



shaping tomorrow with you

Post Office Account: The first 30 days

8th May 2016

30 days in : What it like ?



The Purpose of this call is to highlight some of the relationship challenges and perceptions Post Office are raising with me and my proposed plan to respond.

At a high level the perception is Fujitsu are not being helpful, in some instances deliberately delaying projects and not committed.

The outage on Monday was serious, as is Als note but the response to us reflects the depth of feeling in Post Office and the extreme pressure they are working under from public scrutiny and trying to deploy a massive IT programme of change alongside a business plan that is due to be signed off in June and until then there is uncertainty.

As someone said:

If feels like :

“We renewed our vows”

“Had a romantic week in Venice”

Returned back to work

and are now in Danger of reverting to back to type

Time to change the game (again)

Recent Service Impacts



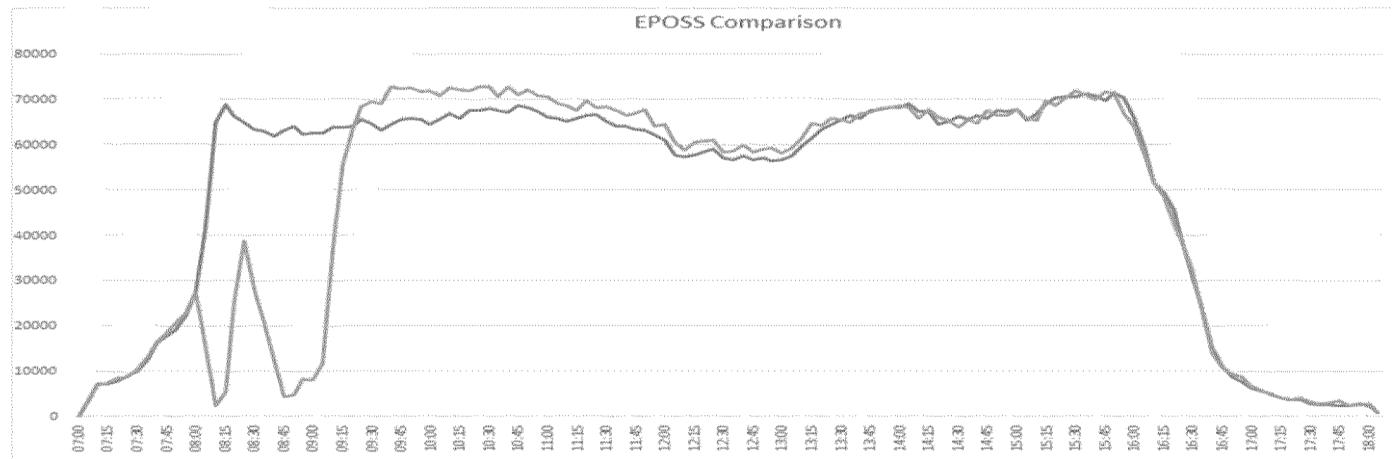
Service Items raised:

The issue on Monday was serious and the team responded quickly to fix the issue and service resumed within 80 minutes from first alerts. 65% of txns failed during that period.

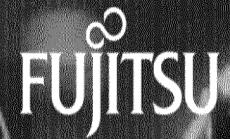
The Agents pay item FJ responded strongly to support an issue new suppliers and POL caused. On this it is disappointing the effort put in to resolve is not recognised by the business at worst it would appear there is a view we either caused this or were not interested in its resolution.

The Outage on Monday will not have triggered any service credits. I am sure this will further aggravate their perception.

Graph of days trading



Draft note on outages and agents pay



On the agents pay item the team absolutely understood the severity of the issue and it is disappointing the effort the team put into resolving and recreating the data was not visible to you. We had to ensure and document the process we followed would survive a Sparrow scrutiny and export all the data to a test system and roll forward though the trading days. This took significant effort and the team worked through the nights and weekend to get the data created on the day they promised. This following an issue not of Fujitsu's making and highlighting the need to manage the end to end reference data process flowing in from Atos and Post Office.

I agree the outage yesterday was the worst outage for a number of years and is being taken seriously by Fujitsu. From our monitoring picking up the issue on the morning the team acted quickly to identify a plan of action with options, raise these with your appropriate teams and Gavin was in communication with Chris. All of this enabled the service to be restored quickly and prove itself reliable for the rest of the day. What we do not understand yet is that the primary system has been running for a year without incident and yet on fail back from the secondary system we had to make new setting changes not used on the primary before to restore service under load. We are investigating the route cause and have raised incidents with Oracle.

I and the team also recognise the timing of this incident was poor given Paula's speech at the NFSP, but we did ensure our representatives at the NFSP had the same briefing as Paula to ensure consistency of message.

When the similar incident happened earlier this year on the weekend and Gavin had to make the hard decision to call Chris on the Sunday to say we needed to fail back to protect the Monday trading, while it impacted the Sunday, it was the right call and one you would want us to make again. The issue that caught the team on the primary system yesterday was that a stable platform for over a year developed similar memory symptoms despite no changes to that platform.

The challenges coming back



Complaints that lead individuals being difficult and not “shaken off” the exit mentality
Generally coming from the remaining exit space where pressure remains and
relationship with other suppliers may be challenging

The fact their business plan is not set – drives uncertainty and change which
disrupts plans

When a team member identifies an issue – despite how it is raised this can be
interpreted as old FJ behaviour.

Frustration on some of our insights in business propositions/ IT solutions. The view is
we are being negative rather than helpful. - the challenge we face is a lot of what POL
want to do needs business reengineering – before they get to the IT and this is
leading to tension between the two areas in POL and we find ourselves caught
inbetween.

A number of low-level items around change process, invoicing and CTs that in
isolation are small issues but combined begin to cause bad feeling. Again mostly
driven by changes in POL business model such as change management or a new
finance platform but again we are seen as difficult.



The actions

I have already had an awayday with the team to ensure they understand the style of engagement we need to project.

- that we always identify a path out from an issue
- That we will take on work that technically should be other Towers responsibility provided we are paid for it
- We are not trying to delay exits of the other Towers – we have a vested long term relationship here
- The can do approach

I will rotate one or two faces to different areas of the account to stop specific relationship perceived issues

I have brought on a PD to manage the Trinity projects and 'provocations' to ensure we respond to our commitments

I am recruiting a CTO – this needs to be a retail/ cloud experienced individual

I believe we need a CE style role to bolster the front team

We have added two architects to the front team giving a team of three – this will need to be increased back towards 5-6 as per pre exit days

We need the kick off reset POL GE to FJ UK exec meeting to clear the air as the perceptions/ frustrations start at this level

Similar for the working level leads (my team)

There are a number of pre sales investments we should make to show agility and lead the innovation process – EPOSS integration etc.

Must : Intend : Like

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(M)Front Office Closed Trinity 1

- £138m : Invest2Save
- Apr 2023 : £10m Cost Out
- Land & Expand : Roadmap to Cloud

(I) Aspirations FY16/17

- EUC Win-Back € 15-
€20m
- Test Rigs Ext & Expand € 8- €20m
- Other : EPOS/Payment
(L)Beyond 1-3Yrs MFP € 5- €15m

- Journey to the Cloud Enabled
- Lower Price Point Scope 4 Term
 - 10 Year Relationship 2027
 - Seat at Top Table
- SI/SD Win Back / EUC / Network

- Joint Sales : Non UK Post / Retailers / Transport / Local Gov

Challenges to overcome



People / Process / Technology

- * Has been known to misdirect the traffic in the past
- Top level down “feeling” of mistrust with each other

Account Team

Gavin Bell

Danny MacLean

Muhunda Satchithananda

Tom Leishman

Torstein Godeseth

Pete Newsome

Carol Dunsford

Michael Harvey

Regina Moran

Paul Patterson

Duncan Tait



Chris Broe (Interim CIO: *contractor)
Neil Wilkinson (Transformation Dir : contractor)
Gill Tait (Business Change : Contract Aug16)
CTO : Vacant (Search in place)
Rob Haughton : New CIO (Started last week)
Martin George : Mktng & Commercial Dir
David Hussey: Transformation Dir
Kevin Gilliland : Networks & Sales Dir
Alasdair Cameron : CFO
Pauline Vennells : CEO
Tim Parker : Chairman



Example : EUC HNGx Mar17 : BNS Mar17 : EPOS Integration

Backdrop and Challenges to overcome



People / Process / Technology

CC won EUC Tower : 4+1+1 (Central Admin upgrade plus Counters Support)

Central Admin: Late and over budget (View €15m)

Branch counter Refresh: BCR programme: Late: Was Mar16 / Oct 16 / Jan 17 / Sept 17

POL bought 30,000 keyboards : (View sold back to CC to save €50k/mth)

FJ EuC provocation seen as : Lower Cost/Risk/More Secure & Higher Confidence

Provides Opportunity to defer CAPEx €50m by utilising Hybrid HNGx & HNGa

CC playing hard ball: View for de-scope + 2 years + Sizable €M compensation

CC to POL :Face2face CFO to CFO discussion next month

Verizon won the Network Tower : 4+1+1 June15

BNS terminates Apr17.

Last month POL requested a mini extension option

Last week POL latest is decouple deployment and complete by Mar17 no contingency !

FJ View (ROI on Network 15 Years !)

Summary & Follow on actions

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We rarely get conflict on service delivery, but this is actually what POL pay for.

How do we get them to value this mission critical element in the business ?

We only get push back when we hold up the mirror to change.

New CIO quote on business change “ I don’t understand how our operating model could possibly work !”

Before we throw the entire account team under the bus : pause for thought

Interim CIO : Leaving imminently Transform Dir : Not a detail man: Will be challenged

Business Change Owner : 1 Year contract (unlikely to renew) CTO Vacant Position

New CIO : Detail man : Engineers are the key Rest are Overheads
Hates the term “trusted partner” fan of insourcing
View KPMG engaged at CIO level : Old or new requirement?

Summary & Follow on actions



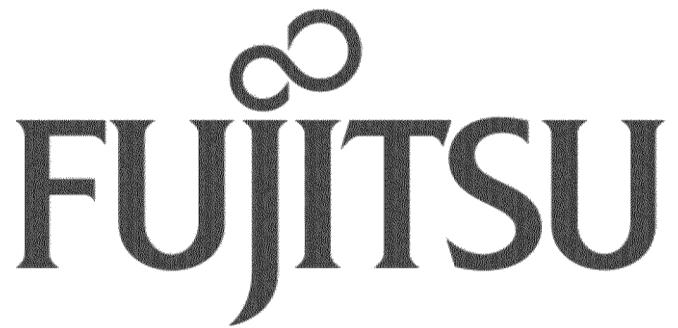
Investments to move forwards:

- 1) BNS study to validate what could be extended / sweated Est €50 to € 100k
- 2) EPOS Trail to validate technology and build confidence Est € 30k
- 3) Journey to the Cloud: Phase evaluations : K5/MetaArch Est € 100 to €150k
- 4) Put some new faces in place to refresh thinking an demonstrate change

Actions to discuss/challenge and find way forward :

ONCE SERVICE CONVERSATION SETTLED

- 1) Snr Exec Kick Off : To rise above the noise:
- 2) Financial Discussion : Does Capex avoidance hold value FY16/17
- 3) Does financial advantage of FJ provocation on EUC balance against CC demands
- 4) Could a financial discussion with FJ being sub to Verizon avoid €15m transform
- 5) Could same improve 15year RIO on network
- 6) De-risk transformation BCR that delivers no material business value
- 7) Defer BCR that delivers no material business value
- 8) POL business strategy yet defined



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Previous Challenger Strategy