

ICL Pathway
Bringing
Technology
to Post Office
Counters

Monthly
Progress
Report



December 2000





ICL Pathway Monthly Progress Report

Contents:

- 1** Managing Director's Summary
- 2** Development Report
- 3** Commercial & Financial Report
- 4** Business Development Report
- 5** Customer Service Report
- 6** Quality & Risk Report
- 7** Implementation Report
- 8** Organisation & Personnel Report
- 9** Post Office Client Report

ICL Pathway

Programme Monthly Report

Ref: PA/REP/057
Version: 1.0
Date: 11/01/2001

Document Title: ICL Pathway Monthly Report – December 2000

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
M. Stares	Managing Director		



Managing Director's Summary

Managing Director's Summary

1 PROGRESS AND ISSUES

1.1 BUSINESS PLAN

We are ahead of plan on revenue, costs, profit and cash. Forecasts for full year revenue, costs, profit, cash and headcount are all either on or ahead of budget. Risks are well understood. We are on schedule for the next £90M milestone in March 01. 2000 was a highly successful year for Pathway.

CSR+ counter migration has been largely completed. Acceptance of CSR+ has triggered payment of the first £60M retention starting in January 2001 at £1.25M per month. The quality of CSR+ appears robust (as evidenced by help desk calls). Work is underway to crystallise and achieve the requirements for the second £60M retention in Q2 of 2001/02.

The Business Plan has been revised in line with this years experience of costs and progress and a lower risk plan produced with a reduced new business requirement (£41M vs £62M) and a lower unallocated task £12M vs £18M). It includes a clear set of metrics (revenue, cost, task, risk etc) for next year and draft budgets have already gone through a second iteration with the line units to underpin the task and cost down requirements.

We have secured a key strategic decision to base future developments of Horizon on Web Browser technology using Web Riposte from Escher. This will be the foundation for Network Banking, EFTPOS, Government General Practitioner and ERA.

1.2 PROGRESS AND ISSUES

Good progress is still being made. CSR+ migration has been achieved with only 40 (out of 15,200) still to go. Product quality is acceptable although we are receiving feedback on performance issues that will need to be resolved as a priority. M1 testing is progressing to plan and will be issued to the estate in February/March.

Rollout is on track and has commenced again following the Christmas break. We have migrated over 15200 post offices (>85% of the estate), about a week ahead of plan. We have trained in excess of 50000 Post Office staff. Solutions for Satellite and Mobile technology have now been agreed with PO, tested and the implementation of Satellite outlets has started.

Although we are demonstrating consistent and good quality operational performance we are missing some of the very challenging SLA's and as expected PO have placed us in formal Breach of Contract (they can do this if we miss any three-quarters in 24 months). We are trying to negotiate a reduced SLA breach trigger for the future that also sweeps up the training occupancy issue. A proposal is currently being considered by the Post Office and we appear to be homing in on a mutually acceptable solution.

Headcount management remains a critical success factor. We have reduced by over 70 heads in the last three months and we will finish the financial year with 150 less people and a slimmer management structure than when we started. We have now entered a difficult phase where we are making excellent progress with regard to new business and are dependent on key skills and motivation, but at the same time we are in a heavy cost down program, particularly amongst freelance staff. Freelance headcount will reduce by over 100 in the year and 95 e-Apps staff (of 130) who are currently assigned to Pathway will be transferred in as permanent Pathway employees in February. This will result in a more stable and motivated workforce.

1.3 NEW BUSINESS

The outlook for this years incremental revenue target (£3M) has improved. We have achieved a £1M order for 12 consultants to be dedicated to ERA through until February. This will help to pump prime this strategic business for the future. We are engaged in joint working groups on Network Banking and EFTPOS and have secured an order for Web Riposte as the strategic base for future developments. This is an important decision as it improves the strategic credibility of Horizon at a stroke. However it also increases the dependency on Escher and we are taking steps to strengthen this relationship.

On a wider ICL front, we were unsuccessful in our bid to be short-listed for the six e-Business work package areas, as were IBM, Andersens, CapGemini, Microsoft and PWC! However PO have made it clear that e-Business work around existing contracts will be done by the existing contractors (e.g. Pathway for Horizon). We have declined to bid for the PC contract renewal.

Post Office has selected CGEY as their preferred supplier of Government General Practitioner (GGP) and we are now engaging with PO to develop the plan to utilise Horizon, probably post pilot.

1.3.1 NETWORK BANKING

Post Office has been struggling with its business case and with conflicting pressures from government, the banks and their own objectives. We are now engaged in 11 chargeable work packages to provide a level of detail on the requirements and Horizon implications. Negotiations with PO and Escher have been concluded and a firm decision on a web approach has been taken. We expect to take contracts for the development and implementation of the Horizon banking system and also EFTPOS over the next few months for pilot implementation in 2002. Negotiations have been concluded between DTI, Treasury, Banks and the PO and the Universal Bank has been given the go-ahead.

EFTPOS

PO wants to fast track this development to enable Debit card usage across the counter and have a preference for an increased operating fee to pay for it. Revenue estimate is circa £3M.

1.3.2 RE-ENGINEERING/ERA

This initiative has run into some difficulty as Post Office plan their priorities. There are difficult decisions facing PO as they balance cost reduction requirements with the investment needs of ERA. They have authorised further spend (£1M) to extend the Pathway consultancy contract that places us at the heart of this initiative. The next PO investment committee is in March.

1.4 NATIONAL AUDIT OFFICE

PAC will review the Benefit Card/Horizon history in January and we have been asked to attend.

Development Report



Development Report

1 MONTHLY SUMMARY

Input not available at time of report production.



Commercial & Financial Report

Commercial & Financial Report

1 MONTHLY SUMMARY

- Financial performance to end December has continued to track better than Plan, Budget and forecast on all key performance indicators.
- There has been convergence in negotiations with POCL on the issues associated with the SLA performance breach condition but important differences remain with respect to the 100% Day D target.
- There has been convergence with POCL on APS/TIP reconciliation and TIP file delivery but issues remain here also.
- Actions to minimise the training overspend have all been agreed with POCL. We are continuing to pursue Energis and KPL for recompense for their failures in roll out which have impacted training course occupancy.
- We have agreed in principle the contractual interpretation of the criteria we need to meet to secure the second £60m retention. These are based on TRT targets and not the more stringent MAT targets which are the basis of the SLA problem.
- Departmental Budgets for 2001/02 continue to converge on where they need to be for next year. Task has all but been eliminated for 2001/02 and reduced to £12m overall. CS and Implementation are virtually on target and the ZBB submission from Development has brought the bottoms up view close to target on the basis that the e-Apps people are transferred in.
- Risk has generally been reduced with successful CSR+ roll out. However, two risks have gone the wrong way. Slow running of counters poses a threat to counter transaction time SLAs: POCL have the right, in the event there are significant reported deviations from benchmark times, to demand that actual times be measured and used as the basis of LD measurement. Secondly, GEMPLUS' supply of security smart cards has been delayed by component shortages: this could stop rollout although contingency plans should prevent such extreme impact.
- The 'new business' revenue plan for next year remains de-risked to £7m. Although current indications following the WebRiposte decision are of strengthening demand, POCL remain strapped for cash and have yet to commission real delivery work. Also, it is far from clear how they would deal with multiple projects running in parallel.
- 2000/01 profit recognition has been held at 11% pending resolution of the SLA and TIP issues and the risks identified above. The Budget for 2001/02 assumes 13.5% on the basis that these issues will be dealt with.
- The interim RTR/AMS and Oracle/Access solutions are now well advanced. These will plug the gap before Propel and OPA/ Oracle Gold Build become available towards the end of 2001. An end to end RTR/Oracle feed is now working and producing input and output reports. This will enable us to use time recording data to produce invoicing for CCNs. We remain actively involved in trying to shape the long term solutions.

- Work on the DTI audit of the £8m interim government funding of April/May last year is underway.
- The PAC's investigation into the cancellation of the Benefit Payment Card is to be held on 22nd January.

2 PROGRESS

- The WebRiposte decision is strategically very important. With Horizon e-enabled, the 'buy-in' from market facing units, and investment, can now be expected to increase. Both are key to extending the Pathway franchise beyond 2005. We just need to understand and manage the risks tightly.
- New business demand is picking up but is not under good control within POCL. Business prioritisation, clear requirements, realistic expectations and project management capability are all at a premium. 'Bump' between the market facing units and PON remains a big issue for us although Liam is making some headway with NBU.
- POCL probably lack the funds to go forward with all their projects and we should expect more requests to finance the development work with payback timed to coincide with business benefits. This has been put forward by POCL for both ERA and EFTPOS. The Business Plan for next year assumes just £1m deferred.
- Some convergence, as above, on the SLA package.

3 RISKS

- The SLA and TIP issues remain to be closed down and will require more work.
- The GEMPLUS and slow counter issues need to be dealt with quickly.
- The Web Riposte decision (Network Banking) as above.
- Forecast POCL demand for design work will outstrip our supply capability unless we act fast: there is a significant risk that we will take on commitments we will not then be able to fulfil or manage.

4 ISSUES

- As risks above.

5 FINANCIAL PERFORMANCE

ICL Pathway

Selected Permutations of Profit Risk and Opportunity (Year 2000/01)

(not exhaustive)

	Forecast				
New Business Revenue Shortfall £0.5m	✓				
New Business Revenue Shortfall £0.25m		✓			
New Business Revenue on Forecast			✓	✓	✓
Rollout Shortfall: 250 outlets			✓		
Rollout Volume on Forecast			✓	✓	
Rollout Excess: 75 outlets					✓
Implementation Revenue on Forecast	✓	✓	✓		
Implementation Revenue Excess of £0.25m				✓	✓
Profit Recognition Percentage: 10.0%	✓				
Profit Recognition Percentage: 10.5%		✓			
Profit Recognition Percentage as Forecast: (11.0%)			✓	✓	
Profit Recognition Percentage: 12.0%					✓
Base Profit Forecast - (January 2001 Submission)	22.98	22.98	22.98	22.98	22.98
Impact of Risks/Opportunities					
New Business Revenue) ((0.06)	(0.03)			
Rollout Variance) @ 11% Profit ((0.67)	(0.33)			0.10
Implementation Revenue) (0.03	0.03
Variance					
Impact of Profit Recognition Variance	(2.02)	(1.03)			2.10
Total of Risks and Opportunities	(2.75)	(1.39)		0.03	2.23
Profit Forecast after Risks and Opportunities	20.23	21.59	22.98	23.01	25.21



Business Development Report

Business Development Report

1. MONTHLY SUMMARY

- A month of significant progress. Things are starting to move at long last. Post Office have now committed over £3million new business revenue to ICL Pathway. The major challenge is now to resource the new work at the front end. We are also getting closer to the Network Banking team and relationships are building well.

Network Banking:

- A contract has been agreed for the introduction of Web Riposte. This is a major strategic move that will not only facilitate the introduction of Network Banking but also GGP and will in time allow the introduction of new products in a faster timescale. We have now committed our future strategy to Riposte and we need to continue to expand the working relationships with Escher.
- Work continues on the work packages. Pressure is now on to complete that work. Post Office need to take the output to their executive programme board on 1st February.
- IBM have now been signed up for the software licences but not any hardware as yet.
- Ownership of the Network Banking Programme within Post Office remains unclear. We have now met with Basil Larkins and Graham Halliday to stress the importance of a top level programme board and a top notch programme director.
- Basil Shall is now on side and is in regular communications with us. He is currently organising with us a trip for senior Post Office staff to Escher in Boston. There will also be a visit to a Canadian bank who have implemented the IBM application.
- The key task is to get a joined up agreed programme plan in place, to complete the current work packages and to have Post Office authorise the next tranches of work.

ERA:

- Our people (11) continue to undertake valuable work on the ERA project. The plan remains to complete this phase in time for the investment board in April.

- The decision to go Web Riposte now needs to be encompassed by the ERA team. There has already been a move to transfer the work on the generic product set to the Network Banking project. My view is that Basil Shall will not allow this to happen. We must ensure that we are influencing this area as much as possible.
- A Web Riposte update session is being planned for the ERA team.

Government Gateway:

- We have been asked by Post Office Network (PON) to assess the feasibility of getting some implementation of GGP on the Horizon platform in time for a pilot in July! Basically, this is a re-opening of the proposals we submitted in November about which nothing has been heard since.
- The Web Riposte decision is of benefit here and we need to consider carefully how we respond to this latest request.
- Meeting with the GGP people directly is an imperative.
- See further detail below.

NAO Report:

- A Public Accounts Committee(PAC) hearing is now scheduled for 22nd January. We have agreed that Tony O. will front the ICL Pathway representation.

2. PROGRESS**Business Development:**

- **EFTPOS:** Requirements work continues while at the same time, PON want us to commit to a 2001 delivery. We have insisted that until the requirements are firmly buttoned down, we cannot commit to a firm date for delivery. This has also been made somewhat more complex in terms of dates by the Web Riposte decision. A New Requirements Board on Monday 15th should help to sort out priorities.
- **Mails:** No progress since last month due to over-riding priorities from Network Banking.

- **Service Improvements:** Some evidence of progress but slowly. Unless there is a clear business case for some of these minor improvements to the system, then, there is no appetite to progress. We are taking some initiatives now rather than wait for Change Requests from Post Office. A proposed change to the method of linking to AP clients will be the first one of these unsolicited proposals.
- **Talexus:** Requirements work on this smart key product for electricity companies is nearing completion. We will then need to assess the programme impact and look to instal this year. This will involve not just new software but an additional piece of hardware linked into the Horizon counter system. There is probably an initial requirement for 1,300 of such boxes.
- **GGP:** Subjects requested for consideration are:
 - Distribution of form templates to outlets and form printing, selected from pick-list or by form id, via the A4 printer (a 2nd A4 printer is intended for use in the counter areas of branch offices)
 - Development and deployment of kiosk hardware/software for customer facing use - initially information browsing via a secure POCL web portal or local kiosk cache
 - Integration of kiosks into the Horizon system, including systems management, support and (longer term) potential data/transaction feeds to/from the outlet Counter environment for linked transactions

This, in effect, represents most of the outlet related work included in our own (unsuccessful) GGP proposal, apparently leaving EYCG to concentrate on central content management and business process re-engineering. Specifications of design requirements are promised from mid Jan in draft, and finalised at end Jan.

- **Non-pollled offices and Day D:** John Pope continues his work with Customer Service and Development to identify the key issues affecting these areas and helping to identify solutions such that we can achieve our contractual SLA's.
- **Alternative Collection Point:** Discussions are in progress with Post Office to look at the indicative options for this. It is anticipated that a CR will be raised by the P.O. early next week so that we can start moving this forward. This will cater for rural post offices being used as an alternative delivery point for parcels. This is part of the e-business initiative proving the Post Office as an end-to-end channel for Internet business.
- **Asylum Seekers:** Discussions are in progress with Post Office regarding the automation of this transaction. This is a high profile political hot potato which is highly prone to fraud.

- **Merger of BRD process/ Template and Standard documents:** We have decided to review these documents in alignment with CSLC to ensure that all areas are covered.

Horizon Communications

- *Fujitsu* - Re-edited the MIB video for Fujitsu to use in an exhibition in Japan - similar to 'Future Focus @ DTI'.
- Brief EnCounters written and distributed via Alex. Next issue due out in February 2001.
- Working with Simon Henrick (PR guy helping Financial Services) on a press release regarding mobiles for distribution towards the end of January.
- Still working with The Post Office regarding the TV 'soaps' - Coronation Street are still very interested but are still to confirm. Horizon featured on the Archers in the past week.

3. ISSUES

None



Customer Service Report

Customer Service Report

1 MONTHLY SUMMARY

- Initial figures indicate Day B and Day C data delivery SLAs were met despite weather problems affecting BT and System Service and staffing problems affecting SMC. There were no SLA-affecting data centre issues.
- There were no major network incidents. ISDN availability was 99.88% - all other SLAs were met.
- Work on current APCM activities is progressing to schedule however we will not receive approval for the BT, TVL and DVLNI CCNs in the timescales required for the APCM plan.
- PON Business Continuity has expressed concerns about a campus failover happening on the same weekend as the migration of the first 2 AP Clients but we have mitigated the risks as much as possible.
- CSR+ migration - We are down to less than 40 outstanding Outlets at CI_3. The target of less than 100 by the end of the year was met. A number of CI_4 Outlets are reporting a variety of aspects of perceived slow running. Two fixes, designed to make some improvements in this area, are on their way through the test and release process.
- APS reconciliation still remains a problem and is receiving priority action within the Business Support Unit. A joint Pathway / PON reconciliation forum is being set up in order to progress and resolve APS issues.
- Service Review Book for December SLA conformance was completed and sent out to PON in accordance with agreed timescales.
- We delivered 72 Operational Business Changes in December and there are a further 262 Business Change Orders confirmed for the first 3 months of 2001.
- We have responded to 40 NBSC complaints - 27 justified and 13 not justified. Still high this period are complaints regarding the CI_4 upgrade and the CI_4 team has been alerted. There are currently 10 complaints outstanding awaiting responses, none are currently with the Field Service Managers.
- To 24th December, 135 FSM site visits were completed. Concern continues over the response of Energis and BT to line faults, particularly intermittent ones, and the ability of the system to deal with this situation.

1.1 VITAL STATISTICS

Live Base as at 31st December '00: 15,142 Post Offices, 33,369 Counters

Cumulative Data is from 1st December 99 to 31st December 2000 inclusive

Monthly Data is from 1st December '00 to 31st December '00 inclusive

OBCS

Total number of transactions to date	307,394,333
Total number of transactions in December	43,938,277
Total value of payments to date	£23,706,117,092
Total value of payments in December	£ 3,615,078,672

EPOSS

Total number of receipts to date	445,402,742
Total number of payments to date	95,403,531
Total number of zero value transactions to date	34,778,791
Total number of receipts in December	78,999,643
Total number of payments in December	9,897,509
Total number of zero-value transactions in December	5,650,392
Total value of receipts to date	£ 23,845,522,814
Total value of payments to date	£ 9,163,830,229
Total value of receipts in December	£ 3,453,519,822
Total value of payments in December	£ 1,066,897,112

APS

Total number of transactions to date	137,487,632
Total number of transactions in December	18,807,316
Total value of receipts to date	£ 3,670,925,471
Total value of receipts in December	£ 497,641,862

NOTES:

- OBCS zero-value transactions include - issue of books, change of address etc.
- Cumulative Data from May 1999 will be published once analysis of archived Data Warehouse data is complete.
- Weekly data is now available on the Customer Service web site.

2 PROGRESS

2.1 OPERATIONS

2.1.1 SUMMARY

Initial figures indicate Day B and Day C data delivery SLAs met despite weather problems affecting BT and System Service and staffing problems affecting SMC. There were no SLA-affecting data centre issues.

2.1.2 DATA DELIVERY RECTIFICATION PLAN.

- In progress. CP2840 (Outlet Communication Monitoring) design work in progress. Plan for test and pilot of BT Satelan solution now produced and work initiated.
- Report from Mark Jarosz identifying network issues affecting non-pollled expected shortly. One issue identified is a significant number of eod markers arrive late rather than not at all. TDA are looking at how this can be resolved.
- TDA have proposed a number of interim measures, which should assist in resolution of non-pollled incidents.
- Meeting to discuss LFS SLAs scheduled for w/b 15 Jan.

2.1.3 SYSTEMS OPERATE

No major operational issues in December.

2.1.4 SYSTEMS MANAGEMENT

No major issues. I will be discussing with Chris Wannell the handover of development responsibility from CS to development.

2.1.5 NETWORKS

- No major network incidents. ISDN availability was 99.88% - all other SLAs met.
- Progress is being made in the off-contract invoicing.

2.1.6 BUSINESS CONTINUITY

Host and campus failover test scheduled for January. PON Business Continuity has expressed concerns of campus failover happening on same weekend as APCM migration of first 2 clients but we have mitigated risks as much as possible.

2.1.7 PERFORMANCE MANAGEMENT

Acquire is now on the Correspondence Servers and is monitoring all boxes.

2.1.8 REFERENCE DATA

- Quality of reference data remains an issue. Insufficient progress is being made by POCL in this area and has been escalated to BSM.
- CP is in progress to establish basic functionality for pseudo-live capability. PON has produced an initial statement of requirements for up to 70 counters.
- Menu Hierarchy OBC impacts on benchmarking - agreement hopefully now reached between Pathway and PON and should be ratified at next contract admin board.

2.1.9 POCL INTERFACES

- A number of operational issues around APS file delivery now resolved with a number of fixes targeted for M1. HAPS OLA midnight deadline now moved to 01:00 to cater for increased volumes.
- Final draft version of generic AP client OLA will be produced beginning of January.
- Still awaiting Statement of Requirements from PON for CSR+ CTO process. Token validation for new clients will not be possible for a migrated client until this is implemented. Critical deadline is Giro migration. Escalated to John Bruce.
- John Pope still leading on TIP repair file issues.
- TIP have raise concerns on whether current reconciliation process suitable for Client Migration. Meeting in January to discuss with PON.
- No progress on OLA and service reviews with TIP.
- LFS service ok but slow progress by PON in setting up procedures at NBSC to handle support calls.
- Discussion with PON re LFS SLAs scheduled for Mid-Jan when Liz Tuddenham is back from holiday.

2.1.10 AP CLIENT MIGRATION

- Work on current activities progressing to schedule however we will not receive approval for the BT, TVL and DVLNI CCNs in the timescales required for the APCM plan. This will be assessed when the CCNs are approved.
- PON seems have called an APCM RAB for Tuesday 9th Jan. There will be an internal pre-meeting on Monday.

2.1.11 PROBLEM MANAGEMENT

Currently about 42 problems logged

2.1.12 NEW BUSINESS

Our initial paper on Work Package 2 (Co-location) is required to be complete ready for customer issue on 15th January. View of TDA is that there are still a number of fundamental information requirements, which have not yet been received making this an ambitious target.

2.1.13 FORECAST

Finance review to be held with ISD in January the 2000 reconciliation of CFM001.

2.1.14 STAFFING.

OMR preparation underway.

2.2 SUPPORT SERVICES

2.2.1 GENERAL

- The code fix to resolve the "lost transactions" problem has completed testing and has entered the release process.
- A number of CI_4 Outlets are reporting a variety of aspects of perceived slow running. Two fixes, designed to make some improvements in this area, are on their way through the test and release process.
- There were no significant problems requiring SSC support over the Christmas period.
- Support Services participated in the BRA01 Disaster Recovery Walk-through held in December. A few minor observations were recorded.
- A number of Network Banking Workshops have been attended and SSC personnel have now been identified for this area.
- The Alert on the problem of failures on the OTI link from PinICL to PowerHelp (and from Dispatch 1 to PowerHelp) has been closed.

2.2.2 MAJOR RELEASE IMPLEMENTATION

- CSR+ migration – We are down to less than 40 outstanding Outlets at CI_3. The target of less than 100 by the end of the year was met. The next target of all Outlets at CSR+ by Monday 15th January is looking at risk but discussions are under way to try and ensure the target is met. Several single-Counter Outlets have been upgraded via Counter replacement and several two-Counter Outlets are scheduled for upgrade in this way.

- M1 migration – Planning for this is well under way both internally and with PON. There are a large number of pre-requisites to be completed before M1 can be implemented; all of which have planned dates. The wing server and the Secure NT upgrade are both at risk at the moment but are being actively managed to bring them back on target.

2.2.3 METRICS

Totals for the month of December 2000.

Release Notes raised by Release Management	60
Release Notes applied to live	54
Release Notes withdrawn	14
Release Notes cleared by OTT	60
Total Calls received by SSC	812
Total Calls closed by SSC *	884

- Of the total calls closed, 383 were in categories (e.g. Advice and Guidance, Published Known Error) which should have been closed by 2nd line support.

2.3 INFRASTRUCTURE SERVICES

2.3.1 MANAGEMENT SUPPORT UNIT

- APS reconciliation is ongoing with regards to the progress that is being made, whereby Pathway & PON are still working jointly to resolve the scenario. A daily APS reconciliation is being carried out that is being used in conjunction with the daily APS reporting suite. This is being used in order to bring the accounting dates between the two systems into line. A joint Pathway / PON reconciliation forum is being set up in order to progress and resolve APS issues. The first meeting is being held in January in order to consider existing problems and look at ways of taking steps forward to ensure APS reconciliation is met.
- The Business Incident SLA for this month is 96.3%. Due to tackling new bugs at CI_4, resolution of some incidents is taking longer to resolve and provide the reconciliation data to PON, as these problems have not been encountered previously.
- The non-polled Outlets continue to be high for this period. A new resource has now been drafted in to aid with the Non-Polled Outlets that will input further into the investigation and resolution of these offices.

- Service Review Book for December SLA conformance was completed, and sent out to PON in accordance with agreed timescales. As the period covered Christmas, there was a marked drop in calls received by the HSH (54,703 compared to a November figure of 82,331). Generally there was an improvement in SLA performance, however, due to a few failed calls, System Service Priority A Local & Remote missed SLA.
- Remedial invoices for Q3 2000 have now been issued to PON for agreement.

2.3.2 STRATEGIC SERVICES UNIT

2.3.2.1 OPERATIONAL BUSINESS CHANGE

- The following tables show actual deliveries for December and firm orders for changes up to the end of March 2001.

Opening/Relocation/Refurbishment (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
December	51	20.05	30.95

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
January	130	21.07	108.93
February	76	22.53	53.47
March	42	23.60	18.40

Closures (Outlets)

Month	Total Deliveries	Actual Deliveries Allowed Within Contract	Actual Deliveries Additional to Contract
December	21	12.53	8.47

Month	Total Orders	Forecast Deliveries Allowed Within Contract	Forecast Deliveries Additional to Contract
January	13	13.17	Not yet exceeded contract
February	1	14.08	Not yet exceeded contract
March	0	14.75	Not yet exceeded contract

2.3.2.2 CUSTOMER COMPLAINTS

- We have responded to 55 NBSC complaints - 37 justified and 18 not justified during December. During the month there was a high number of complaints regarding the CI_4 upgrade and the CI_4 team was alerted to these. Currently there are 10 complaints outstanding waiting for responses, none of which are with the Field Service Managers.

2.3.3 BUSINESS EFFECTIVENESS

- Version 1.0 of the CS Process Manual is awaiting sign-off but will be subject to ongoing maintenance during 2001 as the CS business continues to evolve and the CS top-level process view contained in the CS Process Model changes.
- A first draft of the integrated and re-written joint Pathway / PON SMF was completed and sent to Nick Embling (PON joint author) for comment.

2.3.4 FIELD SERVICE MANAGEMENT

- To 24th December 135 site visits have been completed. This was less than anticipated, as many Postmasters asked not to be visited prior to Christmas.
- Concern continues about the retention of Implementation documentation, and moves are now being made to retain this locally for use by the FSMs.
- PON have approved an Environmental Assessment service, and the first use of this will be at Frensham Way in early January.
- PON have begun using a Service Improvement Process, taking suggestions from Postmasters. Previously, PON had indicated that FSMs could be involved in this process, and this will now be explored.
- During December, a number of single-position sites experienced data loss due to a combination of events. A fix has been identified and a solution is being tested. FSMs have assisted at these sites to represent ICL and to support the Postmaster and Area manager in the recovery of the data. It is believed that no financial accounting data has ultimately been lost.
- Concern continues over the response of Energis and BT to line faults, particularly intermittent ones, and the ability of the system to deal with this situation. A PinICL has been raised in connection with this and is with the TDA.
- An office has complained of repeated "phantom transactions" on the Horizon system. The FSM visit determined that the source of this was the Postmaster's dog, which was in the habit of jumping up and putting his paws on the keyboard.

- An office in Loughborough was experiencing frequent screen freezes. Previous investigation has shown that these can be caused by electrical interference. An FSM visit noted a background “hum” in the Post Office – caused by the large air conditioning plant and refrigeration equipment in the Chinese restaurant sharing the building with the Post Office. Replacing the monitors with latest

Quality & Risk Report



Quality & Risk Report

1 MONTHLY SUMMARY

- Security. Key management support for migration continued. A project manager for implementing the anti virus approach is now in place. A proposal is being made for compliance / vulnerability software. The level and complexity of data extractions is increasing and causing concern – will be discussed with POCL.
- Quality. ISO9001. A Corrective Action Plan has been issued to BSI. Preparation for the formal assessment (starting 5/2/01) continues. Process documentation is generally in a good state. The state of Pathway documentation in general was escalated and is now receiving urgent attention. The bMS site is now developed and is being maintained.
- Audit. The programme for Q1-Q2 2001 has been agreed. TORs are being developed and agreed for the first 2 audits.
- Disaster Recovery. Plans are being updated to reflect the organisation changes.

2 PROGRESS

2.1 SYSTEM SECURITY

2.1.1 GENERAL

- CP2292 et al (Anti-Virus software on the Live-Estate). A forecast CP for a dedicated Project Manager was approved. The agreed solution for the delivery of anti-virus software to Datacentre boxes, remote FTMS gateway PCs and various standalone machines will now be taken forward under formalised project management and implementation is targeted for May/June 2001.
- Work has been completed on the evaluation of various compliance toolkits to facilitate remote checking of security policy compliance across the live estate. Implementation will now be progressed via a CP.
- DPA. The existing Subject Access Request procedure is being amended to reflect Pathway's agreed data ownership responsibilities in respect of Knowledgepool and HSH. The issue of ownership of other data processed by the Horizon system has been raised again with PONU and the importance of urgent resolution has been stressed.
- Security and Audit Trail documentation continues to be reviewed as part of the ISO 9001 plan. Only a few documents now remain to be baselined. Work is also underway on incorporating measures for process improvement.
- Work was completed on four Audit Data Extractions in response to PONU requests. The number and complexity of data extractions is increasing and is giving cause for concern – will be discussed at the review meeting with POCL on 10/01/01.

2.1.2 CSR+

- The Key Manager successfully processed all key requests received this month. Significant effort was expended in helping to achieve the agreed target of only 100 migrations outstanding by December 9th. In addition to the scheduled rollouts, there were numerous requests for the manual opening of migration doors and for checking the status of keys.
- The KMS Key Manager continues to consolidate knowledge of the KMS system and is performing a daily analysis of migration/rollout activities to inform the programme. The KMS User Guide is being baselined prior to M1.

2.2 QUALITY

- ISO9001 Programme.
 - The BSI Pre-assessment Action Plan (IA/CAP/020) was submitted to BSi on 15/12/00.
 - Document Control is being addressed as a matter of urgency by all Directorates, and significant progress is being made. QM has established a listing, which is being reviewed weekly. Outstanding documentation has been reduced by well over 50%.
 - QMS Documentation. Pathway process Management Process (PA/PRO/038) has been updated for review; Intranet management processes have been developed and approved. Other documentation is being progressed and will be approved during January.
 - Process Review Forums for each directorate continue regularly, to review process development, records, implementation of measures. Good progress has been made. The major outstanding area is now TDA – a corrective action plan is being reviewed.
 - The Business Management System (BMS) intranet site is now fully established and being maintained.
 - The new version of ISO9001 (2000) was approved in December. Pathway will have to be certified against this within 12 months of gaining initial certification against the 1994 version. The major changes and work needed will be determined after the formal assessment in February.

2.3 AUDIT

- Internal Audit Plan for 2000 has been documented.
- Internal Audit Plan : 2001 (Q1 & Q2) has been approved. Work is now underway on defining TORs for the first 2 audits – Implementation tail management and supplier management.
- An Internal Audit Committee meeting was held on 11/12/00, which discussed and agreed the approach to audits during 2001.

- Audit Manual – the document (IA/MAN/003) has been updated substantially and is now awaiting approval at issue 2.0
- Joint Audit preparation. POCL have requested audits of invoicing, reconciliation and OBCS processes during Q4 of 2000/01. These will be discussed at the liaison meeting on 10/01/01.
- CAP Monitoring. Some CAPS have been open for over six months. Approximately 50% of CAP actions are still open and increased effort will be required to get the issues resolved and actions closed. A weekly list of the high priority open CAPS will be circulated to the actionees and their management to ensure attention remains focused until resolution is achieved.
- Audit Documentation. The audit documentation is now in a reasonable state. The key audit planning documents are in the process of being approved and the outstanding CAP documents have been moved to Version Complete which brings them to a formal status while allowing work on them to be progressed.

2.4 DISASTER RECOVERY

- DR plans are being updated to reflect changes in the organisation. This will be completed during February.
- A 'message link' has been established which will enable Pathway staff to call to listen to a pre-recorded message in the event of a disaster. The telephone number and location of the Guardian Disaster Recovery site will be printed on white 'credit cards' for staff distribution with revised plans.

3 ISSUES

- Requests for audit extractions continue to place a high demand on resources and the Audit Servers. Requests for PACE witness statements have begun and initial signs suggest this may increase. Problems have arisen from potential misuse of the ad-hoc request procedure operated by MSU. An imminent meeting with PONU will discuss these and associated issues.

Implementation Report



Implementation Report

1 MONTHLY SUMMARY

A total of 15,291 Post Office outlets have had the Horizon system installed, as at close of business 15th December 2000. This represents 85% of the current agreed number of open outlets (17,998). It is now anticipated that this will fall to less than 17,950 outlets by the end of rollout.

Rollout is on schedule to achieve the next payment milestone (reduced to 17,134 outlets by 9th March 2001 due to an increase in the number of suspended and closed outlets) with headroom of 300 outlets available beyond that. We are also on target to achieve the current outlet revenue forecast of 17,650 outlets by 30th March 2001. Recent commercial negotiations with PONU have successfully reset the payment milestone target to the lower figure above to take account of attrition over which Pathway has no control. The target for the rollout payment milestone is reassessed each month, in accordance with approved CCN 655a, to take allowance of PON suspended or outlets closed during the previous month.

Significant rescheduling has taken place for all rollout weeks in 2001 to allow for higher expected rates of attrition. Rollout volumes have also been increased to allow for the lower level of achievement of late. It is therefore anticipated that rollout we return to a trend of achieving target levels when we recommence on the 8th January 2001.

Implementation closedown plans continue to be implemented with a small number of staff having left the team at the end of December. A further 8-10 staff are planned to be released at the end of February, in accordance with close down planning. Back to back plans with Pathway Customer Services are in place and , from 8th January 2001 CS will take over responsibility for new infrastructure activity. Implementation will conclude existing infrastructure activity during January/February and will hand-over installations to CS from mid-May 2001.

2 PROGRESS

Infrastructure Preparation

All outlets being released into the programme from suspension for completion of infrastructure activity are now under the management of Pathway Customer Services. Pathway Implementation is completing all infrastructure activity already underway but will not accept any further outlets for entry into the infrastructure programme. The only exception to this will be the expected request to prepare and install Head Office Counter positions. All other new infrastructure activity must be passed to Customer Services.

There are now less than 100 infrastructure activities remaining to be completed under Implementation management. This includes a combination of surveys, modifications, preparations, snagging items and mobile surveys and preparations. In addition to this they were, as of 2 January 2001, approximately 75 sites classified as Can't Do/Won't Do requiring Post Office attention.

In addition to the above planned activity, Pathway has received a request from the Post Office to prepare and install head office counter positions at 46 new geographic locations. This is currently being processed and will be undertaken by Implementation to ensure that OBC resources are not over-stretched. Consequently, it is anticipated that the Implementation infrastructure team and our supplier Pearce will remain in place to the end of February to complete the work.

The Implementation infrastructure team will be disbanded following the completion of existing work and will transfer to Large Projects Division.

Installation Activity

Having achieved the third rollout milestone in November, the remaining goals are:

- To achieve the final rollout payment milestone in March (99% of Rollout Part A). This has a value of £90M.
- To achieve and exceed the target of 17,650 outlets installed by 30th March 2001 thereby meeting budget expectations for revenue and profit for 2000/2001.
- To complete Rollout Part B, less 40 CS outlets, by mid-May 2001 and close down the Implementation team.

Rollout was suspended on 15th December 2000 to prevent impact to Post Office business during the busy Christmas period. The cumulative number of installed and migrated outlets at the end of the year 2000 was 15, 291, representing 85% of the total number of open Post Office outlets. Rollout restarted on 8th January 2001 with a target beat rate of 290 outlets for the first week.

Considerable activity and checks have been undertaken during the Christmas cessation of installations to ensure that target beat rates are achieved. Consequently it is anticipated that the trend of under-achievement against the target which occurred in the latter part of 2000 will not be repeated in the 5 final months of rollout. However, there are still some remaining legacy issues with satellite planning permission not having been progressed expediently and we will continue to see some suspensions in this area but to a lesser extent than last year. Similar sites suspended last year will however be rescheduled and it is therefore hoped that any suspensions in the coming weeks will be filled by the rescheduled outlets as they obtain satellite planning permission. Additional checks have also been introduced for ISDN serviceability and configuration and it is anticipated this will result in fewer on-the-day install issues.

Looking ahead to the week of 22nd January, suspensions have accounted for a larger than normal reduction in available outlets and as a consequence it is unlikely that the target beat rate of 280 outlets will be achieved. A revised total of 265 installs is forecast although efforts are being made to reduce the number of suspensions in this week and to reschedule outlets being released from suspension into this week to make up the shortfall. It is anticipated however that the target beat rate will be achieved in all other weeks.

Production of the mobile systems is underway and on track to commence rollout to mobile outlets from 29th January 2001. A pilot installation is planned for install on 18th January. The programme to achieve this is very tight and dependant on completing EMC testing and timely parts delivery from Canada.

Implementation Closedown

Preparation for the hand-over of Implementation activity to Pathway Customer Services is making good progress. The document, Implementation Hand-over to Customer Services, IM/REQ/074, has been reviewed and agreed by all parties and is ready for approval. The scope of the document covers the hand-over of infrastructure preparation. The hand-over of Installation activity is covered in IM/PLA/024, Implementation Close Down Plan which is currently at draft status.

Peter Goodwin has confirmed that CS infrastructure process preparations are complete and that they are ready to accept released outlets into the programme under their management. CS and Implementation will hold a formal review with PONU to agree the final outlets to be released into the infrastructure programme in the week commencing 8th January 2001. Of the 93 outlets remaining, it is understood approximately 45 will be released, 30 will close and 20 will be released but are not yet available. All of these outlets will have their preparations completed under CS management. In parallel with this activity, the Implementation team will complete outstanding infrastructure activity under their management, which includes a total of just fewer than 100 remaining activities.

The installation programme will be handed over to CS in mid-May of this year and will continue to be managed by Implementation until that time. Preparations for the hand-over of installation activity are in progress and on track to achieve the hand-over date.

In accordance with the Implementation Close Down Plan, the IP teams in IP1 and IP3 will be disbanded at the end of February 2001. The responsibilities of these two teams will be passed to the teams in IP2 and IP4 respectively. In preparation for this amalgamation of IP regions and transfer of responsibilities, the Implementation Field manager has begun drafting plans to manage the transfer and communication of the change in management. Written communication briefings will be produced in advance of the transfer to ensure all parties are aware of and understand the changes including revised points of contact and telephone numbers.

Summary of Rollout Status

ACTIVITY	CHANGE	CUMULATIVE
Number of Open Post Office Outlets	-45	17,998
INFRASTRUCTURE PROGRAMME		
Sites Entered Into the Programme	-43	17,994
Sites Remaining to be Surveyed	-306	12
Sites Remaining to be Prepared	-369	67
INSTALLATION PROGRAMME		
Sites Migrated and Live	+9	15,291
Percentage of Open Sites Live		85%
Counters Live		34,735

3 CURRENT CRITICAL PROBLEMS

No new critical issues have arisen.

The invoice dispute with ntl: has been resolved satisfactorily in favour of ICL. An offer has been accepted which represents a cost saving against the forecast of £550K.

A settlement for the projected shortfall in training courses against the contracted number, arising from low course occupancy levels, has been agreed with the Post Office. As part of a package to achieve relaxations against existing service SLAs, Pathway will pay the first £1M of the training shortfall. Beyond this PON and Pathway will share the shortfall equally. Measures to improve occupancy levels have been implemented and consequently reductions in the estimated shortfall have been achieved in each of the last three months. Initial occupancy levels in January are also favourable. The cost of the projected shortfall has therefore fallen from £1.3M to £1M. Efforts continue to improve this with the aim of reducing Pathway's contribution. This improvement however represents a £300K saving compared to last month's financial forecast.

4 ISSUES

Concerns over Energis poor performance in the ordering and installation of ISDN lines and satellite communications continue. During December there were signs of improvement but the achievement overall remained inadequate. A further meeting with the UK MD of Energis, Bob Taylor was therefore held on 19th December 2000. At the meeting, Pathway pursued our claim for compensation and expressed our continuing concern and need for urgent action to improve performance and specifically address programme management issues. Since that meeting Energis have accepted that

their programme management of satellite communication sites has been inadequate and have demonstrated improvements in this area. As a result, the quality of information regarding their programme status has been better and a small improvement in the number of completed ISDN and satellite installations has been observed. It may however be another 6 weeks before the quantity of satellite installation delays reduces to an acceptable level owing to the process lead-time for installation planning permission. In the meantime, every effort is being made to achieve rollout targets through rescheduling of outlets previously suspended. An improved offer of compensation is also expected.

Rollout plans assume up to 14 Horizon installations using satellite communications may be installed concurrently although currently there is a small risk that no greater than four can be achieved at the same time. It is believed that when four or more sites are installed concurrently that the software synchronisation is much slower resulting in significant delays. Since installation teams install up to 3 sites per day, such delays could lead to the second and third sites being aborted if this is not addressed. Loss of these sites, combined with other rollout risks, could pose a small threat to achievement of the forecast installation revenue target. Testing of various quantities of simulated concurrent satellite installations is underway to determine whether design changes or increased satellite bandwidth are required to support the rollout plans. Contingency plans to reduce the peak levels of concurrency are also being prepared. This may also pose a threat to future software distribution to the live estate and hence the testing is being progressed as a high priority.

5 COSTS

The Implementation forecast remains within budget and is on track to achieve the task and revenue targets for the year.

Following a lengthy negotiation with ntl, a favourable offer to settle the dispute over payment for "weekly shortfall charges" was received and accepted by Pathway in mid-December. This has enabled an overall improvement in the forecast of £550K with other savings also achieved by offsetting associated costs within the Joint Infrastructure budget with PONU.

In early December, Pathway implemented with PONU the last of a package of measures designed to improve training course occupancy. In the last three months, following the introduction of these improvements, course occupancy levels have been steadily rising relative to predicted levels. Consequently, the forecast total cost of additional training arising from poor course occupancy has dropped from £1.3M to £1M. It is hoped that this will continue to fall in the coming months, particularly since, in order to secure required relaxation's in customer service, Pathway have agreed to pay for the first £1M of additional training costs.

Management of business risk within Implementation continues to make good progress with all identified risks reducing in terms of probability and potential impact. Contingency funding in this area is therefore being gradually reduced. With the imminent conclusion of outlet preparation activity, infrastructure contingency funding to the value of £280K has also been released.

A demand for compensation from KnowledgePool for training scheduling failure and the additional costs arising from this has been prepared. The decision to progress this must be balanced with the need for flexibility from KnowledgePool in rescheduling. Their co-operation is critical to the high level of rescheduling necessary to ensure outlet installation forecasts for this year, including the associated revenue and profit targets, are achieved.

Additional training revenue of up to £97K has been added to the forecast based on an increased customer requirement for incidental training courses.

Negotiations with Energis for compensation relating to failure to install ISDN lines as required by the contract remains ongoing. An offer of £50K has been received and rejected on the basis that it is a significant under-estimation by Energis of the costs incurred.



Organisation & Personnel Report

Organisation & Personnel Report

1 MONTHLY SUMMARY

Good progress continued to be made on both replacing freelancers with permanent employees and on reducing their total numbers.

The Implementation Transition Plan was brought up to date in the light of some changes to the route by which Pathway employees can transfer to P&PS and a communications plan has been put in place to minimise the impact of these changes.

The final list of people who will transfer from P&PS to Pathway was agreed.

2 PROGRESS

- Appointments in December:

External Recruits	1
Transfers In	1
P&PS	-
LINKwise	1 (3 month assignment)
Freelance	-
Fixed Term Contracts	-
Adecco Temps	4
TOTAL:	7

- Known Joiners

External Recruits	2
Transfers In	-
P&PS	2
LINKwise	-
Freelance	-
Fixed Term Contracts	-
Adecco Temps	-
TOTAL:	4

- December Leavers:

Permanent Staff	3
Freelance	9
Transfers Out	1
Linkwise assignee	-
P&PS	5
Fixed term Contracts	-
Adecco Temps	-
TOTAL:	18

- Known Leavers:

Permanent Staff	6
Freelance	1
Transfers Out	-
Linkwise assignee	-
P&PS	5
Fixed term Contracts	-
Adecco Temps	-
TOTAL:	12
- 7 people came to the end of their roles on the Implementation programme in December and all permanent employees were redeployed within the Company. Employees on assignment returned to the P&PS, some people took up roles in Roll-Out Services and one transferred to Pathway Customer Service.
- All employees were briefed on their current expected end date with the project in order to help them to plan to find new roles. The Pathway Human Resources Department is co-ordinating this process and all vacancies within Pathway are first being advertised internally.
- The planned people moves to consolidate space in Bracknell took place in December. There were some issues that arose as a result of the move and these were dealt with at the time.
- 5 relatively junior ICL permanent staff have resigned and are due to leave imminently. Exit interviews are indicating that whilst they all are very positive about their time at ICL, they are generally leaving for higher salaries, a base increase of 50% in some cases.

New Business

- ERA, No change or additional requirements reported. There is an expectation that ERA will require 8 additional high level designers in May/June timeframe. A decision will be needed by the end February latest if we are to have a reasonable chance to supply.
- Network Banking, See Note Below
- Eftpos, GGP and Service Delivery, See Note Below

The resources required for Network Banking and Eftpos etc are not yet specified again the above will apply. The market for resources is still tight and the longer advance warning provided the better the chances of delivering.

In terms of Resources all businesses with ICL are chasing VB, C++, Unix and NT skills at all levels. So it is important to ensure that all the managers realise that forward planning is essential.

Transfer of Resources from e-Applications to Pathway

- 91 people have been identified for transfer to Pathway. Work is currently underway which will ensure that the employees will transfer into Pathway early in 2001.

Freelancer Reduction and replacement

Update	02-Jan-01
Summary	No of Heads
Freelancers in Pathway 01/12/00	142
Freelancers in Pathway 31/12/00	140
Freelancers in Pathway 02/01/00	134
Current FC of Freelancers in Pathway on 01/04/01	80
Current FC of Freelancers in Pathway on 31/02/02	53

Of the 8 Freelancers to leave by the end of December 2000, 4 were planned i.e. had reached the end of the role. In addition we had 2 Freelancers who went 1 month and 3 months earlier than planned, as a result of the ZBB activity within the DU. There were then 2 unplanned resignations within the Programme Office and we were able to fill one of those roles from P&PS, with one vacancy. So all in all a good month.

By the 1st February we will have reduced the total number of Freelancers by a further 8 heads to 126, these are definites i.e. they are at the end of their role within the project

By the 1st March we will have reduced the total number of Freelancers by a further 11 heads to 115, these are definites i.e. they are at the end of their role within the project. All these roles come from the BTC Unit. Only risk would be a slippage in M1.

By the 1st April we will have reduced the total number of Freelancers by a further 31 heads to 84, 26 of these are definites i.e. they are at the end of their role within the project. 5 are at risk because we have to find replacements, so although they will go they could slip by a month.

The Task for 2001/2 is to reduce the Current FC of 53 Freelancers in the business to approximately 30.

3 ISSUES

- There is no longer a direct route for Pathway employees to transfer directly from Pathway to the Technical Centre. This particularly impacts employees in the Implementation team and may affect their morale. A communications process was started in December and will continue in the New Year. This will explain the new process and the support that the Human Resources team will be giving to help as many people as possible to find new roles. Hopefully the impact on morale will therefore be minimised.

Post Office
Client
Report



The Post Office - Client Director's Report

1 MONTHLY SUMMARY

ICL has been confirmed as a Strategic Supplier to Consignia plc.

2 PROGRESS

Strategic Supplier. Les Graney has confirmed that ICL has been selected as one of eight IS/IT suppliers who will be accorded a monthly review/planning meeting with his department (Technology and IS Strategy). The eight and their T&IS "sponsors" are:

ICL; SAP; Siebel:	Wendy Powney
Microsoft; Compaq:	Gerald Burnett
BT	David Lacey
HP; IBM:	Alan Shepherd

This will be a welcome opportunity to gain and maintain a clearer insight into the developing directions and plans for Post Office IS/IT.

One Stop Shop (MC). Contractually ICL MC's contract finishes in April 2001 and the ComputerCenter contract finishes April 2002. The replacement "desktop sourcing" could well include the PO people (300 Regional Support staff?) and might include the maintenance. Given the one year procurement cycle, the re-bid will start this March. We have alerted ISD to this potential.

Service Delivery Options (Confidential – not for discussion with PO staff)

All internal services units within Post Office Services Group are being reviewed with two significant questions being asked in relationship to internal or external supply options:-

- Is it a viable internal service?
- What would change if this were external?

The options plan is divided into "Tranches":-

Tranche 1 (underway): Included ROMEK (who are seeking a partner to join a JV).

As this is similar to WTL, there is no ICL interest.

An Employee Health Programme is also being considered for a managed service.

Tranche 2 (under review): This includes the David Ferguson's Business Systems Group.

Group IS/IT ((Les Graney) are NOT part of this review, leading to speculation they could be identified as potential contract managers for any managed service/outsource.

All 2,500 staff in Business Systems are potentially under review, as there is a view in PO that Business Systems "have not stepped up to the challenge".

Tranche 3 (being planned) Will include other POSG services (legal, purchasing etc)

SMPP/ e-infrastructure. Tony Gale with John Bell met with Lee Laver in Chesterfield in order to understand how he might take forward some of the principles described in Tony's previous work – which Chesterfield have always been slow to adopt. Specifically on the Platform 2000 rollout, Steve Reay has discussed our joint concerns with Microsoft and confirms that there is now a small contract in place with PO for us to validate W2K design.

SMPP/ Peregrine. An action plan was agreed by ISD-GIO with Post Office before Christmas which detailed the conclusion of weekly testing and a move to the production server. The drop dead date is 12 Jan for live running in order to assist with budget setting...but there seems to be little contingency. The ISD consultant continues onsite.

A new plan will be developed to supply two-month rolling resources in order to provide support and skills transfer.

e-Business. The continuing non-announcement of tender decisions (compounded by the omission from shortlist of seven large current PO suppliers IBM, CapGemini, Microsoft, Andersens, PwC, SAP, ICL) has caused much debate within PO. The Business Systems unit responsible for delivering eBUS systems complain they were not involved in the procurement process. This has all the signs of turning into another "parked" procurement exercise. We hold onto the statement "existing contracts can of course be used for eBusiness where appropriate".

GGP. We are pleased to see that the infrastructure ideas and proposals to support GGP that we put to D Waltho and team are now emerging from PON as requirements on Pathway – Liam has therefore picked up this activity.

Consultancy Framework Initial OJEC response submitted 13 October for a wide range of IT consultancy services in 13 categories. ITT has slipped to February.

SmartCard Detailed planning under way for the PO-wide Smartcard seminar February 20/21, supported by ICL and Microsoft. The agreed clear intention is to promote the business benefits of smartcards within and without PO, using ICL skills and services. PO will pay ICL £20k for seminar services including a tailored SmartCity demo. With potential for smartcard services for Banking, Travel and Citizen applications within Post Office this will be a strong platform on which to gain visibility.

3 CURRENT CRITICAL PROBLEMS

Peregrine

Andy Lockett of ISD is due to conclude this work imminently (see above).

WDM ParcelForce Worldwide Despatch Manager - is being downgraded from Red Alert to ISD Divisional Alert following 2 weeks good performance. Next review (called by Imanishi-san and Nagai-san) early Feb.