



Major Account Review

Account Name:	Post Office		
Account Manager:	Stephen Long / Mike Deaton		
Date of this review:	12 th July 2011	Date of last review:	23 rd July 2010
Attendees:	Steve Clayton; Amanda Craib; James Davidson ; Stephen Long; Andrew Mears; Gareth Pugh; Duncan Tait; Ron Tuttle		
Copies:	Business Assurance; PSD Bid Reviews; Hazel Buckingham; Mike Deaton; Robert Devlen; Peter Jeram; Vince Kerr; Mark Phillips; David Roberts; LaToya Smith; Andy Startin		
Action No:	Action:	Actionee:	Due Date:
Info	Using the TCO business case as a means of persuasion in the POL account is not particularly effective because each budget is separate and spread across the organisation.		
Info	Deloitte is doing the POL/RMG separation.		
1.	<p>Make sure Angeles Delgado (MD Spain) is aware of the proposed Correos visit to POL.</p> <p><i>POL has agreed in principle to host the visit. Due to take place before the Spanish holidays of August.</i></p> <p><i>Closed. Angeles is aware of the proposed visit to POL. She is also hoping to accompany the customer for the visit to the UK.</i></p>	SL	Before visit Closed
Info	DT is meeting Paula Vennells and Mike Young on 18 th August – the agenda is the Ernst & Young audit. It was a key challenge for E&Y to audit a shared service generally. We were really proactive in helping them through this.		
Info	The account team is concerned that Accenture will move into POL (they are already in RMG).		
Info	Working on TOR with Logica to ensure we are seen as a Value Add service-provider.		
Info	Lesley thinks that Shadow will be procured in Q1 of FY 12/13. They don't have the money this year to initiate some of the early projects they would need beforehand.		
Info	Security issues with use of IntelliQ (finds fraudulent behaviour). POL account team connected to HMRC Fraud & Error team.		
Info	TCV last year was £10.1m, not £14.1m as stated in slide 16.		
Info	Pin Pads contract will be fixed price.		
Info	£650k gap to achieve the £13m GM for this FY. This will be filled in part by cost-savings, upsell, release of capacity in network and reduced heads.		
2.	Explain why the cost increase in the MTP but the revenue remains static.	SL	ASAP



Major Account Review

3.	Develop a plan to 22% without revenue decline. This is to be a pre - Shadow plan.	SL	ASAP
4.	Develop a bridge from last year to this year so that we can ensure that we are comparing like for like. This could result in an increased profit target.	SL	ASAP
Info	25% of our current Revenue is in the 4 th line support that we currently provide for legacy applications. About 10 of the 14 Apps we support could be said to fall into this area.		
Info	Steve Boyle is focused right now on mitigating the risk of Mike Young presenting a different view of Legacy Apps than ours to his management.		
5.	Develop financial scenarios (TCV/Rev/Profit/commercial risk) that could play out moving forward so that executive decisions over ongoing investment can be made. This must be done as a priority so that actions that may be necessary to avoid misalignment between FJ and POL can be considered BEFORE Mike Young presents at the POL Executive Board on 19th Jul 11. Present to DT on 14 th July. Teams briefed	SL	14/07/11
6.	Investigate any impact that IAS 11 may have reference the above scenarios. Initial dialogue	SL	ASAP
7.	Ensure that Danny re-qualifies the HP BB deal.	SL	ASAP
7.	Ensure that HP&BB team are engaged with Capita post the acquisition of Ventura. Bid team aware	SL	ASAP
8.	Ensure that TCV is NOT factored on SF DC, i.e. if its value is £80m, it should say £80m in SFDC.	MD	ASAP
9.	Mike Young mentioned to Duncan Tait at a recent hos pitality event that he was 'not sure where Post Office is going' reference the HP&BB. May be small talk but needs qualifying by bid team.	SL	ASAP
10.	Set up meeting if possible between Brian Deveney at 10:30 tomorrow morning.	SL	Now
11.	Duncan Tait requires a deal update on HP&BB. This could best be done by providing visibility of the pre -Divisional BAR work that will be conducted prior to the Divisional BAR (not yet scheduled). Bring this to DT at next week's Regional Opportunity Update.	SL	22/07/11
Info	DT is prepared to retreat from Shadow Proposition if there is no sign of a deal this year.		
Action No:	<i>Actions from previous review 23rd July 2011:</i>	Actionee:	Due Date:
Info	A new CTO (AA) and Sales Director (CM) have now joined the Account Team.		
Info	<u>Project Updates:</u> Approximately 50% of the HNG-X counters have now been rolled out. The POLSAP and AEI projects are being delivered to time and budget and we have received positive feedback from POL.		
Info	Current press coverage regarding claims being brought to POL from Sub Postmaster's is Horizon related, not HNG-X.		
Info	The team is on track to achieve its full year numbers but this is dependent on closing 2 new business opportunities and settling POLs compensation claim within the budgeted allowance.		



Major Account Review

Info	The “journey financials” (Slide 7) include the previous Account Director’s aspirations that did not materialise. These figures will be re-worked based on the current strategy.		
Info	A BAR for the Branch Engineering Consolidation opportunity is expected in the next 4-6 weeks. The cost model and due diligence will likely be completed in the next 3-4 weeks.		
Info	POL has proposed a claim of £5.8m (down from £8m), which we believe is unreasonably high. Negotiation of this is dependent on the BEC due diligence and costing being completed. Also, POL has not produced evidence of reasonable mitigation and has asked us for help on another of their programmes that is over-running.		
Info	The team are working on consolidating the servers in the NI data centre, which is likely to take another 6-8 months to complete.		
Info	It is likely that POL may want something non-proprietary in terms of IPR for their longer term technology solution, which contrasts with their existing solution that is very tailored and complex. This complexity is driven by the demands of POL’s customers (i.e. DVLA, DWP), which is reducing as people are doing more online (i.e. TV Licensing).		
Info	The team has been speaking with POL about their technology strategy and are working on a “shadow proposition” that would involve exclusive re-negotiations with them ahead of this contract expiring in 2015.		
Info	PA Consulting is advising POL regarding the 20-25% headcount reduction they want to achieve. We are looking into helping via potentially taking on the heads on selling them back to POL.		
1.	Speak with Liam Foley <small>[RELEVANT]</small> (Account Director) regarding the challenges IBM have had in delivering POS systems to <small>[RELEVANT]</small> Complete	AA	As required Closed
2.	Speak with Jim Stockley (RPG) to better understand the POS products that Fujitsu delivers globally. Complete	AA	As required Closed
<i>Update on actions from review held on 23rd February 2009</i>			
1.	Accenture have approached us to discuss a partnership between Accenture and FS for the Managed Service and Hosting opportunity. The team were advised to contact Rosemary O’Mahoney to discuss this partnership further. Please advise RG on the individuals we will be meeting with in Accenture. <i>In progress. AH has been in discussions with Simon Mitchell, who is leading Accenture’s SAP campaign into Royal Mail. We are still awaiting confirmation from RMG that we will be a suitable partner with Accenture.</i> <i>Superseded. Action no longer relevant.</i>	AH	ASAP Closed
2.	Ensure RMG relationship plan is in place with actions on how we are going to improve our relationships and when this will happen. <i>In Progress. RMG Relationship plan has been put on hold until we have an agreed position with POL on HNGX both in terms of delivery and commercial terms. Expect to re engage with RMG CIO in early summer (July).</i> <i>Superseded. New account team in place and relationships are being built.</i>	AH	ASAP Closed
Info	The System Management Centre is now live in the GDC India. This has been a great success with no impact to the customer’s service. The team offered to help other accounts in their offshoring activity if required.		



Major Account Review

3.	<p>Consider the impact of the company re-organisation on our offshoring activity and ensure that it stays on track.</p> <p><i>In progress. WW remains in contact with Paul Tasker and his team and is continuing to progress off shore activity.</i></p> <p><i>Completed. Offshore action was completed and to target. No further offshore is planned.</i></p>	AH/WW	As appropriate Closed															
Info	HNGX programme delivery is forecast to complete by November 2009. More formal governance has been put in place around the financials and programme to ensure this does not slip further in the Christmas peak period.																	
4.	<p>MK to review SAP project plan.</p> <p>MS requested that he would like to review the weekly deliverables of this project so he assess if it is on track.</p> <p><i>In Progress. Landscape is changing - currently in the middle of a re-planning process with POL seniors, this will occupy the next 3-4 weeks. In parallel, Commercials are being sorted (CT extension) to reflect this.</i></p> <p><i>We had a Business Assurance catch-up w/c 1st June 2009 (Alan Wardrop/Dave Wyres) and Scott Turton also gave Mike Wood a brief summary of where we are. We need to get through the next 3-4 weeks then present the new landscape to all key stakeholders and put in place appropriate processes for ongoing updates.</i></p> <p><i>Completed. SAP project has been delivered and is live.</i></p>	MK GM	ASAP Closed															
5.	<p>CCN for HNGX needs to be re-written to reflect November 2009 completion date.</p> <p><i>In progress. This has been superseded by a further slip. There will be a CCN but for the combined slips. Initial draft mid-June. Superseded. A new baseline has been negotiated and signed by both parties.</i></p>	GW	ASAP Closed															
6.	<p>LY/AH to have off-line conversation re data centre optimisation.</p> <p><i>Completed. LY provided contact details for both HMRC data centre optimisation and GSIP project Triumph.</i></p>	LY/AH	ASAP Closed															
<i>Update on actions from review held on 7th February 2008</i>																		
Info	Purpose of the review was to provide an update on the HNG-x Programme as well as an account plan update.																	
Info	<p>HNG-x Programme Review - financials:</p> <table> <thead> <tr> <th></th> <th>CAR</th> <th>Proposed Fcast to complete (74k days)</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>£51.2m</td> <td>£59.1m</td> </tr> <tr> <td>Costs</td> <td>£40.2m</td> <td>£53.8m</td> </tr> <tr> <td>Margin</td> <td>£11.0m</td> <td>£ 5.3m</td> </tr> <tr> <td>GM%</td> <td>21.5%</td> <td>9.0%</td> </tr> </tbody> </table>		CAR	Proposed Fcast to complete (74k days)	Revenue	£51.2m	£59.1m	Costs	£40.2m	£53.8m	Margin	£11.0m	£ 5.3m	GM%	21.5%	9.0%		
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Info	Number of man days have increased from original estimate of 43,000 upto 83,000. We are 20 months late on the original contracted date. However, we are on track with what the client expects ie we are still meeting the POL business case.																	
1.	<p>Check the contract terms around acceptance. Aim to lock down acceptance asap before Ric's departure.</p> <p><i>Completed. Due to the slip to 105k man day this was not achieved.</i></p>	IT	NOW Closed															
Info	Paul Holloway is working closely with Paul Tasker and team re off-shoring. POL numbers have been included in the overall BOT numbers.																	



Major Account Review

Info	<p>RMG – FY08/09 financials:</p> <table> <thead> <tr> <th></th><th>Budget</th><th>Forecast</th></tr> </thead> <tbody> <tr> <td>Revenue</td><td>£120.3m</td><td>£78.0m</td></tr> <tr> <td>Margin</td><td>£23.8m</td><td>£19.7m</td></tr> <tr> <td>OP Profit</td><td>£19.4m</td><td>£16.2m</td></tr> <tr> <td>TCV</td><td>£30m</td><td>£20m</td></tr> </tbody> </table> <p>Next year already looks challenging. The team looking to drive new business to achieve the rev and gm numbers. They are looking at driving cost reductions to achieve the profit target.</p>		Budget	Forecast	Revenue	£120.3m	£78.0m	Margin	£23.8m	£19.7m	OP Profit	£19.4m	£16.2m	TCV	£30m	£20m		
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<i>Update on actions from review held on 31/1/07</i>																		
1.	<p>Project Sphere – has 'gone away' for now. From a customer perspective, there was no real sponsorship outside of finance. There is another session due in February between Steven Pownall, Liam Foley and FD within PO. Keep it on the radar as a potential opportunity.</p> <p><i>Completed. Sphere has been closed down - risk of tax avoidance and not supported by key sponsor in POL</i></p>	DB	As appropriate <i>Closed</i>															
2.	<p>HNG-x development – costs are on track. Current forecast is 01/04/08 into pilot. The level 2 plan indicated release authorization in January (for pre-pilot). However, the detailed level 3 plan says March. Re-iterating the level 3 plan to bring it back to January. No slips to intermediate milestones anticipated either.</p> <p><i>Superseded.</i></p>	MW	As Appropriate <i>Closed</i>															
Info	We need the HNG-x contract to be signed in order that we can recognize it in the order book. PO have committed to deliver the letter to us by 28 th February 2007. In the meantime, no work is at risk; it is all recoverable.																	
Info	The plan to go off-shore with Zensar has not worked. We are now utilizing off-shore resources (10 heads) from India (Zensar) but they are working in the UK.																	
3.	<p>Digital Media Network (DMN) - we have had delivery delays by BT Openreach and Samsung. Renegotiated the contract in terms of timescales and penalties. Look at extracting money from both BT and Samsung.</p> <p><i>Completed - Meetings took place with both BT and Samsung. Samsung refused to accept any 'blame' and FS had no contractual comeback. BT equally delivered poorly but there was no contractual claim.</i></p>	DB	As appropriate <i>Closed</i>															
4.	<p>Arrange for DC to visit Adam Crozier.</p> <p><i>Completed. We are pursuing RMG via newly appointed CIO. Clive Bailey met in late Jan. We will arrange appointment at more senior levels when appropriate. Richard Christou met MD of POL, Alan Cook on the 6th February.</i></p>	DB	ASAP <i>Closed</i>															
5.	David Burden (CIO) has recently been in Redmond. Need to take advantage (more quickly) and use the relationship with Microsoft.	DB	As Appropriate <i>Closed</i>															
6.	<p>There is an opportunity to scale down the dedicated resource on the account from 95 to 78 once HNG-x has been rolled out. The 78 heads will also cover DMN.</p> <p><i>Completed. HNGX update will be a part of the review next week. HNGX not due to be delivered until November 2009 .However we have 85 heads on the account.</i></p>	DB	As Appropriate <i>Closed</i>															



Major Account Review

7.	Look at taking service management to Northern Ireland. On the plan for Q2 but when will it be done ? Time required for cut over and parallel running which is required to build up the confidence. <i>Completed. This has been overtaken by offshore activity and will be discussed at the next review.</i>	DB	As Appropriate <i>Closed</i>
8.	Discuss the Prism contract (primed by CSC) with Anne Stokes. <i>Completed.</i>	DB	ASAP <i>Closed</i>
	<i>Update on actions from review held 7th March 2006</i>		
<i>Info</i>	<i>All actions closed from this review</i>		
	<i>Update on actions from 2nd December 2004</i>		
<i>Info</i>	<i>Actions completed or superseded by this review.</i>		

Please direct any queries or updates to Business.Assurance GRO