

RESTRICTED - COMMERCIAL

MEETING WITH DEREK HODGSON: 31 AUGUST 1999

HORIZON

Line to take (ONLY if raised)

Meeting of Horizon Acceptance Board took place on 18 August. POCL took the view that in two respects the system was not yet suitable for acceptance and declined to do so.

Revised target for acceptance now set for 24 September.

ICL confident that they have effective "fixes" for the two problem areas, but reluctantly accepted deferral of acceptance until these had been proved in further trials.

Post offices scheduled to go "live" in week of 30 August will be rescheduled for November but offices scheduled for the two following weeks will proceed as planned and become part of the live trial with a progress review by POCL and ICL on 10 September.

Whilst disappointing that the target acceptance date has been missed, provided the revised date is met there should be no significant implications for completing national roll-out on schedule.

Negotiations between POCL and BA on financial terms for Order Book Control Service are continuing.

Background

The two problem areas which led POCL to refuse acceptance on 18 August are:

- (a) some connection difficulties resulting in a small number of counter transactions not being properly recorded in the "back end" systems;
- (b) higher than expected incidence of "screen freeze".

ICL confident that these are just glitches for which they have an effective fix. POCL want a demonstration of this by 2-3 weeks clear running before accepting the system (acceptance triggers a £68m payment to ICL).

About 50 offices are affected by the deferral of adding further offices to the live trial in the week of 30 August. In the following 2 weeks it is planned to add 250 offices to the trial. Provided acceptance can be achieved on 24 September, there should be no significant adverse impact on the national roll out programme.