

PROD4-14

RESTRICTED CONTRACTS

*Bringing Technology to Post Offices and Benefit Payments*

**ITT HURDLE CLEARANCE CERTIFICATE**

**Service Provider:** Pathway

**Hurdle:** (a) Service Requirements

**Cleared:** Yes / ~~No~~ {delete as req'd}

Certification	
I confirm to the Evaluation Board that the service provider's proposal has performed against the above hurdle (as defined in paper PWKP4-8, Issue 2.0) as described in this document	
Authorised by  <b>Tony Johnson</b>  Tony Johnson Deputy Programme Director	Date:  21/2/96

**1. SUMMARY OF SUB-HURDLES**

1.1. The clearance status of each of the Service Requirement sub-hurdles is shown in the table below, together with any issues for consideration. Issues may be relevant to more than one sub-hurdle. For ease of documentation, the main sub-hurdle impacted is annotated. Supporting text on the issues against the identified sub-hurdles is documented in the following section

Sub-Hurdle	Clearance Status	Issues
i. Customer acceptability	Cleared	No major issues
ii. Staff/agent acceptability	Cleared	No major issues
iii. Fraud-free method of payment	Cleared	Card technology and authentication Fraud & risk management Stops
iv. Robustness, security, reliability and flexibility	Cleared	Riposte partly unproven
v. Accounting reconciliation	Cleared	No major issues
vi. Emergency payments	Cleared	No major issues
vii. One-off payments	Cleared	No major issues
viii. POCL product automation	Cleared	Bespoke development
ix. Automation of all post offices	Cleared	No major issues
x. Management and technical capability	Cleared	General concerns

OD4-14

RESTRICTED CONTRACTS

- BA don't take this for authentication  
- Late request?  
- operational folders  
- improve software

2. SPECIFIC ISSUES

2.1. Fraud-free method of payment

*Card technology and authentication*

The issue relates to an outstanding risk on Pathway (PWY078) which states:

"The proposed card authentication method (CAM) is insecure and places an unrealistic reliance on the vigilance of post office counter clerks. Pathway's proposed fraud and risk management does not mitigate the risk of a weak CAM. The proposed CAM does not allow for the identification of a counterfeit card. Potential attributable costs in this area are not restricted purely to financial loss through fraud. Other areas of impact are:

- (a) additional administration costs caused by card compromise
- (b) loss of confidence in the BPS
- (c) political damage in the event of genuine customers being denied benefit, or being subject to allegations of transaction repudiation
- (d) increased exposure to widespread transaction repudiation due to publicity of card compromise"

At this point Pathway have been unable to mitigate the risk as they would now prefer to introduce a protected memory integrated circuit (IC) card from Day One. As there is insufficient time available between now and issue of ITT for Pathway to provide a detailed revised solution (because the change impacts many areas) and for the Programme to evaluate it, Pathway have decided to remain with their current card and bring in the IC card through Change Control.

Detailed documentation on this issue is available.

*Fraud & risk management*

The issue relates to two outstanding risks - fraud and risk management during roll-out (PWY079) and steady state (PWY082). Pathway's documented approach has been deemed short of strong countermeasures and is based on being reactive to an analysis of information from the MIS.

*Stops*

This issue again relates to an outstanding risk (PWY076). This states that:

"If the communications link to a post office has failed, the STOP messages will not be actioned on home office payments made at that post office"

PROD4-14

## RESTRICTED CONTRACTS

Pathway proposes that the Help Desk telephones STOPS to post offices where the data lines are not working. However, there remains a problem where the voice and data lines are down simultaneously.

## 2.2. Robustness, security, reliability and flexibility

### *Riposte partly unproven*

Riposte is the office middleware in the Pathway solution. The 'unproven' aspects of Riposte relate to two areas:

- (a) Riposte 32 is a new product, currently being developed by Escher for An Post in Ireland and BA/POCL. The previous version, Riposte 2, is in live use in An Post, and also in POCL ALPS, although the architectures are slightly different. There has been considerable 'internal' changes between Riposte 2 and 32.
- (b) Issues have been raised on 'scalability', as Riposte has only been seen working in a much smaller environment to BA/POCL. These have been addressed through modelling and an informal demonstration of the transaction rates that can be supported. As part of the development for Riposte 32, Escher are making a number of enhancements to improve performance to ensure it is suitable for the BA/POCL scale.

## 2.3. POCL product automation

### *Bespoke development*

The Pathway counter solution is not based on any existing package but is a bespoke development, re-using some of the applicable elements of the An Post system. A considerable amount of development is required.

## 2.4. Management and technical capability

### *General concerns*

A concern remains that Pathway have failed to demonstrate effective leadership and management during the Demonstrator phase which raises fears on their ability to deliver a product on-time and to quality.