

ICL Pathway
Bringing
Technology
to Post Office
Counters &
Benefit Payments

Monthly
Progress
Report



September 1998



Document Title: Pathway Monthly Report - September 1998

Associated Documents:

	Reference	Vers	Date	Title	Source
[1]	PM/PRO/002	1.0	26/09/96	Pathway Programme - Project Planning, Reporting and Control	

Approval Authorities:

Name	Position	Signature	Date
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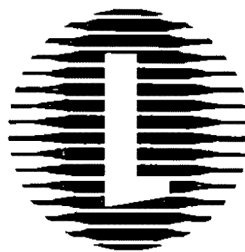


ICL Pathway Monthly Report

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Managing Director's Summary



Managing Director's Summary

PROGRAMME PROGRESS

- Model Office Rehearsal 2 (MOR2) completed on time successfully as did the first cycle of End to End (E2E1) testing.
- Work was completed to prepare for MOR3 and the associated End to End (E2E2) cycle to begin on 19 October.
- A decision has been made and agreed with POCL to build a regression testing period into the programme plan between completion of MOR3 and MOT. This will allow the first components of both MOT and final E2E to complete by Christmas, with the remaining components to be completed by end January.
- Considerable work has been undertaken between all the parties (BA, POCL, ICL Pathway) to create a shared resultant implementation plan. Work continues to deliver this plan, which will enable National Roll-out to begin in the July 1999 to October 1999 window.
- The Acceptance process has commenced with Acceptance testing being run within trial passes of system test. OBCS completed on 16 October, BPS and APS started on 16 October and 19 October respectively.
- The implementation work in preparation for National Roll-out is progressing with initial site surveys continuing to plan. We have now completed re-surveys in over 500 offices which require them, and completed modifications in 53 offices.
- Release 1c service performance in September was excellent with all key measures being met or exceeded. Two significant achievements for the month were:-
 - Every single transaction performed since the start of IGL has now been reconciled.
 - The final software fixes to resolve incomplete transactions have been applied and no incidents due system faults have occurred since.

HM TREASURY REVIEW

- The review with the HM Treasury Advisor completed as planned on 16 October, with good progress on the outstanding programme issue.
- The whole issue on Acceptance has been flagged as the most critical issue, and still needs resolution.
- There remains a substantial gap between the public sector bodies and ICL Pathway, and this has been reported to the Treasury officials and Ministers.

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- Discussions continue to explore more ways forward at both official and ministerial level.



Systems Report

Systems Report

MONTHLY SUMMARY

- The second phase of the model office testing (MOR#2) commenced 2 days behind schedule due to an Energis network fault. An unauthorised patch had been installed in one of their exchanges. A full investigation was commissioned to identify what needed to be done to ensure that this did not occur in the future. Even so, this exercise was seen to be a success by all parties. The third phase (MOR#3) is due to start on the 19th October 1998.
- The first phase of the parallel test activity designed to exercise the more complex business scenarios known as End to End Testing (E2E) completed successfully on the 22nd September. The second cycle is planned to commence 19th October 1998.
- POCL are finally getting to grips with the end to end procedures and disciplines required to manage their Reference Data. The progress over the past few weeks has been encouraging and if maintained, will ensure we develop a workable process..
- An EPOSS usability study commenced in Pangbourne and Welwyn Garden City 7th October 1998 and is planned to take 4 weeks. The Post Office staff have been enthusiastic and co-operative providing invaluable feedback on operability, training and procedures on a daily basis. They have found the system intuitive and easy to use and we have not encountered any major problems. A new updated version of the counter software will be installed before the end of the exercise. This will address many of the issues raised by the sub-postmasters. POCL are considering whether a similar exercise should be launched in each geographical region before national roll-out.
- Morale and motivation in the systems directorate remains high in spite of the formidable challenges facing everyone and the constant rumours surrounding the programme. The majority of staff continue to work long hours and demonstrate considerable commitment.
- The relationship with Horizon and POCL is improving every day. Issues are being jointly resolved on a regular basis and there is a growing willingness to work closely together to ensure that good progress is maintained. The same cannot be said about BA but the relationship can be described as tense but professional.
- Progress on the design of NR2+ is progressing well on all-fronts. The schedule for the development of the Key Management System has been agreed and there are currently no major issues outstanding.

PROGRESS

- The design team continues with the production of the contractual documentation. The PPD's remain on target and the Style Guide is being revamped to a revised schedule. Maintenance of the counter menu hierarchy document is a potential issue and discussion have taken place to limit the amount of effort involved. Together with the architects, the designers have introduced several major changes including logical campus network routers and a new correspondence server configuration.
- The huge effort by everyone in the team to improve the processes and reduce the volume of PinICL's in the system has been partially successful. The EPOSS task force almost achieved their objectives and were kept together for a further period in an attempt to clear the remaining problems. These mainly revolve around the reporting suite. Work is now being undertaken to identify those defects which cannot be fixed in time, to produce workarounds and convince the sponsors that the business impact is minimal
- The PinICL clearance exercise places the Technical Integration teams under severe pressure because they are responsible for installing each new software baseline on all the test rigs and applying the constant stream of incremental fixes against very tight deadlines. Much of their work has been completed in accordance with the planned dates.
- The testing teams continue to work hard completing the system regression tests, the business integration tests, Year 2000 compliance tests, the technical tests (i.e. performance, resilience & recovery, security and systems management) tests, data centre and counter migration tests and supporting the end to end and model office tests. There has been some slippage but they are generally keeping to schedule under very difficult circumstances at this critical stage of the programme.

CURRENT CRITICAL PROBLEMS

- The elapsed time available between the model office test runs is insufficient to retest the large number of fixes which have been applied to the software baseline. This will result in an unstable system being used for the critical model office testing phase. Options are being evaluated which will make more test rigs available so that we can overcome this problem.
- Several software problems which cannot be rectified in the time available are now being submitted to the sponsors for business impact evaluation. If they consider it essential to fix a large proportion of these defects it could impact the current delivery schedule.
- The Audit functionality has been delivered late and has put the testing and acceptance schedules under enormous pressure. Everything is being done to alleviate some of the impact but it has to be managed very carefully.

ISSUES

- We are still struggling to get POCL to agree that the EPOSS Product will meet their operational requirement. There is no question that it will be compliant with the contractual requirement and therefore pass acceptance but operational suitability is another issue.
- The EPOSS Usability Trial has confirmed our view that the current training and support processes will not be sufficient to enable the sub-postmasters to confidently operate the retail aspects of the system. This is not due to the inadequacy of the training material or the approach to introduce automation but more to do with the introduction of many new business procedures for the sub-post office staff.
- We must ensure that all the system test 'final pass' stages are complete before model office test commences. This is essential to support the acceptance process but is proving challenging and resource consuming in terms of people and rigs.
- The interface management system (FTMS) utilised for data transfer between most of our suppliers and customers is a source of concern. Too many products have not been correctly configured to use the framework imposed.
- We continue to work hard to ensure that the delivery and testing schedules for Pentium 2 and the flat screens fit neatly with the model office and roll-out plans. Both have been proven to meet the technical requirement but obtaining sufficient quantity in sufficient time still poses a risk.
- We have still to prove the new message store replication mechanism when PC's are replaced in outlets. The current approach takes too long and is unworkable.
- Implementing essential changes to the communications network is destabilising the various testing environments. This is subject to close management scrutiny to minimise the impact.
- 3rd party supplier security testing is receiving close attention. Plans have been agreed but progress is proving difficult to ascertain.
- Some of the Cathode Ray Tube (CRT) monitors are showing signs of deterioration and further investigation has uncovered serious manufacturing defects. Discussions are taking place with the supplier in question, in the meantime we continue to persuade POCL to install flat screens in all locations.
- The disaster recovery strategy for the Data Warehouse is still to be proven. It involves the use of a Sequent SE70 with limited disc capacity to handle the work normally processed by a large Sequent NUMA-Q.

COSTS

- The budgets for the systems directorate continue to be refined and regularly reviewed but are now being used to monitor expenditure on a monthly basis.

Commercial & Financial Report



Commercial & Financial Report

COSTS

- The Controller's report follows.

SEPTEMBER ACTUALS 1998**KEY NUMBERS (£000'S)**

		Calendar Year 1998			January - September 1999		
		Oct Fcast	Sep Fcast	Variance	Oct Fcast	Sep Fcast	Variance
Trading/Costs:	Revenue	1.0	1.0	-	3.6	3.6	-
	Project Costs before Capitalisations	106.3	107.0	0.7	94.1	94.2	0.1
	Declared PBT Losses	1.8	1.9	0.1	0.7	0.6	(0.1)
Cash	Business Operating Cash Flow	(116.2)	(116.5)	0.3	(105.3)	(105.0)	(0.3)
		December 1998			September 1999		
		Oct Fcast	Sep Fcast	Variance	Oct Fcast	Sep Fcast	Variance
Balance Sheet	Project WIP	197.2	197.7	0.5	290.6	291.3	0.7
	Net Fixed Assets	43.6	42.8	(0.8)	58.1	57.4	(0.7)
	Total Borrowings	206.1	205.9	(0.2)	311.4	311.4	(0.0)
Headcount:	Permanent	230	227	(3)	270	265	(4)
	Non-Permanent (ITs/Temps)	14	14	-	15	15	-
	(Memo) Freelancers from ICL IT Cont'r Services	193	192	(1)	142	144	2

There has been very little movement in key numbers between the September and October Forecasts.

Pivotal discussions on contract structure and financing are currently ongoing, but apart from the increased professional fees that normally accompany situations, the forecast has not attempted to anticipate the impact of the eventual outcome.

SEPTEMBER ACTUALS 1998

PROJECT COST ANALYSIS (£000'S)

Jan-Sep 98		Calendar Year 1998			January - September 1999		
Actual		Oct Fcast	Sep Fcast	Variance	Oct Fcast	Sep Fcast	Variance
0.5	Revenue	1.0	1.0	-	3.6	3.6	-
14.2	Direct Cost of Sales	19.5	19.6	0.1	17.3	17.3	-
(13.7)	Gross Margin (Deficit)	(18.5)	(18.6)	0.1	(13.7)	(13.7)	-
6.1	Opex - Labour - Own Staff	8.8	8.9	0.1	9.8	9.7	(0.1)
0.4	Travel & Subsistence	0.6	0.6	-	0.7	0.7	-
13.5	ICL IT Contractor Services Freelancers	19.5	20.1	0.6	16.5	17.0	0.5
11.4	ICL Subcontracts	16.3	15.9	(0.4)	8.5	8.5	-
7.0	Other Subcontracts	9.6	10.0	0.4	3.5	3.4	(0.1)
9.7	Depreciation	13.6	13.5	(0.1)	14.3	14.1	(0.2)
0.4	Marketing	0.6	0.8	0.2	5.4	5.4	-
1.3	Professional	2.6	2.1	(0.5)	1.1	1.1	-
1.7	Premises Costs	2.4	2.4	-	2.2	2.2	-
0.6	Exchange Losses	0.8	1.0	0.2	1.8	1.8	-
0.8	Other opex	1.1	1.1	-	1.1	1.1	-
52.9	Gross Project Opex	75.9	76.5	0.6	64.9	65.0	0.1
8.1	Interest costs	11.9	11.9	-	15.5	15.5	-
74.7	Costs before Capitalisations	106.3	107.0	0.7	94.1	94.2	0.1
1.4	Declared PBT Losses	1.8	1.9	0.1	0.7	0.6	(0.1)
73.3	Capitalised into Project WIP	104.5	105.1	0.6	93.4	93.7	0.3

The October Forecast has been prepared using the same basic timing assumptions as the September Forecast and also assuming that the structure of the company remains unchanged. Movements in project costs are restricted to extra allowances for financing advice (Hambros), offset by reduced freelancer costs - following detailed review of rates used - and deferral of marketing costs from the current year.

SEPTEMBER ACTUALS 1998

HEADCOUNT

Sep 1998		December 1998			September 1999		
Actual		Oct Fcast	Sep Fcast	Variance	Oct Fcast	Sep Fcast	Variance
33	Systems	48	49	1	62	64	2
44	Implementation	57	52	(5)	59	54	(5)
51	Customer Service	64	63	(1)	67	66	(1)
52	All other departments	61	63	2	82	82	-
180	Totals - Permanent Staff	230	227	(3)	270	266	(4)
10	Industrial Trainees	11	11	-	12	12	-
3	Temporary Staff	3	3	-	3	3	-
13	Totals - Non-permanent staff reported to ICL	14	14	-	15	15	-
127	Freelancers sourced via ICL IT Contr Services	135	136	1	104	105	1
3	Systems	5	5	-	4	4	-
6	Implementation	7	7	-	7	7	-
33	All other departments	46	44	(2)	27	28	1
169	Totals - ICL IT Contr Services Freelancers	193	192	(1)	142	144	2
182	Totals - Non-Permanents used by Pathway	207	206	(1)	157	159	2
362	Grand Totals	437	433	(4)	427	425	(2)

The only major change from the previous forecast is the inclusion of extra Rollout Helpdesk operators in the implementation area

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SEPTEMBER ACTUALS 1998

CASH FLOW (£000'S)

Jan-Sep 98		Calendar Year 1998			January - September 1999		
Actual	Inflows/(Outflows)	Oct F'cast	Sep F'cast	Variance	Oct F'cast	Sep F'cast	Variance
(73.3)	Net Project Costs - capitalised into WIP	(104.5)	(105.2)	0.7	(93.4)	(93.7)	0.3
(1.4)	Project costs taken straight to P & L	(1.8)	(1.9)	0.1	(0.7)	(0.6)	(0.1)
9.7	Depreciation	13.6	13.4	0.2	14.3	14.1	0.2
(2.4)	Movement in other Working Capital Items	(2.6)	(2.7)	0.1	3.2	3.4	(0.2)
(12.4)	Fixed Asset Additions	(20.9)	(20.1)	(0.8)	(28.7)	(28.3)	(0.4)
(79.8)	Business Operating Cash Outflow	(116.2)	(116.5)	0.3	(105.3)	(105.0)	(0.3)
89.9	Opening Net Borrowings	89.9	89.9		206.1	206.4	0.3
169.7	Closing Net Borrowings	206.1	206.4	0.3	311.4	311.4	(0.0)

BALANCE SHEETS (£000'S)

Sep 1998		December 1998			September 1999	
Actual		Oct F'cast	Sep F'cast	"Budget"	Oct F'cast	Sep F'cast
38.9	Net Fixed Assets	43.6	42.8	42.5	58.1	57.4
166.1	Project Work in Progress	197.2	197.7	175.9	290.6	291.3
(17.3)	Other Working Capital	(17.1)	(17.0)	(12.3)	(20.3)	(20.4)
187.7	Total	223.7	223.4	206.1	328.4	328.3
20.0	Share Capital	20.0	20.0	20.0	20.0	20.0
(2.0)	Retained Earnings	(2.4)	(2.5)	(1.4)	(3.1)	(3.1)
-	Group Pooled Borrowings	6.1	5.9	88.7	9.6	9.6
169.7	External Loans	200.0	200.0	98.8	301.8	301.8
169.7	Total Borrowings	206.1	205.9	187.5	311.4	311.4
187.7	Total	223.7	223.4	206.1	328.3	328.3

Borrowings, both at 1998 calendar year end and at September 1999 are virtually unchanged from last time.

A small increase in fixed assets additions is offset by lower project costs and working capital levels. Extra finance facilities in 1999 have again been assumed.

Customer Requirements Report



Customer Requirements Report

MONTHLY SUMMARY

- Of the 23 Acceptance Specifications 16 are now being treated as approved. Of the remaining seven, five are in endgame. The two problem ones are EPOSS, where we have been asked to expect to resolve the specification in a single meeting, and Rollout, where there seems to have been a management failure within POCL to address the area seriously until now.
- OBCS Systems Test for Acceptance has been completed successfully.
- The DSS appears to have given up the war of comment-response attrition and is seeking ways to minimise their involvement in acceptance invigilation. Both customers are conceding ground on issues. It feels as if they don't want to be accused any longer of obstructive behaviour.
- We continue to maintain constant pressure on DSS/POCL through status reports and action lists.

DETAILED PLAN ACTIVITIES**NEW RELEASE 2**

- We have continued to perform analysis on the flow of PinICLs allocated to us. At present there are 17 PinICLs on the NR2 Known Problem Register, one medium severity. The wholesale reclassification of the outstanding PinICL backlog has meant that a further 82 have just been transferred to us for analysis and potential inclusion in the NR2 KPR.
- John P has contributed to the review of the EPOSS Functional Description, resolved the rules for reporting BES transactions on the Cash Account and is engaged in heading off rules for Reference Data maintenance that would lead to vast amounts of null data being transferred.
- Dave J and John C now have the Security area under control. The general actions list is small, with no significant issues remaining and the main activity the resolution of outstanding PinICLs.
- The Security PinICLs were reviewed and generally agreed with Horizon. Most of the high severity ones should be cleared on retest using 9F increment 5 to which TSC are currently upgrading. Currently there are 127 security PinICLs open, of which 54 were raised during September. The clearance of failed tests in Security has also dramatically improved with the overall pass rate up to almost 70%. Many PinICLs are still being raised but the introduction of the new build will much improve the position.

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- The Horizon Fraud & Security Group has now virtually disappeared and Dave J is acting in effect as continuity for Horizon. Security is clearly of much reduced importance within their organisation, but this might well make Acceptance more difficult as new people have to be brought up to speed.
- A new version of the Access Control Policy was output. Although this achieved a major overhaul of the document it does not carry the definition beyond NR2.

RELEASE NEW 2+

- The 10th joint CAPS/Horizon/Pathway review transferred attention to NR2+ and on line enquiries.
- The DIDVR (interface definition) for "Post Nile 2" (Pathway Release 2+) was received, but rejected because no Change Requests had been received for the new functionality introduced.
- CAPS have prepared the DIDVR for a CAPS Release 3.5 and this is expected shortly. It will require a CR to change Schedule C3.

CARS

- There was no CARs activity.

A2AS

- A replacement CCN 234 is required to clear three of the 'Top 50' A2As. The approval of the CMS Acceptance specification will clear another. Others require the Performance programme to be established and design documents to be written.

CCNS / CRS / CPS

- CCNs were issued for HAPS Disaster Recovery, an updated APS Client baseline, APS Token Verification Service and revisions to the SADD.
- There are five CCNs with balls in our court.

ACCEPTANCE

- The war of attrition over comments continued with the comment-response interval getting shorter, like a comic game of tennis.
- The customers are now conceding points in many areas. DSS appears to have given up the fight. POCL still has provided nothing on EPOSS, and in one area (Rollout) has gone completely out of control seeking changes in the original contract.

- The OBCS System Test Final Pass, which forms part of its Acceptance, has now been completed. Dave C produced the documentation to accompany the start of trials. But POCL/Horizon had not adequately prepared for invigilating, so the train has left the station without them.
- AP starts its Acceptance Trials 18/10.
- POCL Infrastructure: All but one of the issues have been with POCL for a month.
- John P has turned around the Reference Data comments and output new versions of the Acceptance Specifications for Reference Data and TIP.
- Tony H has completed revised specifications for PAS CMS and DSS interface responding to all late comments.
- Dave H has revised BES for all late comments.
- John D revised the Audit and Reconciliation specifications.
- We have notified Horizon and DSS that 16 of the 23 Acceptance specifications are now being treated as approved.
- The Security and Service Levels specifications were notified as recommended although there has been no documentary evidence of this supplied. The Security specification has two caveats: the production of missing third party HLTPs by Girobank and Outsourcing (two of the three are now available in draft), and the reserved right, which they always had, to raise incidents on penetration testing, which sits outside the Acceptance envelope.
- It is difficult to pin down baseline versions of the HLTPs for Integrity (part of Security). We have established when tests within Systems Management, Integrity and Performance will be run in a manner that supports Acceptance.
- The Acceptance Test documentation for Performance has been established.
- From the standpoint of the customer's legal representation there are two issues:
 - the level of Requirements used for Criteria - here the acceptable party line is that any acceptance incidents raised can be cleared as benign if the texts used and the solution accepted do not match, but the solution is what is wanted; and
 - the argument over whether the operational audit trail should be kept for 18 months or six years – here I have maintained a hard line that it is for 18 months; there is the possibility that they might want to buy the old audit trail
- The Acceptance Criteria Database was maintained.

NEW BUSINESS SUPPORT

- EFTPOS: The workshops start week of 12/10.

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- APS: Discussions have started with POCL to introduce a new smart card for gas customers - the Simple Payment Module.
- Horizon has started up a new group on this, tracking our BRDs.

OTHER TEAM ACTIVITIES

- We provided four attendees at the Engineering Conference.

CURRENT CRITICAL PROBLEMS

- None.

ISSUES

- Technical & Security Testing (Bracknell): Several of the tests which are cited in Acceptance Specifications from HLTPs may not now be included in the "Regression Test" phase, which is the equivalent of the Final Pass for this area of testing, because of lack of time. At present there are no signed off test reports for tests already run that can be used as a substitute. Further some of the OPS Security tests that should be present may not be run. A summary document listing the Acceptance needs has been produced for TSC. Clearly finishing on time but omitting the work needed for Acceptance is not a solution.
- We need all the NR2 HLTPs baselined and the BIT03 HLTP in place as soon as possible.
- The provision of support for Audit Acceptance within BIT is dangerously late. There will, in effect, be no rehearsal.

Customer
Service
Report



Customer Service Report

MONTHLY SUMMARY

- Service performance in September was excellent with all key service performance measures being met or exceeded.
- The BSU has once again excelled and can proudly claim to have been able to achieve the reconciliation of every single transaction performed since IGL.
- The number of incomplete transactions has fallen and further reductions may be expected next month as software fixes come into effect.

RELEASE 1C VITAL STATISTICS

- Installed base: 204 Post Offices, 334 counters
- Number of Cards issued 44,187
- Number of Active Cards in use 34,897
- Total number of BES Counter Transactions 584,433
- BES Counter Transactions in September 78,830
- Total value of Benefit Payments received £18.7m
- Value of Benefit Payments received in September £2.8m
- Total value of Benefit Encashments made £17.6m
- Value of Benefit Encashments in September £2.4m
- Total number of OBCS Transactions 5.4m
- Number of books impounded 15,864
- Potential fraud avoided > £2.1m

PROGRESS**OPERATIONS**

- One Sequent outage gave cause for concern but fortunately did not affect the live service. This incident is not related to previous problems. A full report is being prepared.
- Further problems with the Energis network were discovered. Their change management processes was demonstrably inadequate when an unapproved patch was applied to their systems by Nortel. We were extremely lucky on this occasion that their was minimal impact on the live service but it contributed to a two days delay in MOR. Energis has responded well and has considerably strengthened its change control processes.

- A compelling argument for ICL Pathway to establish a third data centre is becoming clear. Martin Riddell is working up the plans and processes for data centre contingency operation and reviewing our longer term needs for a permanent Model Office environment for new product testing and migration. ICL Outsourcing is to conduct a full study and cost evaluation.

BUSINESS SUPPORT

- The BSU has had an outstanding month. They have exceeded all of their SLA performance targets and finally BA has admitted that it was their error that had previously prevented a total reconciliation of BES transactions. Every single transaction, since IGL began, has now been successfully reconciled with BA and POCL.
- The 'incomplete transactions' fixes have been successfully tested and will be applied in early October.

BA & POCL SERVICES

- A further download of Income Support data resulted in 400 replacement cards being ordered and sent out to post offices.
- The 'delayed roll-out' of R1C cards to customers was completed with only 6,300 of BA's forecast 15,000 new beneficiaries actually becoming card-enabled. The shortfall was due to BA over-estimating the volume of Child Benefit customers for the R1C Post Offices. Paul Hanson advised that he will ensure closer scrutiny is given to the roll-out to the additional 100 Post Offices in Live Trial.
- The pressure on HSH to improve upon the 5 and 10 minute call answering SLAs has been intensified. The dip in July's performance has been rectified but both SLAs remain well below Minimum Acceptable Level.

CUSTOMER SATISFACTION

- Progress on the Management Care Visit Programme is inadequate. Only 23 visits have been completed with a further 28 scheduled. This still leaves 49 visits to be arranged.
- Results so far remain positive, except for the area of training and user guides.

SYSTEM SUPPORT

- Agreement has been reached on the level of security and access controls to be applied to the SSC.
- Steve Parker and John Simpkins are on long-term secondment to T&I.

**INFRASTRUCTURE SERVICES
(MIS / PROCESS ENGINEERING / PERFORMANCE / IT)**

- NR2 BES transaction times were agreed and a number of issues were identified in respect of NR2 APS transaction times. Fallback and card transaction times have been provided to POCL for review.
- Tests for APS transactions show better times than had been predicted.

CURRENT CRITICAL PROBLEMS

- None

ISSUES

- Concern is growing for the quality and service performance of ICL Outsourcing and several actions have been placed to effect improvements. The performance of our IT Infrastructure contract has been very disappointing as the current Red Alert indicates.

Quality
& Risk
Report



Quality & Risk Report

MONTHLY SUMMARY

- FRM progress. Analysis 2 has been produced and issued. 1 repudiated transaction has been notified; it is being investigated. Major outstanding issues are for EVP - 2nd line of address and sign off of CCN 243; solutions are being pursued.
- Risk Management. The Programme risk for NR2 has reduced considerable. The major outstanding issues are now PinICL level and clearance, quality of EPOSS, timescale for regression testing and acceptance.
- System Security. Significant progress has been made in the definition of access controls for NT and external support services. Security Event Management architecture has been refined and procedures are being defined. The current major issue is the loss of key personnel in Horizon FSG.
- Quality. A review of Horizon Training Workbooks has revealed serious deficiencies. Disaster Recovery Planning - an approach has been defined and internal data collection to populate the plans is underway.
- Year 2000 Conformance. The development of contingency has begun - when sufficiently advanced, they will be shared with POCL and BA, as input into satisfying the requirements of HMG. Assessment of service providers, and 3rd party compliance and internal testing continue - no major issues currently.
- Considerable support continues for the PinICL clearance exercise.

PROGRESS**FRAUD RISK MANAGEMENT****RELEASE 1C**

- FRM Analysis 2 was produced and reviewed and issued on 9/10/98.
- Modelling of FRM processes has started. This will input to the formulation of investigation costing. This work is ongoing.
- Notification was received of a repudiated encashment been made at a non-automated post office in Bristol. An investigation was carried out and data retrieved from the CMS/PAS database has been forwarded to the BA with a request for an investigation update.

NEW RELEASE 2

- The CCD Fraud Risk Management Service Design document was updated to include all signed off CCNs and issued for agreement under the CCN process. the document now includes all requirements for FRM.
- The FRM Report Requirements document and FRM Report Layout document were formally reviewed and are ready for sign off.
- The FCMS was still unavailable for testing during September due to continuing problems encountered by T&I. Testing of the FCMS by FRM will be attempted during October provided the FCMS is available.
- An review of the Introduction to the Horizon system Workbook was conducted. This raised a number issues regarding technical content.
- A demonstration of the NR2 counter software and Fraud Case Management System was given to BA and POCL and was well received by the attendees. It provided an opportunity to encourage POCL to consider data requirements they may have from a fraud perspective. This will be progressed in October.
- Review of the Training Workbook documents has revealed a number of basic errors in the technical content.

NEW RELEASE 2+

- EVP:
 - The sign off of CCN 243 ('Soft EVP) is still being pursued. The issues raised by POCL – relating to the additional transaction time for fallback are being addressed.

RISK MANAGEMENT

- NRO Risk Register. The overall risk profile has not changed significantly. The process of gathering and recording information for the NRO Risk Register will become easier when the transfer of mitigation actions into Level 3 plans by the programme office has been completed.
- Programme Risk Register. This has been updated. The overall risk for NR2 has reduced considerably – major issues being:
 - The number of PinICLs and rate of generation compared with clearance.
 - The quality of the EPOSS product requires focus on PinICL fixing and investigation of product maintainability / stability.
 - Timescales are tight for regression testing of fixes.
 - Acceptance remains a very high risk; particularly the level of resource needed to satisfy Authorities and the impact on NR2+.

SYSTEM SECURITY

GENERAL

- Documentation:
 - V3.4 of The ICL Pathway Security Policy has been issued for review prior to baselining.
 - V0.2 of The Security Management Procedures have been issued for review.
- Advice on ACP and SFS compliance has been given to third parties for security testing.
- Admiral Management Services Limited (AMSL) are to undertake analysis and scripting for technical penetration testing; this is planned for Live Trial but there are dependencies on T & I for rigs and resource.
- There have been significant changes within the Horizon FSG and the group will probably no longer exist when the current reshuffle is announced. A great deal of time has been spent familiarising new Horizon team members with the solution and work in progress.
- Anti Virus processes. There have been three viruses recently (infected mail attachments). Imperfections in the anti-virus processes on the Feltham network have been discovered. A review and agreement of roles and responsibilities is required.

RELEASE 1C

- The inappropriate use of live cryptographic keys has been repeated at MOR2. An incident has been raised on the Security Event Management database. The incident has been investigated - no compromise is likely and all parties involved have been appraised (again) about the correct processes.

NEW RELEASE 2

- The security implications of Oracle, Sequent and EMC providing "follow the sun" support from outside the UK are being addressed. The measures we already have in place to provide secure, controlled access are more than adequate but the problem remains of foreign nationals gaining access to HMG RESTRICTED data.
- A requirements definition for group access controls within the secure NT build has been agreed.
- Security Event Management:
 - The architecture and design for automated population of the SEM database directly from the Tivoli Event Server has been agreed with the Systems Management Group in LSA01.

- Process definition continues. Service Levels will be discussed and included to ensure that alerts and significant events are processed timely and the appropriate people notified accordingly.
- Options for protecting traffic across the VME / MAC link (used primarily for Sonnet) have been discussed; several hardware solutions were identified and are being progressed within Design.
- A PinICL regarding password quality standards on the VME CAPS machine has been referred to BA Security. The standards dictated in the Departmental IT Security Standards (DITSS) of the DSS have not been implemented and the incident is now with the Departmental IT Security Group (DITSG) to resolve.
- The ACP has been formally reviewed in preparation for re-issue at version 3.0 for Release 2.
- Concepts for Security Awareness in Post Offices have been developed and will be presented to POCL Security.

QUALITY

- Horizon Security pass status for all suppliers has been reviewed. It has shown varying degrees of control, confirming the need for periodic audits.
- Draft Horizon Training Workbooks. A quality review has revealed errors in basic grammar, lack of consistency between the Tables of Content and the actual content and factual errors within books and inconsistencies between books.
- Support to Acceptance Test planning / preparation continues.
- Disaster Recovery Planning. An approach has been agreed twth the consultants (SMH) and an extensive data collection exercise is underway in Pathway in order to populate plans.

AUDIT

- No progress during September; due to involvement with PinICL Taskforce.

YEAR 2000 CONFORMANCE

- Assessment of Service Providers compliance plans; issues:
 - Energis:
 - a. expect to close provisioning over the end 1999 (low impact).
 - b. emergency power supply to network is vulnerable as only one path from each data centre is protected. At best capacity could be reduced.
 - DLRCS

- c. no contingency power supply at Tewkesbury.
- d. viability of Sittard as contingency end 1999 dubious
- e. may close manufacturing from 31/12/99 to 4/1/2000.
- Royal Mail
- f. uncertain compliance of vehicle fleet.
- g. no major concerns on capacity but some degradation of service expected
- HMG has publicised the fact that contingency plans for 61 key "value adding" processes are required, including three relating to Pathway - Pay Welfare, Operate Post Office Counters and Provide Housing (dependent upon POCL). To date the published information identifies the external dependencies, their criticality and the impact of failure. No guidance is given to the probability of failure or its duration. Failure is forecast to result in immediate Personal Hardship with the potential for Civil Disorder.
- POCL have confirmed they are evaluating contingency operations based on "worst case scenarios"; DSS have appointed a Millennium Operating Regime Manager. Pathway is not recognised either by DSS or POCL as a critical supplier. Pathway scenarios are being developed.
- 3rd party compliance issues include:
 - NT4 Service Pack 4 has slipped well beyond NR2 timescales.
 - NT4 Y2K QFE (Quick Fix Engineering) pack has been applied to some test rigs and appears to function; Systems have decided to adopt this set of repairs though no CP has been raised
 - CD writer software used by SSC (and others) does not have Y2K Assurance.
- Y2k testing:
 - No major Y2k faults have been found in BIT so far.
 - An issue is that it is probable that the last Y2k BIT cycle will not test a secure system. It may be necessary to add either another test cycle alongside MOT and / or Live Trial or incorporate Y2k testing into Penetration testing.

CURRENT CRITICAL PROBLEMS

ISSUES

- The number of PinICLs, rate of clearance and time to regression test fixes.
- The quality, stability and maintainability of EPOSS.
- Anti virus responsibilities (for the network) need resolution.

- The long standing relationship with the FSG has evaporated with the changes within Horizon. Security & Fraud groups within Pathway no longer have a focal point.
- Audit delivery, particularly testing and assurance for R2 authorisation.
- Involvement with PinICL clearance is causing delays to Audit work.



Business Development Report

Business Development Report

MONTHLY SUMMARY

- September saw four articles in the Press specifically mentioning the system/card. Recent coverage is less antagonistic to ICL and more focused on BA & POCL approaches to the project.
- Customer Education requires a new approach if BA are to decouple post office roll-out from benefit roll-out while simultaneously phasing-in benefits. Our approach to customer education is baselined and this change will increase costs by £2m. Any change will require a Change Request and the customer has been formally notified that all activity is on hold until a CR is submitted and approved.
- Sponsor approach to media communications: several meetings this month to resurrect sponsor interest and to gain commitment to plan for positive communication of both automation and the card. Both sponsors seem happy to let communications proceed as they are currently - the impact of the various on-going reviews is to support, what for us, is an unacceptable approach to media relations.
- Sponsor internal communications: POCL have still not grasped the nettle on integrated internal communications. The process of our addressing this is underway.
- Government Communication: review meeting held with Government and Group to agree an ICL approach communicating with government, MPS and so on.
- All contract schedules and commercial negotiation for the Logistics feeder Service are now complete.
- The first paper on the Generics area has been produced by Design. Bus Dev, CR & Design do not have an agreed approach to this area, POCL are therefore, progressing their thinking on this issue without our input.
- Pontis, (the technical consultancy retained by POCL), have produced a report supporting the use of our architecture for Banking Services at the Post Office.
- Sub Post Office Exhibition held at Wembley 3rd-4th October. Stand populated by Implementation, ICL Training Services, WTL and ICL Pathway. As ever, much interest with the stand being one of the busiest at the exhibition. All interest was positive and most questions were about when the system would be rolled-out further.
- The presentation to Chairman Sekizawa on 1st October went well.

PROGRESS

CUSTOMER EDUCATION

- Press attention and coverage this month has been diverted, it has focused on news of the BA Contributions system failure, and interest prompted by the various conferences; TUC - PFI and Post Office privatisation debate; Labour and single government account and the national POUNC report on the Post Office. As a result, the journalists that have called have been happy to accept that the review is still ongoing. Coverage specifically mentioning our project has begun to shift the point of criticism by suggesting a BA negativity and a Post Office "caught in the headlights" - ICL is beginning to be seen as the party caught between two warring factions.
- Customer Education; the proposed new approach requires much rework. A set of proposals are now in a form ready to be presented to the customer (CAPS sponsor in this instance). All customer conversations are predicated on the fact that we do not accept the increased costs and that planning can not proceed until sponsors agree our reimbursement. Negotiations are expected to be lengthy - but if there is to be a communication campaign it must be agreed by the customer by December 1998 such that collateral production can start in Jan 99. A Change Request is awaited.
- Sponsor approach to media communications: Activity continues - worthwhile outcomes are difficult to achieve where there is no customer, senior direction of communications and where the communicators in the customer audience find it easier (in periods of uncertainty) to say nothing. Tenacity combined with creativity seem to be the only recourse.
- Sponsor internal communications: both customers, but notably POCL, replicate the indifference to external communications in their approach to internal communications. Our contractual ability to influence change here is weaker, but we are actively pressuring POCL to document an approach in order to demonstrate commitment. The communications problems manifest a weakness in sponsor organisations to direct communication for business benefit.
- Government Communication: review meeting held with two other interested ICL divisions and Group to agree an ICL approach communicating with government. Future meetings will consider if there is an approach which the businesses can jointly resource and fund.

BUSINESS DEVELOPMENT

- Generics; with the first paper on this area produced we now need to pull together a plan between BusDev, CR, and Design as to what we will achieve in the next few months, and how we will resource this work. Work continues with POCL to understand their activities on this front.

- The Pontis report supports our architecture for Banking Services at the Post Office and has given us a much better understanding of POCL's business model and assumptions for Network Bank. While there is little empirical evidence to support POCL's business model we agree with it in principle and are working with them to "speed" up their thinking. Even so, POCL want to move more slowly than we do and if we are to ensure the maintenance of client (Lloyds/TSB) commitment we may need to deliver a pilot service by the end of next year.
- EFTPOS: A series of workshops are being held in October with POCL and NatWest to help resolve the current issues on systems/process design. We are currently undertaking pre-work for these workshops. The current stand alone terminal trial is running well. POCL are still expecting EFTPOS to be delivered in the first available release (probably in Release 3 ~Q3 2000). There are a number of difficult design issues to solve, and POCL require an in-depth understanding of how EPOSS operates. Resource with this knowledge is very limited, and very busy on Release 2. Work on costs for delivering this service are ongoing.
- Multi-channel Post Office: POCL have given the 'Open for Business' kiosk trial to Dave Waltho to progress. Dave is keen to use this as the basis of a drive to multi-channel. We do not have a multi-channel demonstrator; we have not undertaken any investigation into the architectural issues or the development costs of enhancing the system to support multi-channel; neither are we part of the 'Open for Business' team. Instead we need to set up a team to specify and deliver a pilot for this opportunity. We will also keep close to Dave Waltho and ensure that our system is the basis of the multi-channel approach.

CRITICAL PROBLEMS

- Sponsor approach to communications - this is an ongoing issue which can not properly be resolved until the project is fully endorsed at all levels. Saying so very little is currently damaging - not just for ICL's reputation but for staff commitment in ALL organisations.

International Sales Report



International Sales Report.

MONTHLY SUMMARY

- No submission this month



Organisation & Personnel Report

Organisation & Personnel Report

MONTHLY SUMMARY

- Recruitment was again a high priority with a recruitment campaign producing a significant number of good candidates. There was also an emphasis on briefing the managers within the business on company wide programmes such as Professional Communities and Performance+, in preparation to their introduction to ICL Pathway.

PROGRESS

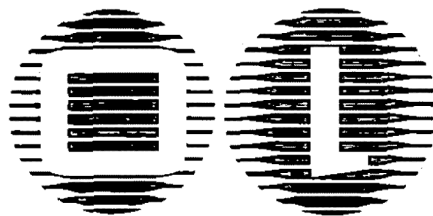
- There has been good progress in recruiting permanent people, as follows:

Permanent appointments in August	11
Currently under offer	1
Appointments YTD	85
Current requirements	33
- ICL Pathway again had a very visible presence at the London VISIT recruitment fair. This has produced a number of good candidates who are being interviewed by managers across the business with a view to making permanent appointments.
- An external recruitment campaign was run in conjunction with the above, with adverts in the computer press and regional newspapers. Candidates were invited to come to open evenings where they could find out more about ICL Pathway in an informal setting. Both these open evenings and the VISIT recruitment fair were well supported by line managers from ICL Pathway.
- Managers were briefed on Professional Communities in preparation for detailed discussions aimed at benchmarking all permanent employees within their appropriate community.
- The management team were briefed on Performance+, as a prelude to more detailed communications to managers prior to the launch of the process to employees.
- Managers were briefed on the Working Time directive and advised on the actions necessary to ensure we comply with its provisions.
- It was agreed that the customer service unit would move out from Feltham to BRA01 with a provisional move date of the weekend of 31st October. This will give them room for expansion as required and reduces the pressure on space at FEL01 for the medium term. Employees have been briefed on the move.

CURRENT CRITICAL PROBLEMS

- None

Post Office Client Report



The Post Office - Client Director's Report

MONTHLY SUMMARY

- Work on the IWIM Integrated Workflow and Image Management bid has commenced.

BETTER GOVERNMENT

- CITU are keen to accelerate the acceptability of Smartcards for government electronic service delivery, being of the view that the next step is to "close the sale", for the potential of Citizen Smartcards for government.direct, to ministers and MPs. The aim is to break the deadlock between govt departments being unwilling to commence electronic service developments until a wider citizen smartcard population exists, and card suppliers being unwilling to issue large volumes of digital signature smartcards until there is a govt electronic applications/services market.
- I am directing the building of an ICL " Whitehall Demonstrator" showing a full citizen interaction, from Housing Benefit application via a Local Govt Kiosk, to payment of the Benefit via a Post Office Counter; with identification and authentication via Smartcard. This is intended to be available in time for the CITU conference Nov 2/3rd.

IWIM

- Following a good response to the first OJEC ad we have gone through to the second round. This consists of a most unusual RFI, demanding an extraordinary amount of free advice, with ten days to respond. A&TC (who own all the skills) have responded well, putting together a hit team to respond to the RFI whilst we focus on the key questions of bid qualification and win strategy.
- The full revenue from this bid could amount to £50m over 5 years.

ONE-STOP-SHOP DESKTOP SUPPLY

- The good news is that Fujitsu have been selected as the second hardware supplier, alongside Compaq. The not so good news is that Systems Service are achieving 30% of warranty calls within the specified timescale, against an SLA of 95%.