centres (Coin)	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Cash Centre Central Cash Management	The activity which determines the appropriate levels of cash necessary to be held in cash centre's in order to meet operational requirements, to monitor actual holdings and drive any necessary improvement/re-balancing activity	31	3 locations	Daily	This service needs to be available from 8am to 6pm Monday – Friday	As per current central cash management process through SAPADS		

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Cash Centre Conformance Monitoring	Activity to monitor the conformance of cash centre's to operational instructions. In the context of cash management such instructions will relate to production plans, bond deposits/withdrawals, and instructions relating to the movements of cash to and from institutions.	7 – 10 These staff carry out conformance monitoring, cash flow forecasting and cashflow performance monitoring roles	7 note 3 coin	Weekly	This service needs to be available from 8am to 6pm Monday – Friday			
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Process	Description	Role (incl. numbers performing role)	Location (s) (How many locations)	Volumes (What frequency of running the process? Any periodicity?)	Availability (What are the service hours? What fallback procedures are in place?)	Data Retention (Any special data retention needs?)		Usability (user interface / training requirements, (What rate of turnover of users?)
Cash Centre Forecasting	Activity to predict the flows of cash into and out of cash centre's whether as remittances or other flows, e.g. customer direct deposits/withdrawals, deposits to bond or transfers to other financial institutions, from which cash holding levels, re-balancing cash movements, investment decisions and bank of England reporting are facilitated.	7 – 10 These staff carry out conformance monitoring, cash flow forecasting and cashflow performance monitoring roles	7 note	Daily	This service needs to be available from 8am to 6pm Monday – Friday			

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Cash Production Planning and Cash trading	Activity to determine the levels of bulk cash processing and inter financial institution trading necessary to meet operational outflows within the constraints of the Bank of England Note Circulation Scheme and at minimum levels consistent with supply/demand variability.	5	1	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Monitoring Cash Centre Cash Holding Performance	Activity to monitor the cash holding performance of cash centres against targets derived from forecasts of in and outflows of cash and bulk processing requirements.	7 –10 These staff carry out conformance monitoring, cash flow forecasting and cashflow performance monitoring roles	7 note	Weekly/Monthly	This service needs to be available from 8am to 6pm Monday – Friday			
Branch Central Cash Management	Activity undertaken by inventory management team in CH&D	31 (as Cash centre central cash mgt)	3 locations	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Monitor Branch Cash holding performance	This information feeds into the flexible planning tool to establish the standard rem order by branch	As above	As above	???	This service needs to be available from 8am to 6pm Monday – Friday			

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Flexible Planning	The system which creates the standard rem order	Automatic	1	Runs daily	This service needs to be available from 8am to 6pm Monday – Friday			
Manual Adjustments	Adjustments to remittances as a consequence of branches requesting changes to remittance.	31 (As Branch)	3 locations	Daily	This service needs to be available from 8am to 6pm Monday – Friday			
Branch Despatch Conformance Monitoring	Conformance check to establish whether Branches are sending inward remittances as requested by Flexible Planning system.	As above	5	Daily/weekly	This service needs to be available from 8am to 6pm Monday – Friday			
Delivery Schedule Planning	Delivery patterns including route and frequency.	31 (As branch)	1	Periodically Usually yearly	This service needs to be available from 8am to 6pm Monday – Friday			

## 8.0 Non Functional Requirements

The scope of the this initial study has not included in detail the requirements in this area however the section is left to provide a focus for subsequent activities which will populate this section. The section will describe any requirements that apply to the end-to-end service, or which do not specifically apply at the above service boundaries.

These will include: -

- Security and any associated liabilities
  - What security requirements are placed on PO by other bodies (incl. regulatory)
  - What are the threats to the PO business that it is required to protect against
    - What are the implication to the PO business of these threats to the business process – cost of breach of security
    - What is the acceptable/current/planned level of risk such breaches
- Audit - information type, retention period, data retrieval
  - What audit requirements are placed on PO by other bodies (incl. regulatory)
  - What are the implications to the PO business of missing audit data in this business process – risk of fraud/errors
    - What is the acceptable/current/planned level of such risk
- MIS - information type, analysis, summation, recipients, forms of delivery
  - What MIS requirements are placed on PO by other bodies (incl. regulatory)
  - What other business measures may this process provide information feed for?
  - What are the business measures for the business processes that are required to be supported/automated
- Reconciliation - type, purpose, periodicity, deliverables
  - What reconciliation requirements are placed on PO by other bodies (incl. regulatory)
  - What are the implications to the PO business of inaccuracies in business data transmitted
    - What is the acceptable/current/planned level of such inaccuracies
- Legal and Regulatory requirements
- Potential for Change - limits, types
  - Anticipated lifespan of process automation/support and likelihood of variation of process/use of process over lifespan.

- Explicitly required Documentation
- Availability
  - What availability requirements are placed on PO by other bodies (incl. regulatory)
  - What are the implications to the PO business of unavailability of this business process – risk of loss of business/loss of credibility
    - What is the acceptable/current/planned level of such risk
- Usability
  - What usability requirements are placed on PO by other bodies (incl. regulatory)
  - What are the implications to the PO business of inability to use in this business process – risk of loss of business/loss of credibility
    - What is the acceptable/current/planned level of such risk

## 8.1 Non-Functional Requirement Assumptions

### 8.1.1 Security

The security policy should be as per the Network Banking security policy which is in line with Royal Mail Group Policy (ISO 17799). ~~What working assumptions should be made concerning costs of implementing a revised security model. Not sure. A principle is that it will only happen if there is a cost benefit case. Assume that the cost of implementing something with less stringent security requirements will be cheaper than retaining existing (CR 17/10/02).~~

~~Action: Gareth Jenkins to list security assumptions to be used for solution costings taking into account any outputs from Post Office threat analysis activities that are made available to the study.~~

### 8.1.2 Audit

It is assumed that there are no special requirements to support auditors other than the enquiries detailed under Accounts and Settlement. It is assumed that “standard” auditing facilities, as provided by an off-the-shelf accounts package, will be sufficient for auditing by external auditors.

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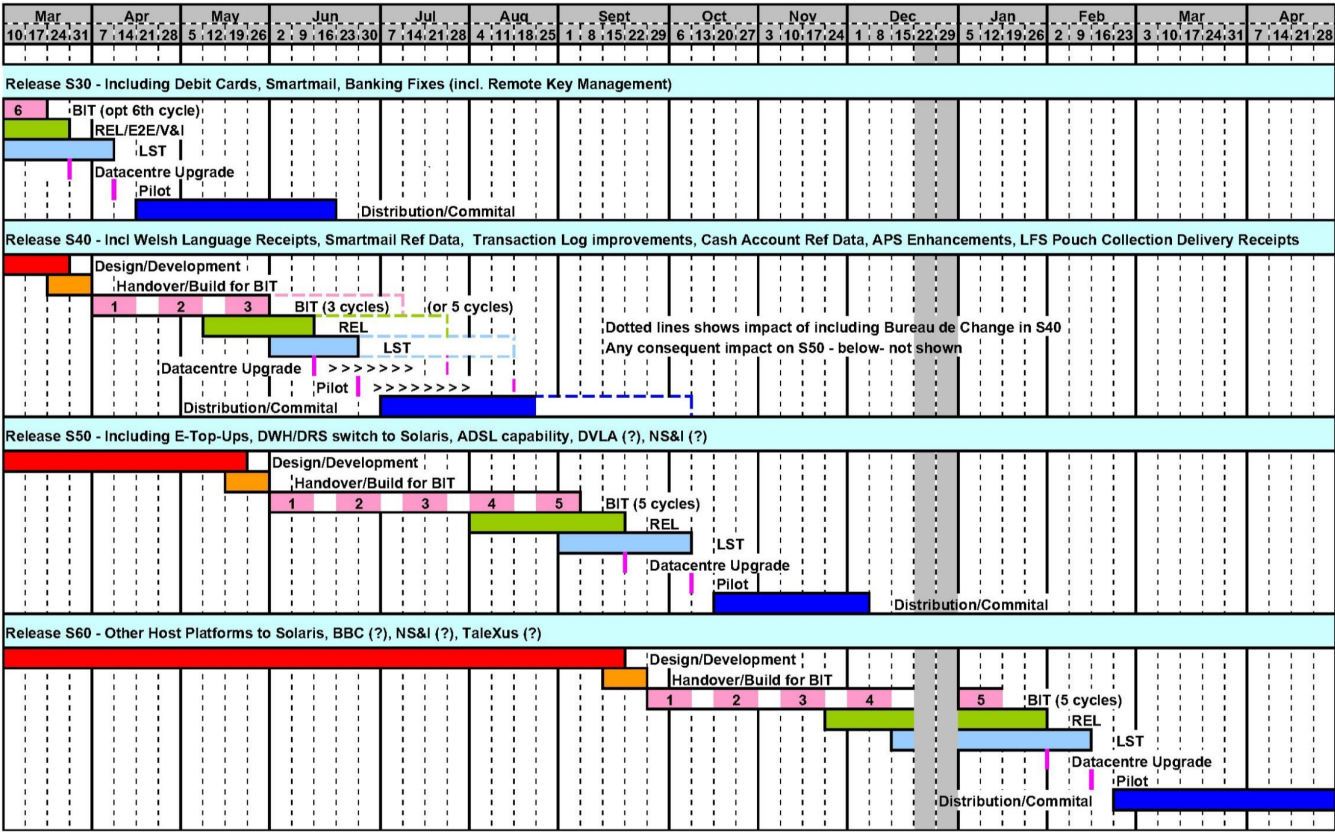
## 9.0 PO Business Change Plan Requirements

The scope of this study has not included in detail the requirements in this area however the section is left to provide a focus for subsequent activities. This section will cover any specific requirements associated with establishing and implementing the requirements in the Post Office business and will cover: -

- Target Business Benefits and measurement requirements
- Required implementation timetable including identification of target releases as defined by the joint Post Office/Fujitsu release planning process
- Required phasing or pilot operation. Reference should be made to those requirements that are to be phased or included in any pilot etc.
- User Training requirements
- Migration activities
- Other 'Ready for Service' dependencies and requirements

This section provides information regarding the proposed intention for the introduction of the business change that will include the work package solution. This will help inform the designer regarding facilities that will be required to support service introduction and migration.

# 9.1 Current Business Change Plan



## 10.0 Deliverables

The scope of the initial study has not included in detail the requirements in this area however the section is left to provide a focus for subsequent activities. This section should describe all explicitly required deliverables.

## 11.0 Service acceptance requirements

The scope of the initial study has not included in detail the requirements in this area however the section is left to provide a focus for subsequent activities. This section describes the process by which Post Office will verify that the solution meets the requirement for the purpose of acceptance. This may involve a Post Office witnessing programme, and may also require 3<sup>rd</sup> party accreditation. If a formal Acceptance activity is required then the principles of how this will operate should be described, particularly with regard to positioning within the overall programme life cycle. This should describe the scope and method of achieving 'Acceptance'.

Any additional requirements to support an overall end-to end Service acceptance process, where Post Office have specified that a multi service domain solution is required and are acting as overall System Integrators, should also be specified.

It is expected that a sensible and realistic proposal for acceptance testing will be provided.

## Appendix A – Information Usages by Process

The attached spreadsheet documents the Data Entities and their usage through the business process.

## Appendix B – Process Model Notes

The attached document reports the notes captured within the process model during process modelling.