POB(00)1st
PO00/1 to 11

POST OFFICE BOARD

**Minutes of the meeting held at 148 Old Street
on 11 January 2000**
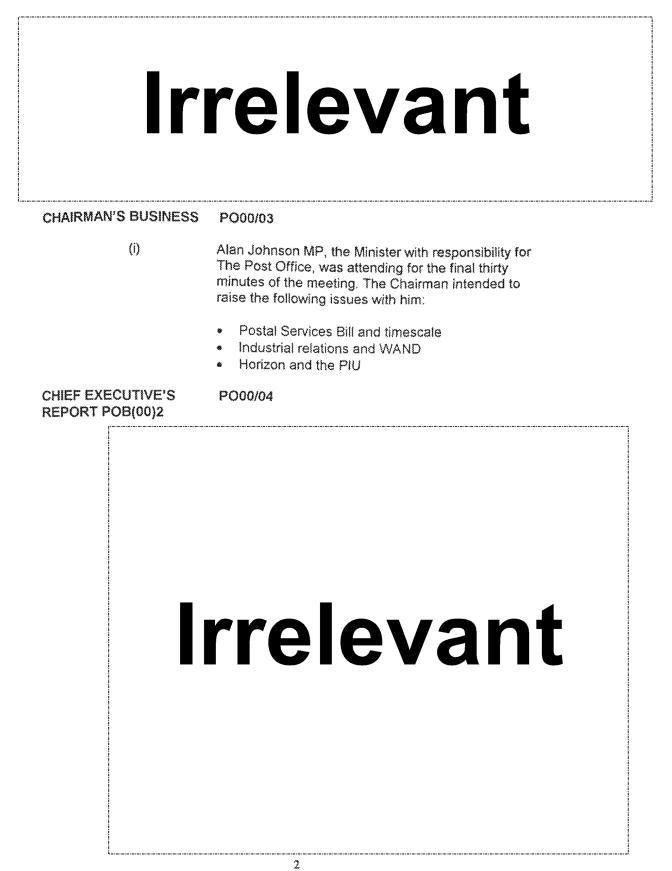
Dr Neville Bain	Chairman
John Roberts	Chief Executive
Richard Close	Group Finance Director
Jerry Cope	Group Managing Director Strategy & Business Development
Mike Kinski	Non-Executive Member
John Lloyd	Non-Executive Member
Rosemary Thorne	Non-Executive Member
Jonathan Evans	Secretary
Scott Childes	Notes

Richard Dykes, Group Managing Director, Mails Services
Stuart Sweetman, Group Managing Director, Customer and Banking Services.
Kevin Williams, Group Managing Director, Distribution Services

Others attending:
Robert Bishopp, Director Regulation, for PO00/6
Duncan Hine, Director Technology and Information Systems, for PO00/7
Graham Cater, Director Group Personnel, for PO00/8

APOLOGIES
Miles Templeman was unable to attend

Irrelevant

MINUTES OF PREVIOUS MEETING

PO00/1

The Board approved the minutes and separate record of proceedings of its meeting of 30 November 1999.

Irrelevant

CHAIRMAN'S BUSINESS PO00/03

(i) Alan Johnson MP, the Minister with responsibility for The Post Office, was attending for the final thirty minutes of the meeting. The Chairman intended to raise the following issues with him:

- Postal Services Bill and timescale
- Industrial relations and WAND
- Horizon and the PIU

CHIEF EXECUTIVE'S REPORT POB(00)2 PO00/04

Irrelevant

In Strictest Confidence

Irrelevant

In Strictest Confidence

Irrelevant

FINANCIAL OVERVIEW   PO00/05

Irrelevant

In Strictest Confidence

Irrelevant

(xi)   Counters, excluding Horizon, continued to perform well and on current trends a full year profit of £32.5m was possible.

Irrelevant

(xiii)   Agreed that the following full year Group profit forecast
be released to DTI:

- £340m (excluding Horizon)

Irrelevant

Irrelevant

TECHNOLOGY &   PO00/7
INFORMATION SYSTEMS
IN THE POST OFFICE
POB(00)4

(i)   Across The Post Office the number of information systems being deployed was considerable with individual businesses developing their own systems with little technical commonality. For example, within the finance function nine separate systems existed.

(ii)   The majority of Post Office systems were:

- functional rather than process based applications;
- duplicated functionality across business applications;
- created many point solutions;
- reactive rather than proactive with regard to business needs; and
- lacked global visibility to world class suppliers and customers.

(iii)   The current situation meant it was costly for Business Units to maintain and upgrade individual instances of SAP, made exploitation of investment in the technical infrastructure difficult and worked against the integration of systems and exploitation of information.

(iv)   The Post Office Enterprise Model was fundamental to the development of The Post Office IS Strategy, providing as it did a blueprint for the integration of information systems across The Post Office. An essential element of the strategy was the delivery of core back office functionality, such as finance and HR systems, which when established would enable the delivery of a wider set of business applications. However, the ultimate requirement was to have a system which provided customers with value, performance and timeliness.

(v)   The strategy comprised of these design principles:

- IS systems should be organisationally independent;

- processes should be harmonised;

- generic access channels should be developed for customers, for use by all businesses (SPICE);

- industry standard software would be used wherever possible;

- the overall architecture should reduce the complexity of systems interfaces;

- information about key business entities to be managed as a group wide asset; and

- operate a consistent information security policy.

noted further that

(vi)   The Post Office used 50,000 computers and had one of the biggest mainframes in the UK;

(vii)   Outsourcing had previously been contemplated, but was not considered appropriate. This mirrored the approach of a number of major companies. Where appropriate a number of relationships with external suppliers, such as Fi, were being developed.

(viii)   It was important that as The Post Office developed an business strategy that it was compatible with that of it

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main IS strategy.

(ix)   Seeking work for third party customers was not
        something The Post Office was looking to develop.

(x)   Thanked Duncan Hine for his informative report and
        presentation.

Irrelevant

Irrelevant

**AN UPDATE ON THE
HORIZON PROGRAMME
POB(00)7x**

PO00/9

(i)   The rollout of Horizon was due to recommence on 24 January. A great deal of work had been undertaken to rectify difficulties identified in three areas:

- system stability;
- accounting integrity; and
- the provision of support to offices

Although as yet uncertain, it was anticipated that these issues would not prevent rollout recommencing.

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(ii)   Financial performance was being monitored against the revised budget.

(iii)   Given that the programme was expected to recommence rollout, it would be helpful for the Board to understand what marketing opportunities were now being considered.

Action
Stuart Sweetman   The March Board to review the current status of marketing for the programme, together with an update of the financial position of the programme.

Irrelevant

DATE OF NEXT MEETING   PO00/11

The next meeting was scheduled for 14 March 2000.