

BP/REP/0004



The Post Office

Management Summary



MANAGEMENT SUMMARY

Introduction

ICL is delighted to submit this "Statement of Capability and Interest" in response to the recent advertisement in the European Journal. This document sets out what ICL and its partners believe to be relevant capabilities to the businesses of both the Post Office Counters Limited and the Department of Social Security Benefits Agency, and most importantly, how we can provide a total managed service solution. Our partners in this consortium are: De La Rue, Hambros, An Post/Escher and Girobank. ICL will be the prime contractor.

Our capabilities and combined experience will facilitate a proven and secure payments system at much reduced operational cost. Basing the solution on Open Systems will facilitate the introduction of further Post Office counter automation.

In line with HMG's Private Finance Initiative ICL plans that charging will be based on business benefit, usage and performance.

The ICL consortium expect to accept significant transfer of risk and collectively have the skills and experience to manage this.

The consortium expects to market the benefits of the new service to the general public also assisting on the development of new business streams for the Post Office Counters Limited.

Whilst there is no direct linkage to ALPS, this consortium does offer a migration path from that project and builds upon that investment. It also plans for the migration of existing forms of automation such as APT.

Consortium Approach

The scale of this enterprise is significant. A comprehensive consortium approach is necessary as no single private organisation would be able to satisfy fully these requirements. Each member of our consortium has a demonstrable track record of working in such a partnership. Individually, each member has an enviable reputation and a wealth of recent relevant experience. Together, we believe these organisations are offering an unbeatable end-to-end quality of service.

Additionally, ICL has a proven track-record in the formation of similar consortia, where ICL has undertaken prime contractor responsibility for projects of comparable size and complexity, such as the CHOTS project to automate the MoD's 18,000 headquarter's users.

ICL recognises that such a requirement will develop - this consortium is designed to respond flexibly and speedily as business demands evolve.

Each member has a well defined contribution which is in line with its stated business objectives. The role of each partner reflects its relevant and proven capabilities.



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For the Payment of Benefits, the consortium has full access to, and is able to exploit, existing and proven payment systems and technology. Furthermore we have a well-defined development path to embrace emergent technologies and related services.

For the automation of the Post Office Counters Limited, our consortium is offering a world-beating solution specifically developed for post office counter applications. This solution exploits standard commercial products and is already in use in a national Post Office (ie An Post).

The ICL consortium has ensured that a trusted and proven non-stop capability is included to guarantee the security of an on-line service required to deliver benefits payments throughout the UK. Our aim is to achieve complete payment reconciliation maximising fraud protection and detection.

Our consortium brings access to proven and secure magnetic and smart card production, distribution and authentication services and technology.

Our consortium offers a proven nationwide service organisation with demonstrable capability to implement and roll out small and medium sized systems in large numbers.

We have ensured that a merchant bank is included within our consortium to provide the comprehensive business case. They also, with their experience of the PFI, can construct the necessary commercial undertakings between the consortium and the procuring authorities.

The ICL consortium will offer imaginative and innovative proposals that will guarantee and underwrite the proposed new services.

Conclusion

The ICL consortium will offer an innovative solution supported fully by a range of credible and experienced suppliers. The result will be a secure low-risk service solution backed by a financially sound business plan. Most important of all, every aspect of our approach has been chosen in the certain knowledge that the total solution will need to be adapted and modified to meet the demands of future legislation and other business imperatives. Similarly it is essential for the solution to facilitate and accommodate new technologies and techniques.



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SECTION ONE INTRODUCTION

International Computers Limited (ICL) submits its application to bid for the computer and related services for the Post Office Counters Limited and Benefits Agency as set out in the European Journal entry 94/S 165-58937/EN. We look forward to receiving the full Statement of Requirement (SOR).

ICL has pleasure in setting out in the following sections the statements of capability, with reference to relevant experience over the past three years, and the qualifications specifically requested.

ICL, from its current knowledge of the businesses of POCL and BA has analysed the most likely areas of capability to meet a Statement of Requirement. This analysis has led to the formation of a consortium to provide full cover for these capabilities. Each capability is set out in Section 2 - annotated with each partner's relevant current experience.

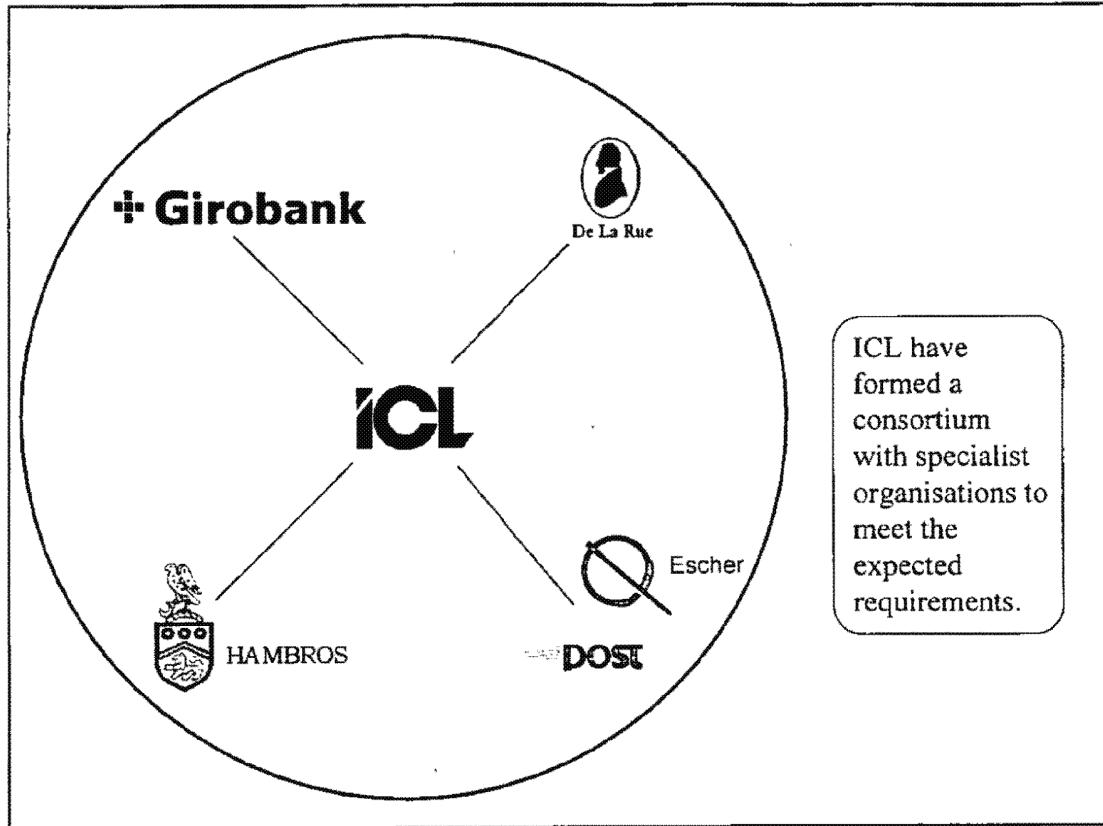
ICL has agreed to team with the following organisations to form a consortium in order to bid and subsequently to be in a position to deliver the systems and services required. ICL will be the Prime Contractor and will subcontract additional specialist resources as necessary.

The Consortium Members	Relevant scope of capability
International Computers Limited	Overall Project Management Systems Integration Nationwide Services 'Open' Technology provision (full counter automation including POS)
De La Rue Group	Magnetic and Smart Cards Standalone POS Equipment (Small Post Offices) Secure Printing Identity Systems
Hambros	PFI Commercial Structure Overall Business Plan Financial System Security
An Post & Escher	Post Office Counter automation and business consultancy
Girobank	Business development and existing business consultancy



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The following sections address specific areas of capability which ICL believes are relevant to this POCL/BA requirement. They are structured as concise statements with further information set out in Appendices 2 and 4.



SECTION TWO STATEMENTS OF CAPABILITY

The following areas are addressed in this section:

- 2.1 POCL Integrated Application Software
- 2.2 Payment Systems and Services
- 2.3 Provision of Magnetic and SMART Card Technology & Secure Distribution of Cards and Printed Output
- 2.4 Marketing, Public Relations and Commercial Exploitation
- 2.5 Ongoing Support and Maintenance
- 2.6 Project Management and Systems Integration Services
- 2.7 IT Facilities Management
- 2.8 Provision of relevant Financial Services & Design of Commercial Services
- 2.9 Comprehensive Training Services
- 2.10 Change Management
- 2.11 Design, Provision and Management of Network Services
- 2.12 Systems Architecture and Design
- 2.13 Hardware Design and Manufacture
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2.1 POCL INTEGRATED APPLICATIONS SOFTWARE

CONSORTIUM MEMBERS: ICL & ESCHER/AN POST

We are able to provide a leading edge software and systems environment designed specifically to support a wide range of "across the counter" Post Office services. The systems will allow POCL to manage an increasing variety of customer interactions on behalf of government agencies and financial institutions.

Our current understanding is that POCL may wish to implement an entirely new suite of systems to increase both the range and the efficiency of their counter services. ICL have chosen to work with the Irish Post Office, An Post, and the software consultancy group Escher, to ensure that these requirements can be met with an integrated solution specifically designed for this purpose.

An Post, under the umbrella project title "CounterAction", have over the past eighteen months, successfully automated their Post Office Counters business. The software has been developed with the Escher Group, and is based on standard Microsoft Windows for Workgroups, Visual Basic, and Windows NT product sets. The software runs on standard PC products and peripherals and provides an intuitive graphical user interface.

Installing the systems in Ireland has allowed An Post to reduce the average length of transaction processing time at counter positions and increase the availability of information for counter customers. Of particular importance has been the increased efficiency and security with which benefits payments are handled.

The new systems have put An Post's counters business in an ideal position to develop the full potential of its retail sales ability and advance its customer service standards. In particular An Post intend to maximise the potential return from increasing agency client business.

We are confident that the relevant business knowledge and proven systems approach that An Post/Escher will contribute to our solution will ensure that the POCL and BA counter systems requirements will be fully understood and met. Moreover, the modular design and inherent flexibility of the component products and tools ensure that new application requirements and systems interfaces can easily be accommodated in the future.



2.2 BENEFIT PAYMENT SYSTEMS AND SERVICE

CONSORTIUM MEMBERS: ICL & ESCHER/AN POST

We understand the enormity of this, and the need for security, including service availability to the general public. The options available need to be assessed against the full Statement of Requirement.

There are some 20 million people who receive benefits in the UK, with approaching 1 billion payments in a year. The service to deliver this will need to be secure, available, reliable and prompt. We believe it will also need to provide flexibility to gain public acceptance.

To achieve guaranteed security total reconciliation will be necessary.

The system is also likely to need to cater for mixed automated and manual systems until the full rollout is achieved.

The system will need to merit the confidence of the public, POCL and the BA.

Our technical assessment to date is that peak message rates are likely to exceed 300 messages per second, for the full logical system. ICL has demonstrable capability in high message rate systems, such as the Departmental Central Index of DSS. Emerging technology, such as ICL's massively parallel processors - *MegaServer* - may be appropriate as a central database server. Similarly proven payments software is available to the consortium and will be assessed against the SOR.

ICL has proven capability to deliver service nationally to meet exacting customer requirements, such as CHOTS and British Gas. ICL awaits the SOR to establish any requirement for a national customer Help Desk facility for card holders and other users, possibly using a freephone or local call mechanism.



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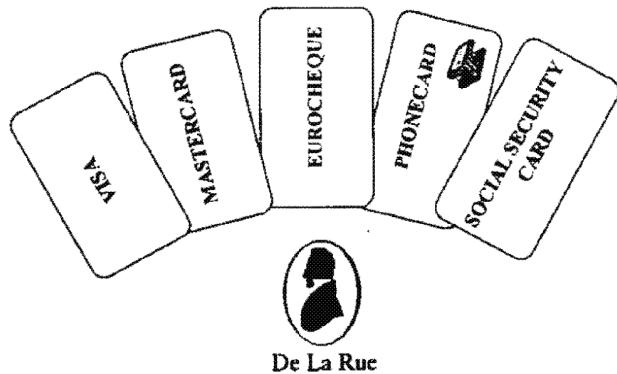


2.3

PROVISION OF MAGNETIC AND SMART CARD CAPABILITY

CONSORTIUM MEMBER: De La Rue

De La Rue is the UK's leading provider of magnetic card and associated technology with more than 60% of the UK market and substantial share in Europe, Africa, and South America. De La Rue is capable of handling the likely requirement for managing and providing the 20 million magnetic cards necessary to automate and secure benefits payments.



De La Rue are the UK's leading manufacturer of magnetic cards and associated products.

Their capability to produce specialist cards can confidently meet the expected requirement.

De La Rue's experience includes:

- * 17 years experience of plastic card manufacturing.
- * Card manufacturing and personalising done in a high security, purpose built facility.



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- * Fully approved for the production of VISA, Mastercard, Eurocheque, APACS and many leading card issuing organisations such as Barclays, National Westminster and Midland Banks, together with the Scottish Banks.
- * Manufacture of large volumes of cards for other sectors such as Telecoms and Petrol Retailing.
- * Personalisation services include embossing, encoding, matching to carrier, enveloping, mailing, inkjet and laser engraving of secure alphanumerics, photographs and signatures.
- * Current capacity is in excess of 60 million cards per annum; this is set to double in 1995.
- * Distribution of the cards is done by a variety of secure methods.

De La Rue also brings capability likely to be of value in future requirements, including:

Smart Cards

De La Rue is closely involved in the development of the International Smart Card Standards and the delivery of:

- * 25 million smart cards to French Banks.
- * 3 million to French and Swiss Telecoms.
- * 2 million to GSM mobile telephone users.
- * 5 million to French & German Social Security & Health programmes.

Smart Card production capability is also in excess of 60 million per annum which is readily expandable as market demand grows.

Smart Card secure premises and processes are fully approved by the major card issuing bodies; all staff are vetted.

Secure batch and individual card distribution is also undertaken.

De La Rue Security Print

De La Rue is the leading security printer in the world. It is entrusted with the printing of currency for over 100 countries, which recognise its unique combination of security, quality and integrity.

De La Rue has the largest security print design operation in the world and works in close cooperation with its R&D organisation and the specialist De La Rue companies, which have expertise in particular areas, such as holograms, magnetic and smart cards, photographic imaging onto documents, and other anti-fraud features.



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Similarly, the distribution process is closely monitored, whether it is the despatch of single documents to an individual's home, or the bulk shipment of high value documents under armed escort.

Despite automation of the benefits system, there may be a requirement for secure documents and stationery which De La Rue is particularly well suited to provide.

De La Rue Identity Systems

De La Rue has supplied Identification Systems to many Government Bodies around the world. State of the art image and biometric recognition and processing technology works in tandem with secure personal identification tokens to provide cost effective and secure systems for the identification and authentication of the individuals.



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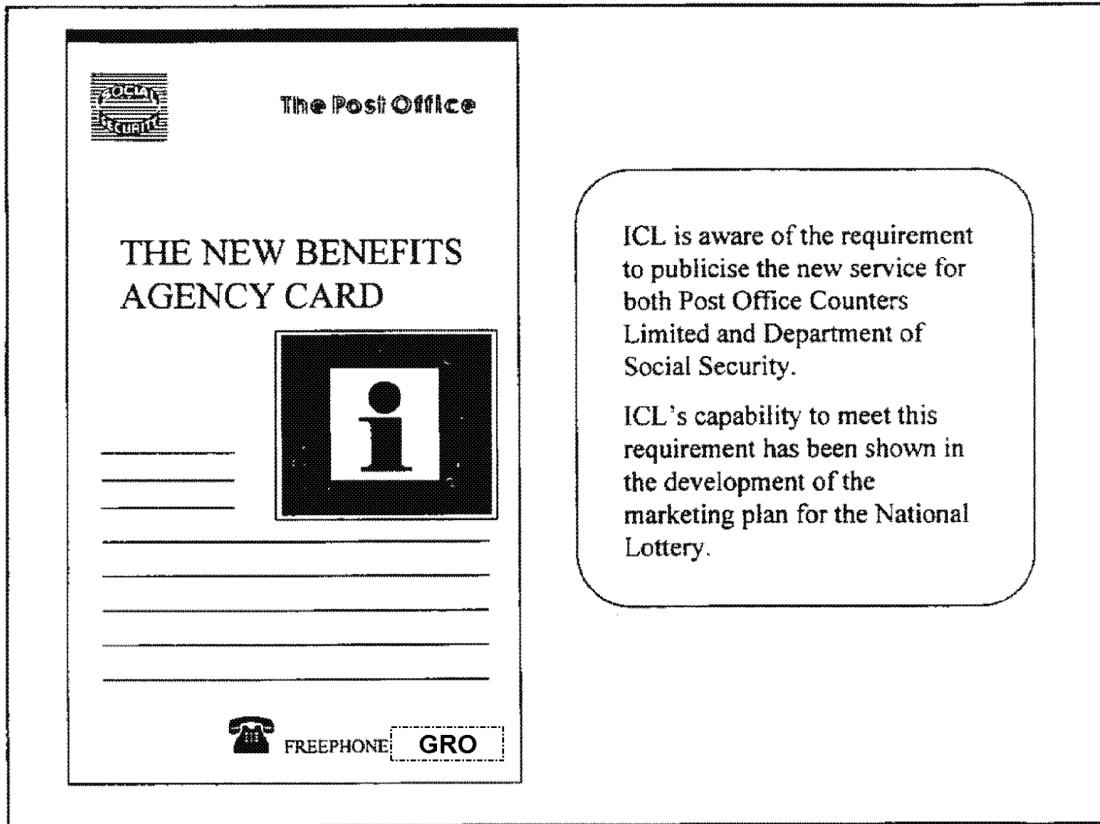
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2.4 MARKETING, PR AND COMMERCIAL EXPLOITATION

CONSORTIUM PARTNER: GIROBANK AND MARKETING CONSULTANTS

ICL recognises the importance of setting up a marketing organisation to educate the public and to maintain their confidence in the new services and subsequently to exploit the services which will then be available from Post Office Counters Ltd for DSS and other clients.



A key requirement associated with introducing new processes for benefit payments will be to ensure that public confidence in the system is maintained and that claimants are educated in how they are affected. To achieve this ICL will accept, as part of the delivery requirement, responsibility for setting up a Marketing Department with this as the prime initial responsibility. During the lead up to implementation of the new processes advertising will take place on television, the radio and in the press explaining the 'why and how'. Leaflets will be prepared and will be available at Post Offices and at DSS offices; a freephone help desk will be set up for the period one month before and three months after the new processes are introduced. This will be similar to the UK National Lottery.



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Once the network and infrastructure have been established the opportunity will exist to market a service to many potentially interested parties who might wish to utilise what has been put in place. These interested parties are likely to have both regional and national requirements and are likely to include other Government departments (eg. issuing of licences), utilities (bill payments), bus and travel organisations and major event booking organisations.

This will involve managing the migration of existing business lines, eg APT, to exploit the new infrastructure.

Careful consideration will need to be given to the timing for starting to market other uses of the infrastructure. The Marketing Department set up to 'launch' the new benefit payments process would expect to evaluate alternative uses of the infrastructure and to lead the marketing associated with introducing potential customers at a time agreed with the POCL and BA.



2.5 ONGOING SUPPORT AND MAINTENANCE SERVICES

CONSORTIUM MEMBER: ICL

ICL is the largest computer services organisation in the UK supporting more than 250,000 systems. ICL is also the third largest supplier and maintainer of retail systems worldwide with more than 250,000 electronic point of sale tills in Europe and the USA. ICL has the infrastructure to deliver, implement and support the very large numbers of small systems involved.

ICL Major Customer Service Offices



ICL has the UK's largest computer services organisation.

This nationwide coverage enables ICL to meet the most demanding of response times.

ICL operates one of the largest computer services organisations in the UK employing over 2,500 skilled staff to provide maintenance, support and professional services to over 6,500 organisations, including both ICL and other vendors' customers. The national deployment of our staff allows us to provide service for over 250,000 systems installed in over 32,000 customer sites.



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Our Call Reception Centre in Wakefield is designed to take over 500,000 calls a year and operates 24 hours a day 365 days per year. Each call on average is answered in under 3 seconds and from our 40 service locations around the country, our 1,500 skilled System Service staff can give you a truly local service 24 hours per day, every day of the year including Sundays, Bank holidays and even Christmas day.

Our huge investment in spares, currently around £45 million, held at both local and national centres, ensures that there will be no delay in bringing your equipment back into service.

ICL is the third largest supplier and maintainer of retail systems worldwide with an installed base of more than a quarter of a million electronic point of sale tills, from Marks and Spencer and J Sainsbury's in the UK to JC Penney and Bloomingdales in the United States. The retail requirements for very high availability are critical at the point of public contact and ICL has extensive experience supporting the major retailers here and in the USA.

We are no stranger to the management of major distributed systems implementation programmes such as:

- * 15,000 devices for DSS STAP project
- * 18,000 devices for MOD CHOTS project
- * 25,000 devices for British Gas
- * 31,500 devices for Camelot (National Lottery)

In all the above examples the equipment has been configured and loaded with relevant software specific to the end user requirement to minimise time spent on site and to ensure minimal disruption to the business operation - especially necessary within a retail environment.

ICL Customer Service was the first major British computer service organisation to be awarded ISO9000 (BS5750) which we have maintained for eight consecutive years.

We devote a considerable amount of energy to the continual measurement and improvement of our service performance to meet the requirements of our customers. Feedback from each service visit is monitored and the results from independent customer satisfaction surveys are taken seriously. In the results of the latest survey, the attitude of our service staff was rated as "near perfect" and, on all aspects of service delivery, ICL was regarded as better than any other IT service provider, including all the major computer suppliers.



2.6 PROJECT MANAGEMENT AND SYSTEMS INTEGRATION SERVICES

CONSORTIUM MEMBER: ICL

ICL will act as Prime Contractor and will manage and coordinate all commercial and contractual aspects of the project. This role will incorporate Project Management, the Project Control Office, Quality management and the Technical Design Authority.

ICL has a long track record of successful delivery to time and budget, on both commercial and government IT systems and complex systems integration projects. This has been achieved by giving full weight to the use of professional project management disciplines and techniques at all stages in a projects life cycle. ICL conducts projects using the ICL Corporate Project Management Methodology - PM3. This methodology is consistent with and similar to CCTA - PRINCE and on a number of projects, ICL interfaces seamlessly with PRINCE managed customer project teams.

Current projects cover an extensive range and scope including:

- * The CHOTS project is providing secure office systems throughout the MoD.
- * HOSIP, is providing the Home Office with systems in ports and airports throughout the UK to effectively process non EEC arrivals
- * For London Underground a system was implemented in 15 weeks to process penalty fares on their introduction. This system is now provided as a managed service.

Within the Retail environment ICL has delivered many projects that have required the installation of business critical systems in strict time frames with significant emphasis on logistics and organisation. For example ICL supply all the PC based till systems in Sainsbury's supermarkets, delivering and installing the equipment for a complete store overnight at weekends.

Many of these successful projects have involved the establishment of partnerships with other organisations to best address the customers needs.

All projects are conducted according to BS5750 principles with a strong emphasis on quality assurance and management control.

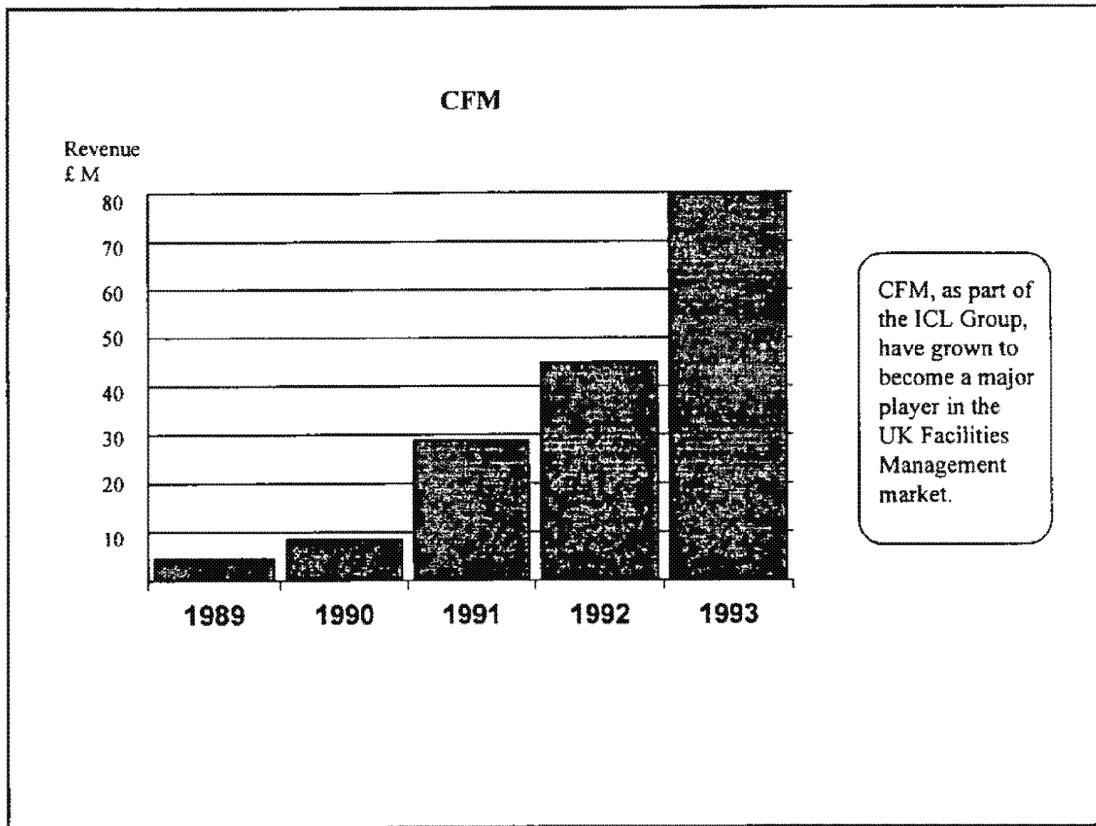
ICL employs over 600 staff directly involved in systems integration for customers.



2.7 IT FACILITIES MANAGEMENT

CONSORTIUM MEMBER: ICL

ICL has developed a £100m p.a. facilities management. Additionally ICL has major total managed service contracts for distributed systems and networks, such as Camelot.



Clients are both UK based and worldwide, with Data Centre, Desktop and Helpdesk services encompassed. As indications of size:

- * ICL mainframe services within the client list support in excess of 22,000 connected terminals, with 49 contracts in both public and private sectors.
- * Management of Service Helpdesks includes operations such as the Inland Revenue Service Management Centre and J.Sainsbury's.



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- * Desktop services for Lloyds of London and most recently for Shell. The latter is a worldwide contract utilising our partnerships with Bell Atlantic, Fujitsu and Sorbus.
- * Total Managed Services such as the UK National Lottery (Camelot), London Underground Penalty Fares and CHOTS.
- * ICL has a substantial outsourcing business with Government, both local and central eg Northern Ireland Civil Service (see Appendix 2).



2.8 PROVISION OF RELEVANT FINANCIAL SERVICES

CONSORTIUM MEMBER: HAMBROS

ICL's teaming with Hambros merchant bank ensures that any proposals are backed by sound financial consideration and business planning. Hambros is one of the largest independent London based merchant banking groups.

For many years ICL has provided flexible and attractively priced financial services to its client base. This has been operated on a partnership basis with major merchant banks and funding is provided by a number of major clearing banks and leasing companies.

Although not strictly part of the PFI programme, the National Lottery requirements are similar in nature, involving the provision of £10s of millions of up-front funding.

Hambros has been involved extensively in the Private Funding Initiative since its inception. To date, many of Hambros' formal mandates have been in the transport sector. Hambros has also been actively involved in widening the application of PFI to other sectors such as Health, Energy, Education and Prisons.

Hambros has relevant experience in:

- * Advising on contractual arrangements
- * Structuring, arranging and providing all of the financial components
- * Risk analysis, identification and evaluation

This experience has been accumulated across projects such as :

- * Channel Tunnel Rail Link (£3billion capital cost project)
- * Rolling Stock Companies ("ROSCOs")
- * London Transport/London Underground
- * West Coast Main Line

Hambros is also retained by governments, major companies and lawyers throughout the world as fraud prevention and security advisers. Hambros has prepared the fraud and loss control specifications for a number of major governmental and commercial projects with great success, usually in environments and systems in which fraud, dishonesty and corruption had been considered unstoppable.



2.9 COMPREHENSIVE TRAINING SERVICES

CONSORTIUM MEMBER: ICL

ICL, as Europe's largest IT training organisation, will develop and deliver the training programmes necessary to cover all aspects of staff and management training at many different locations to a rigorous timescale.



PERITAS
AN ICL COMPANY



Peritas, as part of the ICL Group, are the largest IT training organisation in Europe .

The DSS and businesses within the Post Office already benefit from Peritas' services.

We believe the POCL/BA training programme will need to be delivered at local training facilities throughout the UK and will need to have the logistical and administrative capability to handle the delivery of training to over 40,000 staff at all levels.

Peritas, ICL's training organisation, has proven ability to design, develop, deliver and quality manage training programmes of this size and nature. Furthermore, Peritas has access to the resources of the entire ICL group as well as a large pool of associate trainers to enable such volume requirements to be managed efficiently.



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Peritas has the infrastructure in place to manage and support training carried out not only at our various training centres but also on site at any location in the UK. Peritas also has extensive experience of providing training to support the mass implementation of retail point of sale systems including the design, development and management of successful "train the trainer" programmes. Peritas has its own courseware production unit and this coupled with our in-house multimedia expertise means that we can provide the full range of support documentation and training aids.

Training for the National Lottery

Peritas is to train some 38,000 retail staff to operate on-line lottery terminals which will sell up to 40 million tickets each week. Peritas will achieve this training task before the launch of the UK National Lottery in November 1994.

This is the most logically complex training project ever undertaken in the UK. The training for retailers will be delivered within a five week period at over 150 sites across the UK in four different languages - English, Welsh, Gujarati and Urdu. Each retailer will be trained on a dedicated terminal and supplied with a manual for reference.

MOD CHOTS Training Programme

Peritas is the sole training supplier to the MOD on the CHOTS Secure Office programme.

This project provides classroom training, supported by Computer Based Training (CBT), at various levels to over 18,000 users, all of whom receive training to coincide with the installation of their new systems. CHOTS itself is run on a large network of UNIX platforms, using dumb terminals, the CBT being available at every terminal.

The training is carried out in dedicated classrooms on the customer site with an exact replica of the CHOTS secure desktop environment. The entire programme being undertaken by Peritas, included training, management and support.

Training for the Retail Marketplace

Peritas has played an important role in ICL's success in the retail marketplace, particularly in the area of Point of Sale systems. We have developed and delivered integrated training programmes for large retail organisations, such as Marks and Spencer and Sainsbury's.

The training solutions provided have ranged from the direct training of staff and "train the trainer" programmes to the production of an audio-visual pack which was used to train 25,000 Sainsbury's staff. All the training programmes have been bespoke, delivered on site and involved the integration of scanning techniques, store procedures and customer care training with the systems training. In all cases support documentation has been produced in the form of training work books, user guides and quick reference guides.



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Peritas is currently engaged in a programme of training in the use of a bespoke garage forecourt accounting system for Mobil. This programme is delivered at various locations throughout the UK and involves coaching visits to staff at their own workplace.



2.10 CHANGE MANAGEMENT

CONSORTIUM MEMBER: ICL

The implementation of this programme will bring about a significant culture change in the POCL, BA and their clients. For organisations to change successfully, the process must be carefully planned, clearly communicated, skilfully implemented and continuously steered.

ICL is a large organisation which has undergone some dramatic changes and now has a culture which continuously embraces the changes dictated by the business and markets in which it operates.

The new benefit delivery system and the Post Office counter automation will require at least 40,000 people to be briefed and trained and with ongoing advice and guidance.

Three elements are crucial to the success of such a programme:

- * A top management vision is crucial and must be communicated to and shared by the management team and the organisation as a whole.
- * Human resources management policies must be an active component of the change process
- * Encouraging participation at all levels helps bring about the integration and co-ordination of technology and organisation.

ICL's drive for change was initially dictated in 1981 by the need for dramatic business improvement. More recently change has been a necessary imperative to be innovative, competitive and profitable. ICL has also used its experience and developed capabilities to directly manage and steer change for customers as a chargeable service at such places as the Defence Research Agency, HMSO and DEVETIR. Further information about Change Management is provided in Appendix 4.



2.11 DESIGN AND PROVISION OF NETWORK SERVICES

CONSORTIUM MEMBER: ICL

ICL has successfully managed national networks for Central Government and has the largest global private network managed from the UK.

A decision on network supply/management is not possible until a wider view of the requirement is understood. Nonetheless, ICL has demonstrated a capability to design, implement and manage local and wide area networks - including secure networks.

ICL has a total of over 200 specialist network consultants working within the UK. Our clients, specifically for network design, installation and management, include DPSN and CHOTS secure MOD networks, CAA, BBC and DSS.

An example of ICL's capability to manage networks is in the management of its own Worldwide Integrated Network Service (WINS).

The ICL network now serves 220 complex locations in 70 countries worldwide. These locations include the major cities in the UK, most European countries (including Eastern Europe), the USA, the Caribbean, South Africa, Japan and, via the Middle and Far East, connections extend to Australia.

As an example of the number of suppliers that WINS manages, the video link between the UK and America involves 19 different suppliers and sub-suppliers including BT, MCL and Sprint in the USA.

WINS has managed a reduction in running costs from £14 million to £8 million per annum. This saving has been achieved whilst in the same period the number of user electronic mailboxes has increased from 13,000 to 30,000. Full details on WINS are shown in Appendix 2.



2.12 SYSTEMS ARCHITECTURE AND DESIGN

CONSORTIUM MEMBER: ICL

ICL believes it is essential that any solution here must be within an overall validated architecture with a single overall authority. ICL has assisted in the development of architectures and frameworks. All ICL developments are required to adhere to OPENframework principles which are vendor independent and openly published.

The likely size and complexity of this project has many challenges for the services and systems supplier to address. These will become evident at different phases of project implementation. In order to succeed the supplier needs to be able to show that technical and operational issues are managed and the system is designed such that potential problems are foreseen and avoided.

Examples of the types of issues which have to be addressed include:

- * Designing the counter devices to accommodate multiple and new interfaces as technology changes.
- * The need to accommodate keyboards, displays, magnetic stripe readers, bar code scanners and number pads. Future developments would include smart card readers/programmers, signature recognition systems and other biometric techniques.
- * Ensuring the interfaces are consistent independent of office configuration; the software architecture must ensure that there is little difference between the configuration and support of large municipal offices with many windows and those in the small single counter post office.
- * Proving that the networking and central application design will scale to the capacity required by POCL and beyond. End-to-end application testing may only prove functionality; true system performance and scalability needs to be designed and stressed as early as possible.

ICL, as a major IT supplier, has many customers where it has assisted in the development and proving of complex end to end architectures. ICL has also assisted major customers in strategic planning and migration of their architectures and associated IT frameworks. For example Inland Revenue and Departments of Social Security.



2.13 HARDWARE DESIGN AND MANUFACTURE

CONSORTIUM MEMBER: ICL

ICL's D2D design and manufacturing company can provide volume products including bespoke designs and features in short timescales to the highest standards.

ICL is able to specify, design, deliver, install and configure the hardware required to provide the IT infrastructure to support the estimated 40,000 counter positions in Post Offices throughout the U.K.

ICL believes that the majority of the required systems within the Post Offices can be based on standard PC components. ICL's Manufacturing and Supply Division (D2D) is ideally suited to build the systems and, if necessary, incorporate bespoke elements specific to the Post Office needs.

D2D believes that quality is the cornerstone of its business. It has been awarded: ISO9001 Design Certification (1994) - this includes ISO9002 Manufacturing Certification; European Quality Prize (1993); SUN Microsystems - Outstanding Performance Award (1993); Michelin - National Quality Circle Award (1992); plus others in earlier years.

D2D's customers include: SUN Microsystems, Thorn EMI, Virgin Euromagnetics, Camelot, ICL channels, MEIKO. The Virgin Euromagnetics PC was also designed by D2D's design team.

D2D produces approximately 13,000 different configurations of its products utilising flexible systems to handle all the specified PC software and hardware variants.

D2D's contract for the National Lottery involves the complete manufacture of 1,000 terminals per week. The current estimated capacity is 150,000 - 300,000 terminals per annum. D2D's Bare Board manufacture and Printed Circuit Assembly share the same facility; state-of-the-art Panasonic lines are used.

D2D has an established infrastructure for worldwide product distribution direct to the customer.

D2D provides the Environmental PC to DSS where continuity and uniformity of products are essential. D2D has provided more than 15,000 such PCs.



2.14 PILOT SYSTEM DELIVERY AND MANAGEMENT

CONSORTIUM MEMBER: ICL

Where pilots are required and budget and timescales allow, ICL has a proven record of establishing and running large, complex and secure pilot trials.

Pilot systems have been used extensively by both ICL and its customers. The drivers towards this approach seem to be an opportunity for an unknown supplier to demonstrate capability, to share the risk of a major development, or to eliminate potential suppliers in a competition. Customers embarking on pilots are rarely seen to agree that a main driver is for the user group to get the requirement right. Pilots have been known to fail in their objectives because they have not been approached by the supplier or customer as a joint event with both parties as partners. The customer, reluctant to be flexible in his approach; the supplier concerned about escalating costs, trying to reduce his risk.

The way forward is for an open partnership, based on mutual respect of each others pressures, costs and risks and agreed objectives. This is the ICL way - based on trust.

The MOD Corporate Headquarters Office Technology System (CHOTS) procured after a long selection process including a two year competitive pilot period, is a good example of how ICL approaches the issues involved. 160 companies who originally bid for the contract were reduced to two competing consortia. Details of CHOTS are included in Appendix 2.



The Post Office

Statements of Capability



2.15 TECHNICAL SUPPORT AND SERVICE HELP DESK

CONSORTIUM MEMBER: ICL

ICL have considerable experience at providing Help Desk services specifically tailored to the requirements of major customer applications. ICL has the capability to set up a dedicated and flexible service which can be extended to cover all aspects of the system as required.

POCL are envisaging the implementation of new IT support systems throughout their network of 22,000 Post Offices. These new systems will be supporting all the day to day activities of Post Office Counters. A professional and responsive Help Desk will be required to ensure that all reported queries and systems related issues are dealt with promptly to minimise disruption to normal work. The Help Desk should serve as the single point of contact for all Post Office user queries and set up routes through to appropriate support authorities for different elements of the system.

ICL currently operates a large number of Help Desks, both in house and on behalf of major customers.

The ICL flagship in the development of Help Desks is its own Service Management Centre (SMC) which delivers a comprehensive service to ICL's customer base. Customer problems are assigned to Problem Managers who are able to initiate remote diagnostic processes themselves via appropriate secure routes and can as necessary call on skills and facilities from elsewhere within ICL or externally.

Features of the Help Desk service can include:

- * Logging of all calls
- * Progress monitoring through to resolution
- * Establishment of appropriate links to relevant system authorities
- * Automatic call logging if 24 hour cover is required
- * Production of User News sheets, updates etc.
- * The use of "hot stand-by" servers, PC's and preformatted Novell server discs.

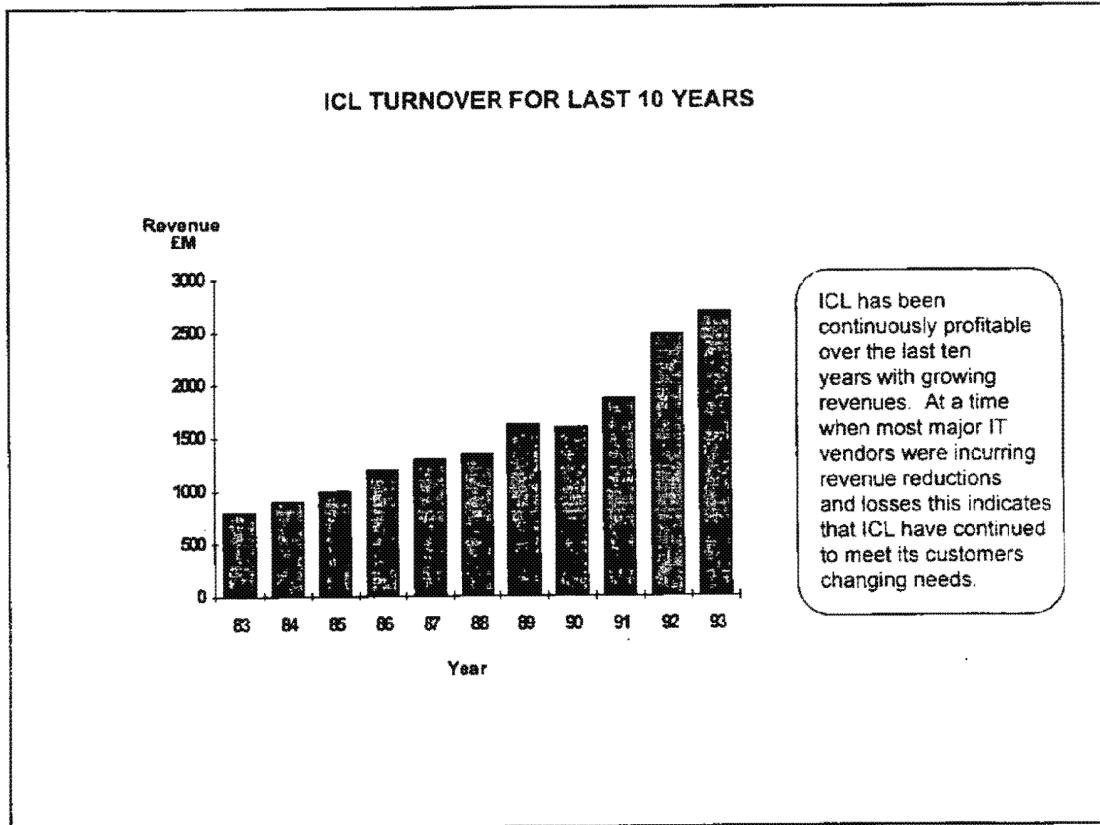
ICL now offers Help Desk facilities as a managed service to a wide customer base. Organisations currently benefiting from ICL's capability in this area include the Inland Revenue, British Telecom, MOBIL and various parts of the Ministry of Defence and the DTI.



SECTION THREE QUALIFICATIONS

3.1 Annual Reports and Audited Accounts

Copies of the last three annual reports and audited accounts showing profits over that period for ICL are in Appendix 1.





ICL's turnover, profit and R&D spend for each of the last three years:

	1991 £m	1992 £m	1993 £m
Turnover	1875.7	2447.8	2614.6
R&D Spend	222.8	242.9	208.9
Operating Profit	78.9	59.0	34.9

3.2 Relevant Experience

ICL's considerable experience is detailed within section 2 of this report (Statements of Capability). This information is supported by the case studies provided in Appendix 2.

3.3 Quality

ICL has company-wide BS5750 registration within the UK and ISO9000 registration for all its businesses within Europe and Worldwide. ICL was the first computing organisation to achieve this level of registration.

ICL is a member of the European Foundation for Quality Management (EFQM), and is now used by other companies as a 'benchmark' for Total Quality Management (TQM) in Europe. ICL is also a founder member of the British Quality Foundation, established in 1993. Peter Bonfield is Vice-President and Deputy Chairman.

Our goal is to exceed our customers' expectations and to delight them with personal services; we call it Customer Care. Conformance to requirements, the usual definition of quality, is no longer enough. If customer care is one critical success factor, the other is continuous improvement, involving everyone in making small improvements in products, services and processes, and in the way they work and care for customers.



The Post Office Qualifications



ICL's commitment to Quality has been endorsed by being awarded numerous Quality Awards. This indicates that:

ICL is committed to doing everything we do right, first time, on time, every time

ICL's commitment to Total Quality Management has been independently recognised by a variety of bodies and awards including:

- * Queen's Awards for Technology 1993
- * ICL Manufacturing Division wins EFQM Prize in 1993
- * ICL's Investing in People process used as role model for DTI sponsored Investors in People scheme
- * ICL Customer Services short-listed for EFQM Quality Award in 1992
- * British Quality Award 1990
- * Management Today Best Factory Award 1989
- * National Training Awards 1989

A list of ICL's Certification numbers for BS5750 are shown in Appendix 3.

Further information of Quality in ICL can be found in Appendix 5.



3.4 **Criminal Convictions**

ICL can confirm that there are no cases of criminal convictions or grave misconduct in relation to our business.

3.5 **Social Security Contributions and Taxes**

ICL can confirm that it has not failed to pay social security contributions or taxes.