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Minutes of the meeting of the Board of ICL Pathway Limited

Held at 09.00 a.m. on Tuesday 9th May 2000
At 26 Finsbury Square, London, EC2A 1SL

Present: Mr R Christou (Chairman)
Mr T K Todd
Mr T Escudier
Mr H Kurokawa
Mr A E Oppenheim
Mr M Stares

In attendance: Mr R F Scott (Secretary)
Mr H Hirata
Mr S Muchow

Apologies for absence were received from Mr J H Bennett

Action by:

1 Minutes of the previous meeting

The minutes of the meeting held on 23rd February, with several amendments, were approved as a correct record and signed by the Chairman.

2 Managing Director's Report

Mr Stares introduced his report, updating the written paper circulated and there was discussion. Points noted:

a) The Board congratulated the Management Team for all the work in producing the highly satisfactory results for the year. Mr Oppenheim's contribution on commercial issues generally, with PWC and on the De La Rue settlement was praised in particular.

b) Mr Stares reported the roll-out was going very well at more than 300 individual Post Office implementations per week. The principal issues related to helpdesk and other service issues which were addressed later in the meeting. However these issues were not, in Mr Stares judgement, affecting the improving relationship with the Post Office.

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- c) C13/VPN development was on track and had been rolled out successfully. C14 was being tightly managed through critical phases and CSR+ roll-out was planned to begin 6th September.
- d) Mr Stares distributed a report on business and technical conformance test coverage and key programme milestones. The figures produced showed that the system was stressed but much activity was successfully taking place. Mr Stares said the most important programme milestones in the near future were user confidence test completion around beginning of August and the CSR+ (C14) roll-out decision at about the beginning of September.
- e) Mr Stares referred to headcount issues, which had been highlighted at the last Board meeting. He circulated figures. Considerable progress was being achieved in recruiting ATC staff for new positions and a significant reduction in numbers of freelancers was planned in the light of the considerable difference in cost between permanent staff and freelancers. So far, Pathway was being more successful in obtaining permanent new hires than in replacing freelancers already in place. Engagement between Pathway and ICL's A&TC was now much better and further improvements would arise from this.

Mr Stares

Mr Stares

The Board considered the headcount requirements for testing and integration work. There would be significant falls in the Pathway requirements at various times within the next 12 months and Mr Stares said the choice was whether to reduce people, and hire them later with the heavy risk that the skills might not be obtainable easily, or for ICL to set up a unit for testing and implementation of the nature required, which would cover ICL operations other than Pathway including in particular the PFI contracts, Transys and others. Mr Stares would continue his discussions with Clive Fenton and would also broaden the issue to involve Ian Hardacre's areas. The matter would be considered at the next meeting but Mr Stares would produce a paper for the EMC with the joint recommendations, prior to the next Board meeting.

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Mr Stares

- f) On new business, significant work was going forward although there were some delays on the proposed network banking timescales. These may have arisen out of some tensions within the Post Office. It was expected a Post Office Board decision would be taken in June on network banking and we would then know if there was a go-ahead. There were resource and other implications in this for Pathway. Mr Stares would prepare a value assessment of the scale of the ongoing network business, and ensure that this was recorded on the ICL Siebel system.

ERA was a major investment for the Post Office and it was not yet clear how quickly the Post Office would push forward with it.

- g) Mr Stares ended by referring to the investment which he believed was already producing improved press coverage and was also improving the ICL Pathway internal and external image and promotion of Horizon.
- h) Mr Todd added some comments including that he had been advised that Post Office confidence in the Pathway team was "at a high".
- i) The Board discussed the activities of the National Audit office enquiry into the changes in the Horizon contract and project. Mr Oppenheim reported that the second draft of the report did not appear to satisfactorily reflect the changes ICL Pathway had, for reasons of accuracy and balance, requested. However he was more hopeful regarding the third draft. The Board emphasised that the report should be published before the summer Parliamentary Recess.

Mr Oppenheim/
Secretary

It was agreed to try to set a meeting date in late June with Sir John Bourne, of the National Audit Office, so that he and Mr Christou (possibly Mr Todd also) could meet. The meeting would be arranged through the good offices of Mr Gillibrand, ICL's non-executive director and Mr Oppenheim and the secretary would arrange the date.

The Finance Director's Report was noted.

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Mr Muchow gave a presentation on service levels, circulating slides showing “key service performance metrics”.

The principal issue was that service level agreements were not being met and service activity, particularly on helpdesks, was deteriorating. Mr Christou emphasised that this was a serious matter. If matters were not improved and we under performed to the service level agreements for three quarters, then the Post Office may have the right to terminate the contract.

Mr Muchow went through the various metrics explaining the service activities beginning with satisfactory progress on the three major acceptance incidents which had been solved before acceptance had taken place.

When the seriousness of the position became known, a Red Alert had been called by ICL OSD at the request of ICL Pathway. OSD were taking urgent action including a review of the management of the helpdesk activity. However after discussion the Board agreed that this action might not be sufficient. This was the second time a red alert had been called on service performance and a wider ranging review was needed. The issue was primarily related to staffing – finding and retaining enough of the right kind of helpdesk people. ICL Pathway believed the situation would be improved by the implementation of technology voice response (whilst not allowing callers to wait too long) and the Post Office was allowing a pilot of this to go ahead. Mr Kurokawa said that more action should be taken to classify the various reasons for calls to the service centres in order that the response both in time and expertise of the advice, could be improved.

Mr Muchow	It was agreed that Mr Muchow would produce a chart of the organisation structure and turnover rates in the various categories of staff. This and other metrics would be integrated into the regular ICL PFI update reporting so that it could receive top management focus continuously. Mr Muchow would arrange to let Mr Kurokawa and Fujitsu know if there were specific areas on which Fujitsu's help was needed.
Mr Stares	
Mr Muchow	

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Mr Stares/
Mr Muchow

Mr Muchow was congratulated on the metrics/slides for his report. They would be produced, for every Board meeting in future for the time being and he would present them.

4 Electronic Business Development

Mr Christou referred to a meeting he had held with Messrs Sweetman and Dykes of the Post Office which led to the conclusion that the Post Office was somewhat overwhelmed by ebusiness possibilities, was behind many other organisations and would not necessarily be moving particularly quickly both in turning the Post Office internally into an ebusiness organisation or in relation to its external customers. Mr Stares added that he had concluded along similar lines.

Mr Todd said that from ICL's point of view it was not necessarily a bad thing if one or more strategic customers were proceeding more slowly than others but he emphasised that ICL Pathway had to keep very closely in touch with Post Office developments to avoid competitors appearing on the scene. Perhaps the way to do this was through a "bottom-up" approach of engaging in smaller projects further down the decision making process in the Post Office whilst continuing to maintain good relationships at the top level. ICL's chief technology officer Andrew Boswell, had recently masterminded a plan for eICL and Mr Stares would try to ensure he was given the opportunity to explain his thinking to Post Office top management, perhaps Mr Sweetman in particular.

Mr Stares

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Mr Stares

Mr Kurokawa requested that the next Board review the position on development activities needed in the Horizon project and on the HR aspects, formation of development teams etc. Mr Todd asked that prior to the Board meeting, Mr Stares circulate a short paper with the plan for network banking development and any problems anticipated.

5 Dates of Next Meetings

It was agreed, particularly in the light of the pressures on the project that the Board should continue to meet on the day of each of the planned ICL ISC meetings. Therefore meetings for the rest of the year would be:

15 August

04 October

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29 November