

Witness Name: Charles Hooper

Statement No.: WITN09560100

Dated: 14 May 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF *CHARLES HOOPER*

I, *CHARLES HOOPER*, will say as follows...

INTRODUCTION

1. I am a former employee of Post Office Counters Limited (“**POCL**”) and I was a member of the POCL Information Systems Strategy Unit (“**ISSU**”) and the Horizon procurement assessment team. I left POCL on 30 June 1997.

INITIAL CRITICISM OF ESCHER’S RIPOSTE SYSTEM

2. I highlight that the ISSU had severe doubts about the solution chosen in the procurement. The choice of an immature solution (Riposte) from a small supplier (Escher) when there were stronger, more mature solutions in other procurement responses from other suppliers did not sit well with me. More significantly, one of these more mature solutions, a system called GlobalSTORE, was owned by another division within the ICL Group and was present in another procurement response from another supplier, but not the ICL Pathway bid.

3. The Horizon project was completely at odds with POCL policy and culture. Outsourcing a mission-critical system to a third party, with a hands-off, leave-it-to-the supplier approach had never been tried before.
4. There were two camps within POCL. The more traditional “old hands” found it hard to accept that counter transactions were similar to those in retail and banking and saw little benefit in looking outside POCL for evidence. The newer staff, including myself, believed it was possible to use a Retail EPOS system as the basis of the new Counters System and were deeply worried when the procurement selected the ICL consortium which contained an immature and unproven bespoke solution – the Riposte System from Escher.

RETAIL EPOS SYSTEM ALTERNATIVE

5. The main advocates for the use of Retail EPOS systems were the staff in the POCL Information Systems Strategy Unit (ISSU) at headquarters who consisted of Basil Shall, Wendy Powney, Rupert Lloyd Thomas and myself. I had been a member of the procurement assessment team and had seen that other suppliers were tendering EPOS systems at the core of their solutions.
6. From the start, the ISSU had doubts within the POCL IT Teams about the Riposte message store from Escher. We saw that Escher had no experience in large systems. As a key component in Horizon, we believed it was optimistic to think ICL Pathway could manage the Escher software and relationship.
7. The ISSU knew that ICL Retail Systems (a different division of ICL from ICL Pathway) had acquired Post Software International (PSI) and its GlobalSTORE product on the 10th June 1996, before the Horizon

procurement. The PSI GlobalSTORE product was a very strong EPOS system that was in use in many retail environments. A derivative of the ICL GlobalSTORE EPOS system is still for sale from Fujitsu today (2023). ICL acquired PSI and its GlobalSTORE product to strengthen their retail offer.

8. Using a known EPOS retail system would provide access to regular software updates; sharing costs with other users. GlobalSTORE conformed to many retail technology standards which would have aligned POCL with other retailers; providing access to new retail developments e.g. payment cards, special offers etc.
9. I had performed some analysis to show how Post Office transactions were not different from typical retail transactions already supported by EPOS system such as GlobalSTORE mentioned in paragraph 7 above. This analysis was called the 'Five Generic Model'.
10. The analysis was shared with ICL Pathway.
11. This debate, known as "make versus buy", continued from March 1996 and ended on 11 September 1996 when Paul Rich (POCL Marketing) emailed me and others to reject the GlobalSTORE approach. He said that "to introduce a PSI solution at this stage would be dangerously risky to the timetable. Andrew [Stott] and others estimate a delay to release 1 of up to a year is likely. So my decision is to stick where we are." This response does not say whether the POCL management team agreed with the suggestion to change to a different approach, just that the change would be risky to the timetable. At the time, it felt like the POCL management team were resistant to alternatives because rowing back on previous decisions would have been to admit they were wrong – they did not consider developing the EPOS idea

further as an alternative alongside the Escher approach to mitigate the delivery uncertainty risk of that approach. Note that I do not have a copy of that email: the text above is from Rupert Lloyd Thomas's timeline written on 22 May 1998 (**WITN09570101**) which I have considered in preparation of this witness statement.

12. Whilst I agree that changing approach would have been risky, my hypothesis of the original approach having different and greater risks has been borne out by the ensuing scandal.
13. Even though the decision above was made, Paul Rich was sufficiently interested in the retail EPOS approach to take a trip to La Jolla, California, to visit Post Software International (PSI) for a presentation of their GlobalSTORE product on 7 October 1996. Paul Rich was accompanied by Bob Peaple (POCL IT Director), Byron Roberts (POCL Operations) and Wendy Powney (ISSU). The ISSU analysis had shown there was enough doubt about the ICL approach to warrant spending money to send a team of POCL managers to California to see an alternative retail EPOS system.
14. As I was leaving POCL, I sent a letter (**WITN09560101**) to John Bennett, the ICL Pathway Managing Director offering my services to explain to ICL Pathway why the EPOS approach was the better approach. I suggested to work with ICL Pathway to help them understand the benefits of moving to a retail EPOS based approach using my 'Five Generic Model' analysis.
15. John Bennett replied by letter (**WITN0956102**) saying ICL Pathway was going to stay with the Riposte based approach. These letters are attached.

16. Additionally, I have included a timeline of events, written by Rupert Lloyd Thomas (WITN09570101), based on available emails and other data available to him at the time.

Statement of Truth

I believe the content of this statement to be true.

Signed:

GRO

Dated:

14/5/2023

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