

Business Case

Enhanced User Management

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Executive Summary

Context

This is the baseline Business Case for Enhanced User Management (EUM) Project, following the Outline Business Case approved by TDG on 14/12/2016 and ESG on 21/12/2016 and POL Board on 31/01/2017.

- The Business Case remains as per previous request for [IRRELEVANT]
- Previous drawn down of [IRRELEVANT], current spend as of 23/02/2017 is [IRRELEVANT].
- The current drawdown funding request of [IRRELEVANT] reflects the latest delivery plan.
- The Business Benefits remain unchanged.

Background

Post Office has an opportunity through the Enhanced User Management (EUM) project to introduce a robust, scalable and flexible Identity Management capability with corresponding changes to the Horizon system and integration to SuccessFactors that means we will have enhanced capability to track branch user activities ensuring that all users have been vetted and have had the correct product, compliance and regulatory training to competently and legitimately serve our customers.

The proposed changes align firmly with our strategic priorities of being Simpler to Run; Better for Customers and a Great Place to Work whilst strengthening our legal and regulatory position and putting us on a firmer footing from which to realise our strategic ambitions.

EUM is critical to Post Office and POMS being able to continue to trade financial services products (including bill payment and banking services) in agency branches. Not introducing Enhanced User Management will result in lost profit contribution of c. [IRRELEVANT] pa in respect of financial services products. The same risk applies to other products in particular a number of government and other contracts have the same requirement on Post Office to identify who is transacting their products. Ultimately this brings into question our long term ability to trade at all without EUM.

Following the full impact of assessment by Fujitsu they escalated concerns around the design. This resulted in a de-scoped solution for pilot and initial roll out, in terms of how passwords are created initially and reset, with a further phase for delivery in Q4 17/18 to deliver the full solution. This approach was endorsed by EUM SteerCo on 9/2/2017.

The total estimated cost for the delivery and implementation of the full solution release is c. [IRRELEVANT].

- Ready for pilot by the end of June 2017, subject to dependencies with SuccessFactors being met).
- Ready for initial roll out by the end of July 2017, including Success Factors integration.
- Ready for full solution implementation Q4 17/18.

This figure includes a provisional figure of c. [IRRELEVANT] to support implementation and post-implementation activities.

The costs for the full solution in Q4 17/18 was currently provisional, pending further impact assessment with suppliers.

Questions addressed in this report

1. What do we propose to do and why?
2. What is the performance against the Business hurdle rates?
3. What do we need to do next to progress?

Conclusion

1. The EUM changes detailed in this paper will improve our existing commercial, regulatory, legal and reputational position and importantly underpin our future trading position by:
 - a. ensuring we continue to be able to trade financial services products and not lose significant profit contribution ie c. [IRRELEVANT] pa.
 - b. strengthening our compliance and training tracking capability, increasing confidence in our regulatory obligations with HMRC and the FCA;
 - c. reinforcing our contractual obligations with Government and Bank of Ireland through rigorous evidence of audit and security protocols.
2. NPV = -([IRRELEVANT]) over 5 years, Payback= N/A years, EBITDAS= -([IRRELEVANT]) pa
3. Funding of [IRRELEVANT] was approved by POL Board on 31/01/2017.

Input Sought

The decision we would like from the TDG/ESG:

- Endorsement the Baseline Business Case.
- Approval of the next phase of drawdown funding request to end of July 2017

of [IRRELEVANT]

The Report

What is the need or opportunity and why now?

1. Enhanced user management will underpin our existing and future regulatory, legal and reputational position. Not being able to link transactions back to an individual is a basic requirement and a key compliance risk for us currently. Enhanced User Management is the key enabler to getting within an acceptable risk appetite for financial services products so that we can track training (via Success Factors) and sales back to individual Agency employees when we have conduct concerns. This is critical to ensuring we are able to adequately address our key compliance risks in respect of our financial services products. The consequence of not doing so would be a loss of annual profit contribution – c. [IRRELEVANT] from 17/18 onwards.
2. We will be in a unique position of having a rigorous system enabled approach to tracking Horizon users across the post office estate, increasing our ability to mitigate fraud and investigate potential criminal activity with robust evidence that enhanced user management provides; being able to limit access to Horizon for those that have successfully been vetted and trained to a competent standard and switch on and off that access centrally if a user is not competent or compliant.
3. This also gives postmasters flexibility to restrict the number of full users in branch (part-time/retail assistants can be trained on the more frequent less complex products with the postmaster/manager being on hand to transact the full range) giving them staffing flexibility. This specifically addresses the feedback from retailers that our training requirements are too onerous and not aligned to a retail environment.

What do we propose to do and why?

The proposal

4. The following changes will be made:
 - i. **Enhanced user management** will significantly improve controls by linking vetting processes, compliance training and the provision of single unique global user ID which will enable POL to ensure that only fully vetted, trained and authorised individuals are serving our customers. Post Office will have the capability to switch off access to the Horizon system for any user that fails to pass compliance and regulatory training. Access can be restricted to individual products or indeed across all products.

The business case

5. The proposals set out in this business case will not deliver any full year direct benefits. However it will prevent the loss of c. [IRRELEVANT] profit contribution in 17/18 and similar levels thereafter.
6. The breakdown of the cost and benefit of the changes is set out in the appendix.

Release 1 Change	Key change	Cost of Change £k	Benefits of Change	
			Financial £k	Non-financial
Enhanced User Management	<ul style="list-style-type: none"> • All users of the Horizon system with a single, unique user ID. • Confidence at a business level that we know who is working in our branches • The ability for POL to isolate user access to Horizon should they fail to pass or complete the necessary training 	[IRRELEVANT]	Prevention of loss of c. [IRRELEVANT] pa profit contribution	<ul style="list-style-type: none"> • Clearly understanding who has completed a transaction will provide more rigour of evidence for non-compliance and (where appropriate) criminal investigations • Perpetrators of fraud will be more readily identified • Linking user management to LMS will give POL an individual training record for each user • Enforcement of necessary vetting and training before allowing users to transact
Total	Total Design to Closure Funding	[IRRELEVANT]		

Risks & mitigations

9. The highest scoring risks are noted below. Full RAID is attached to Project Charter

Risk Title	Risk Description	Mitigation	Prob	Imp	Risk Score (RAG)
Loss of profit contribution	Not being able to link transactions back to an individual is a basic requirement and a key compliance risk for Post Office currently. Without this Post Office will need to stop selling financial services products in the agency network with a loss of c. [IRRELEVANT] pa profit contribution in 16/17 and similar levels thereafter	Enhanced User Management is the key enabler to getting within an acceptable risk appetite for financial services products. This is critical to ensuring we are able to adequately address our key compliance risks in respect of our financial services products.	5	5	25

Success Factors Delivery potential delays	Success Factors Delivery potential delays. SF is a complex programme and issues such as data migration could delay delivery	15/02: Progress tracked in EUM SteerCo. Alternative data feeds requested as part of the EUM Fujitsu re-plan activity (SF forecasting a 2 week delay and have an action from EUM SteerCo to determine if decoupling payroll activity returns to original planned date	4	3	12
Suppliers are unable to support the planned delivery timescales	There is a risk that the suppliers are unable to support the planned delivery timescales due to resource constraints and/or available bandwidth within their already committed deliveries.	15/02: Day to day tracking remains in place 08/02: Fujitsu has been put into intensive care measures. Sprints are up and running and current resource needs are being met but we will continue to review this at each sprint planning/retrospective cycle Joint working underway between Accenture and Fujitsu to manage delivery of the Solution Design Documents (29th July)- Complete (22/08) Regular weekly updates scheduled for feedback on SDD progress to EUM Programme. Complete (22/08). Need to sign off the High level plan that has been agreed by the end of Oct. Planning session to be held for EUM before 15/10 to determine target delivery date.	4	4	16
Impact of delay to key business decisions	Impact of delay to key business decisions. Key business decisions such as use of email addresses per user and BYOD, if not agreed could increase scope of EUM and ultimately lead to delays in implementation	Requested solution architect to draft options to address access in branch for multiples, etc.	4	4	16

What do we need to do next to progress?

What is required to progress the preferred option?

10. Design (low level) – finalise SuccessFactors integration (as per Programme/Project Charter)

- Finalise Fujitsu Horizon development and complete Release Authorisation for Accenture CPD/ForgeRock build.
- Deliver a detailed system design, testing strategy, refreshed training needs analysis, communication strategy and development of approaches to smooth and enable delivery

11. Design (low level) and build the proposed solution

- Continue to engage heavily with the business to develop business process, consider and plan for potential exceptions and failure
- Conduct a full regime of testing

12. Key Dates:

- Checkpoint: TDG Give Permission to Move into next phase (Release Assurance for Pilot and to start development of SuccessFactors integration) in March 2017
- Drawdown for pilot request May/June 2017.
- Release 3 full solution drawn down request in July 2017.

What resources are required? Will any further approvals be required?

13. All resources required are included in the support business case model. This request will enable the project to conclude build, test, pilot and commence rollout planning. Further drawn down will be requested for Release 3 – Full Fujitsu solution.

What would the impact be of delaying or rejecting the decision to progress?

14. Delay or rejection would result in:

- a. The loss of significant (c. IRRELEVANTpa) profit contribution as selling financial services products in the agency network would have to stop.
- b. Potential financial penalties (c.£500k) from HMRC due to lack of robust training and vetting processes as without enhanced user access we are unable to know who is actually working in post offices; where they are working and when.
- c. Continued Fraud exposure as without Enhanced User Management we are unable to identify quickly and accurately or control who has access to Horizon in branch
- d. Continued increase in agent losses
- e. Stand-down of the existing delivery team

Appendix

1. Financial Summary

IRRELEVANT

IRRELEVANT