Phase 2 Delivery Assurance Review

- Account Name: Post Office

- Programme Description: HNG-x Programme

- CSLC Stage: 7 and 8

- Project Phase: Manage Programme

- Commercial Engagement: Fujitsu is prime contractor and applications provider to develop and migrate Post offices from the existing Fujitsu managed counter service, Horizon, to a newly developed more modern service called Horizon Next Generation Extended (HNG-x)

- Key Third Party Suppliers: Sarian, EMC, IBM tec, Triage, E2E

Contents

- Background to the review
- Objectives of the review
- Review Methodology
- Overview of the HNG-x Programme & contract
- Priority Findings and Recommendations
- Detailed Findings and Recommendations
- Next Steps

Background

- This Delivery Assurance Review on the HNG-x Programme was sponsored by Andy Hall, Account Director for Royal Mail Group, Graham Murray, Programme Director and Lester Young, Director Business Assurance

- Phase 1 of the review was conducted between 16 April and 1 May 2009 by Pandora Ward, Alan Wardrop and Alan D'Alvarez. It resulted in an Interim report on all aspects of the Programme issued 1 May 09 (Please note: Alan D'Alvarez was temporarily assigned to the review up to 28 April 09; thereafter he became the End-to-end Programme Manager for HNG-x (a new position recommended as a result of Phase 1 of this assurance review)

- Phase 2 of the review was conducted between 1 May and 1 June 2009 by Pandora Ward and Alan Wardrop. It focussed on a detailed review of the Programme Plan, Risk Plan and Cost to Complete

- Report Distribution:
  - Peter Rowley   Managing Director, Private Sector Division
  - Lester Young   Director, Business Assurance
  - Andy Hall   Royal Mail Group Account Director
  - Graham Murray   HNG-x Programme Director
  - Alan D'Alvarez   HNG-x End-to-end Programme Manager

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Objectives

The objectives of this review were:

- To review the detailed delivery plans and ensure they:
  - are complete, transparent and credible, with the detailed (L4) plans rolling up and matching the high level (L1) summary plan
  - contain dependencies between work streams and strands which are accurately and consistently reflected throughout
  - are clearly understood by each delivery unit who are planning and committed to resource them as required
- To verify the Estimated Cost to Complete i.e. the costs that will be incurred from the point of the review to the point where the baselined deliverables have been achieved and the programme can be closed
- To assure the integrity of programme and project management activities and provide balanced feedback to the Senior management team
- Whilst it will take account of service levels achieved, it will not focus on service delivery methods or processes. It will however make observations as appropriate where service-related activities impact project delivery or vice versa

Methodology

- Agree Terms of Reference with the Account Director, Programme Director, Customer and Fujitsu stakeholders
- Review project documentation and supporting artefacts
- Interview key personnel (including customer)
- Facilitate planning and risk review workshops
- Create draft report with proposed recommendations
- Review & refine the findings and recommendations with the Account Director and Programme Director
- Baseline and publish the report
- Record agreed corrective actions on an Action Tracking spreadsheet
- BA to regularly review status of action plan

Exclusions or Constraints (Where Applicable)

- This review was called at very short notice and ran in parallel to the timetable agreed with the Programme team to jointly produce:
    - •A revised Programme Plan assured by Business Assurance
    - •A matching cost to complete assured by Business Assurance
    - •A matching risk provision assured by Business Assurance
- Excludes other PO Ltd programmes (PO Ltd MI; PO Ltd MI SAP)

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Items Reviewed

Documents studied prior to or during BA review	Brief Description of document
Acceptance Defect analysis process v0.5.doc	Acceptance Defect Process
AG1 AG2 AG3 status - 03-04-09 (2).doc	Acceptance Status
arcsolarc0001.doc	Solution Architecture Document
A D'Alvarez HNGx Review Report.doc	Previous independent review by A D'Alvarez July 2007
Post_Office-HNGX_Group_CAR_Actions_180908.doc	Minutes produced by BA for CAR 18/09/08
RMG HNGX Group Re-CAR 'Exec Sum'_180908 (2).xls	P&L input to CAR 18/09/08
RMG HNG-x re-CAR 18th sept final V1.ppt	CAR slides 18/09/08
summarybugtable 20090410.xls	Status of application defects 10/04/2009
HNGX CAR Forecast.xls	Financial summary produced for BA review dated 17/04/09 by H Chung
HNGX Finance Report_5th April.xls	Financial status report at 5 April 09
20090423_HNG-X_-_Programme_Board_090423_final.ppt	Internal Prog Board pack 23/04/09
HNG-X - Programme Board 090409 V2.ppt	Internal Prog Board pack 09/04/09
HNGX Board meeting#4 090409.doc	Minutes to Internal Prog Board 09/04/09
Deliverable tracking 20090414.zip	Tracking of Development team deliverables at 14/04/09
HNGX Programmegovernancev2.ppt	Summary of programme management level meetings and their objectives & attendees
Actions from risk review meeting280409.doc	BA facilitated risk workshop action points 28/04/09
CPs outstanding 090420 (2) & Plan status.xls	List of Change proposals and their planning status at 20/04/09
HNGX overviewslide220109.ppt	Picture of the programme plan (as was) at 22/01/09

Items Reviewed (cont'd)

Documents studied prior to or during BA review	Brief Description of document
HNGX_ADA initial plan_revised090428V5.zip	Actually reviewed versions 2 to 5 of this Programme plan
HNG-X_Workstream_Owners_L4s.xls	L4 plan owners at Dec 08
HNGXL1DRAFT090407CKP0V70A50allinclusive_ADA Update.zip	V70 of Programme Plan agreed with POL resulting in Programme completion Nov 09
HNGXL1DRAFT090408V80A00 V3.mpp	V80 of Programme Plan not agreed with POL resulting in Programme completion Dec 09
IS HNG implementation v11.mpp	L4 plan for Infrastructure at 16/04/09
Migration Cycle 2-4 Options.xls	Migration options and their timescales at 24/04/09
potential_development_gaps 090416.xls	Potential Development work still to be done at 16/04/09
PGMCMPLA001 v1.5.doc	Configuration Management Plan at 26/02/09
PGMPASPLA0001_HNGx_Quality_Plan_V4.0.doc	Quality Plan at 05/06/07
HNGX_Lev1RiskPlan updated 280409_NY&BE.xls	L1 risk plan at 28/04/09
hngxrisksummary010409v1.doc	Risk summary at 01/04/09
Test HLTP's.zip	7 x Test plans
Earliest plan HNGX L2 0.8b.pdf	1st Programme Plan for HNG-x (dates from proposal and was still in use at March 07)
Traceability_Matrix_-_Support_Services-ARCAPPRTM0005.xls	Example Requirements traceability matrix
TSTGENSTG0001.doc	Test Strategy
HNGX_Milestones_RAG_we_20090417.xls	Previous mechanism for coordinating dependencies between L4 plans
plan in excel V80 a00V5(hybridV1).xls	Excel swim lane picture derived from plan
RMG_HNG-x_re-CAR_18th_sept_final_V2_10.30am.ppt	Revised CAR Slides 18/09
Shared_HNG-X_Programme_Risk_Register.xls	Combined Risk Registers of Work streams

Documents developed during this Review

BA facilitated documents during this review	Brief Description
HNGxplanupdate150409 status updates.doc	BA updates shown in red font against document originally authored by G Murray which listed key risks in the Programme plan; BA added gaps identified from other sources
HNGXL1DRAFT090417V80A00 V5hybrid.zip	Work-in-progress new programme plan (BA facilitated production); A D'Alvarez actually oversaw preparation of v1-5 to date
How will HNGX Programme Team produce realistic set of plans v2.doc	Document produced by P Ward to summarise tel conf with G Murray & team 17/04/09
Planning Session HNG-X v1.ppt	Slides produced by P Ward used at Planning workshop 21/04/09
Dependency Flow.vsd & Dependency Matrix v1.doc	Dependency map to support Programme Plan at 27/04/09
HNG-x April 09 Deep dive checklist.xls	Completed checklist based on interviews and observations as at **START** of the review 24/04/09 (before DA intervention in planning and risk management activities)
HNGXplan_090521V1.mpp	Programme plan assured in depth by Business Assurance (BA comments provided 27/05/09 to A D'Alvarez)
HNGX_Lev1RiskPlan_updated_190509 AD Management V3 BA comments 2705.xls	Risk plan assured in depth by Business Assurance (BA comments and recommendations provided 28/05/09 to A D'Alvarez)
Expected_Resource_Forecast_v26-05-09 V2 18 day.xls	Cost to complete assured in depth by Business Assurance (BA feedback sent to A D'Alvarez 01/06/09)
HNGX Finance Report 20th May Infrastr Networks.xls	Cost to complete assured in depth by Business Assurance (BA feedback sent to A D'Alvarez 01/06/09)
HNGX Re-plan costs @ Complete_27th May.xls	Cost to complete assured in depth by Business Assurance (BA feedback sent to A D'Alvarez 01/06/09)
90101 MTA_ Slipped Forecast revised_baselinev70 20090526 (3).xls	Cost to complete assured in depth by Business Assurance (BA feedback sent to A D'Alvarez 01/06/09)

Detailed Assurance Documents for this Review

Document Filename	Brief Description
Comments on HNG-x Programme Plan v1 21_05_09 v4.doc	Detailed commentary dated 27/05/09 on v1 of Programme Plan dated 21/05/09 produced by P Ward
Comments on HNG-x Cost to Complete v1.doc	Detailed commentary dated 1 June 09 on accuracy and completeness of Cost to Complete dated 28/05/09 produced by P Ward
HNGX_Lev1RiskPlan_updated_190509 AD Management V3 BA comments 2705.xls	Commented version of Risk Plan dated 27/05/09 produced by P Ward and A Wardrop

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Assessment Interviews (1)

Interviews were conducted with the following Fujitsu people:

NAME	ROLE
Andy Hall	Account Director
Graham Murray	Programme Director
Geoff Butts	DC Migration & Rollout Workstream manager
Dave Cooper	Test Workstream manager
Roger Wright	Development Workstream manager & CTO
Vince Cochrane	Infrastructure Workstream manager
Jim Sweeting	Lead Solution Architect (LSA)
Wendy Warham	Royal Mail Operations Director
Nicola Young	Deployment
Becky Eynon	Development & Rollout Branch Router
Mike Robinson	Former Head of Programmes for Private Sector Division
Pat Lywood	Service Implementation Manager for Infrastructure
Dave Cooke	Requirements and Acceptance
John Scowen	Planning analyst
David Johns	Exiting former LSA
Mark Ascott	Validation and Integrity testing
Mike Adger	DC preparation
Guy Wilkerson	Commercial Manager
Mik Peach	3rd line support

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Assessment Interviews (2)

Interviews were conducted with the following customer staff from PO Ltd:

NAME	ROLE
Mark Burley	HNG-x Programme Manager
John Wheeler	PMO Manager
Andrew Thompson	Test Manager
Will Russell	Migration and Service Introduction Manager
Torstein Godeseth	Lead Architect

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Programme Overview

- Fujitsu Services agreed CCN1200 on 31 Aug 2006, continuing its long-term relationship with the Royal Mail, to re-architect the current system in order to provide a cost-effective, modern and agile Post Office Counter service.

- Fujitsu is contracted to deliver the design, development, operation and support of various applications which provide front and back office functionality to PO Ltd's business: taken together these applications are known as Horizon. HNG-X is an update to the Horizon front end counter system which aims to provide equivalent functionality and some new features at a reduced total cost of ownership; HNG-X Infrastructure is being designed and implemented as part of the HNG-X Programme.

- The HNG-x programme comprises the following areas of work:
  - Application Development
  - Infrastructure Design and Build
  - Test and Validation
  - Data centre migration
  - Deployment to approx 30,000 counters at 11,000 Post Offices

- Approved at CAR, the TCV July 06 = £51.2m
- Approved at CAR, the TCV 18 Sept 08 = £77.7m

- Early baseline timescales were based on completion of rollout by April 2009. The last draft plan (v80) discussed with PO Ltd before this review forecast an end date of 22 Dec 09

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Priority Findings

Schedule

⇑ Majority of Delivery leads expressed 75% confidence or higher in achievability of Programme plan dated 21/05/09 v1

Finance

⇓ Before adjustment for BA recommendations on Cost to complete, this Programme is forecasting a loss of £13.7m (-18%)

⇓ Cost to Complete findings:

The following potential gaps or issues need to be addressed:

⇓ Missing Capital costs (£2.8m to be spent)

⇓ Missing PO Ltd delay costs estimated by Commercial Manager at £3m

⇓ Contingency provision of £2.2m does not align to Risk plan given to BA which suggested a value between £2.9m and £3.6m

⇓ Detailed work stream costs missing certain new positions in the Programme organisation e.g. End-to-end Programme Manager

⇓ Some cost profiles did not exactly match programme plan e.g. full size Development team costed up to Data centre migration (mid Oct 09) rather than up to handover to CS service (mid Nov 09)

Project Management

⇓ Significant volume of comments from Business Assurance of high importance on Programme Plan, Risk Plan and Cost to Complete

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Priority Findings (cont'd)

Customer

⇑ PO Ltd have accepted there is no opportunity to squeeze the plan to achieve a March 2010 completion date

Governance and Organisation

⇒ Lack of a properly joined-up programme leadership structure has been partly addressed via appointment of a new Head of Programmes for PSD, an End-to-end Programme Manager, an experienced PMO Manager and an experienced Test Manager; the revised leadership team now need to "gel" to become an effective team

⇒ Communication to the programme team is improving but it must improve further in quality and frequency

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Priority Recommendations

1. Address as a priority BA detailed comments on Programme plan, risk plan and Cost to Complete; seek internal and customer approval of revised baseline document set
2. Improve cost forecasting via use of detailed level 4 resourced plans that align to the Programme plan
3. Conduct internal assurance of financial reports provided to Programme Management by the work streams.
4. End-to-end Programme Manager to set up/change attendance at the following meetings with a view to ensuring a fully joined up programme management team:
   - Attendance by Delivery leads (e.g. Service Implementation Manager from IS) at daily prayers meetings
   - Regular reviews against plan, risks and cost to complete with Head of each Work stream
   - Regular end-to-end programme review meeting led by Programme Director, attended as today, by his management team, plus occasional attendance by the new Head of Programmes for PSD
   - Re-format Release Strategy Board to determine and prioritise content of the release for go live vs test
5. Improve the quality and frequency of Account wide internal communications

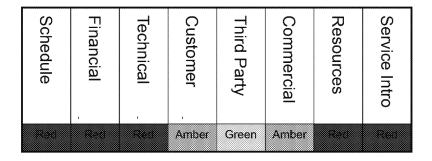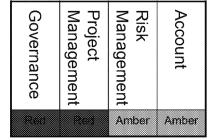© Fujitsu Services 1 June 2009   **V2 Issued**   **Phase 2 Business Assurance Review**   HNG-x   FUJITSU

Categories of Assessment as at Phase 1 Review (1 May 09 Interim Report)

Schedule	Financial	Technical	Customer	Third Party	Commercial	Resources	Service Intro
Red	Red	Red	Amber	Green	Amber	Red	Red

Governance	Project Management	Risk Management	Account
Red	Red	Amber	Amber

Green: No management action required

Amber: Management action taken which should result in a return to Green status

Red: Management action is required (and not yet planned) to achieve Amber or Green status
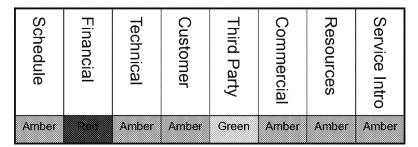
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Categories of Assessment as at Phase 2 Review (Final Report at 1 June 09)

Schedule	Financial	Technical	Customer	Third Party	Commercial	Resources	Service Intro
Amber	Red	Amber	Amber	Green	Amber	Amber	Amber

Governance	Project Management	Risk Management	Account
Amber	Amber	Amber	Amber

Green: No management action required

Amber: Management action taken which should result in a return to Green status

Red: Management action is required (and not yet planned) to achieve Amber or Green status

In each of the categories that have changed to Amber from Red in the previous slide (Interim Report), the change is due to recently initiated management actions described in the detailed findings. It is vital that these initiatives are pursued to completion.

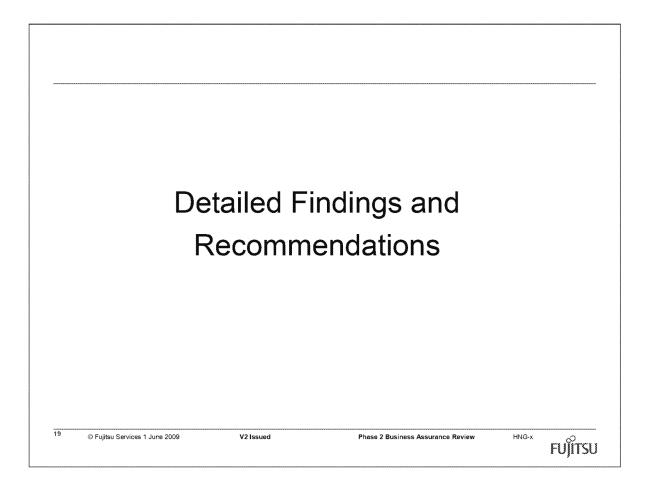18   © Fujitsu Services 1 June 2009   **V2 Issued**   **Phase 2 Business Assurance Review**   HNG-x

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Detailed Findings and Recommendations

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Schedule

Findings   Status: *Amber*

⇑ Newly appointed End-to-end Programme Manager is clear owner of the Programme Plan

⇑ Dependencies between work streams are understood and beginning to be managed

⇑ Majority of Delivery leads expressed 75% confidence or higher in achievability of Programme plan dated 21/05/09 v1

⇑ Work has started to update lower level plans in line with new Programme plan

⇑ Work has started on a document to define planning standards, plan levels and responsibility for maintenance and review of plans

⇑ Accreditation testing has gone well and is nearly complete

⇑ PO Ltd have accepted there is no opportunity to achieve a March 2010 completion date

⇒ Functional testing has achieved 97% coverage with a 77% pass rate (as at SV&I end of cycle 5)

⇒ BA has recommended 24 further groups of changes to Programme plan v1 21/05/09 to improve accuracy, dependency information and completeness, most which are now addressed

⇓ Lack of proactive management of dependencies and deliverables between work streams as evidenced by a lack of joint reviews of the whole programme plan

⇓ Critical path is not understood by all levels of management

⇓ High level programme plan (v0 at 28/05/09) showed a slip of 4 months compared to previous v80 Programme plan issued to PO Ltd for discussion before this review

⇓ History of frequent ad-hoc slippage since contract commencement

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Schedule

Recommendations

1. Address as a minimum, high priority BA feedback, against v1 of Programme plan dated 21/05/09 (Work-in-progress)
2. Develop work stream plans supporting the end-to-end plan and ensure they are each assigned an owner for delivery and plan maintenance (Work-in-progress; target 12/06/09)
3. Agree with PO Ltd to change hierarchy of plans for regular reporting to the end-to-end Programme plan and level 1 milestone plan; work stream plans to be provided on request
4. Programme Manager to drive end-to-end delivery of the plan and proactive management of dependencies via regular meeting reviews at Work stream and delivery lead level (due to commence wk beginning 15/06/09)
5. Confirm roles and responsibilities of plan owners and the HNG-x Planner
6. See customer recommendations

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Financial

Findings
Status : Red

	1st CAR July 06	2nd CAR February 2008	CAR 30 July 08 (un-approved)	CAR 18 Sept 09 (approved)	Q2 Budget 22 April 09	Re-plan forecast
Revenue	£51.2m	£59.1m	£75.3m	£77.7m	£77.1m	£77.1m*
Development Mandays	43,000	74,000	105,000 baseline + risk provision of 13,500 = 118,500	108,500	108,500	?
Costs	£40.2m	£53.8m	£74.2m	£76.7m [£76.0m]	£82.9m	£90.8m**
Risk provision incl in costs	?	?	£5.805m	£7.470m [£1.5m]	£-	£2.2m
Margin	£11m	£5.3m	£1.1m	£825,000 [£1.7m]	-£5.1m	-£13.7m*
GM%	21.5%	9%	1.5%	1.1% [2.2%]	-6.6%	-18%*

Notes:

1. * Estimated values derived by Business Assurance from cost and risk values supplied by H Chung 27 May 09

2. [Values shown in square brackets were the amounts actually provisioned by the Account]

3. Total Cost to complete is an estimate produced by Fujitsu Programme team based on a detailed resource profile

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Financial

Findings (cont'd)   *Status* : Red

⇒Regular programme-wide financial reports produced on a weekly basis

⇒Effects of cost saving measures are not being visibly monitored and evaluated; some signs cost-cutting was too severe (e.g. disbanding of PMO, in particular document management)

⇓ Before adjustment for BA recommendations on Cost to complete, this Programme is forecasting a loss of £13.7m (-18%)

⇓ Contract is based on capped time and materials; Fujitsu is no longer invoicing since hitting the maximum threshold for revenue recovery (112,000 mandays)

⇓ BA was unable to get a clear and consistent view on the risk contingency agreed at CAR 18 Sept 09. A previous BA review in Aug 08 recommended a provision of £7.5m which is recorded as approved in the CAR minutes. Actual provision made in the accounts was £1.5m

⇓ Historically much of the cost overrun was due to:

    ⇓ development effort greatly exceeding estimates (this has been the subject of previous reviews)

    ⇓ lack of revision of HNG cost estimates for HNG-x solution differences at time of bid response

⇓ Cost forecasting is based on a run rate and elapsed time basis

⇓ Management appraisal of actual costs at a task level is limited to Development deliverables

⇓ Spotlight FSRs do not give a programme wide view of the financial status (only produced for Development, Test and DC Migration)

Financial

Findings (cont'd)   ***Status* : Red**

⇓ HNG-x Programme financial reports have until recently excluded for the following cost centres
  ⇓ Migration and Service Introduction
  ⇓ Data centre build

(These costs have instead been reflected in overall Fujitsu Royal Mail financial accounts)

⇓ Cost to Complete findings:

The following potential gaps or issues need to be addressed:

  ⇓ Missing Capital costs (£2.8m to be spent)
  ⇓ Missing PO Ltd delay costs estimated by Commercial Manager at £3m
  ⇓ Contingency provision of £2.2m does not align to Risk plan which suggested a value between £2.9m and £3.6m
  ⇓ Detailed work stream costs missing certain new positions in the Programme organisation e.g. End-to-end Programme Manager
  ⇓ Some cost profiles did not exactly match programme plan e.g. full size Development team costed up to Data centre migration (mid Oct 09) rather than up to handover to CS service (mid Nov 09)

Financial

Recommendations

1. Address Cost to Complete detailed findings and re-seek internal authorisation to proceed via Fujitsu Programme Board
2. Improve cost forecasting via use of detailed level 4 resourced plans that align to the Programme plan
3. Conduct internal assurance of financial reports provided to Programme Management by the work streams.
4. Document the management decisions that have resulted in a change to the risk provision agreed at CAR
5. Responsibility for financial control should be delegated throughout the management structure in line with CPM-22
6. Ensure Spotlight reporting for financials includes a programme wide view
7. Future projects for Royal Mail should use Earned Value Analysis to measure actual spend against estimate and to improve forecasting of cost/time to complete

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Technical

Findings
Status : Amber

⇑ BA confidence that volume of defects ("PEAKS") is being resolved at the rate required by the programme plan has improved:

    ⇑ Additional cycle 7 of SV&I testing

    ⇒Development team will be retained at current size to mid Oct 09; would prefer provision to mid Nov 09 when handover to service takes place

⇑ Extent of Non-functional test coverage will be understood by end of cycle 6 SV&I testing (12 June 09)

⇑ CS confidence that their essential requirements will be met has increased as a result of a CS requirements workshop held recently and a new section in the Programme plan to address their requirements

⇑ Substantial number of technical risks with reduced probability of occurrence due to increased SV&I testing and Migration testing

⇑ Perception from interviewees that functionally the solution is sound

⇑ PO Ltd likes counter business application following user experience trials

⇑ Positive results to date for Accreditation

⇑ Functional test coverage good

⇑ Passed first two contractual acceptance gateways and well advanced to proving compliance to 3rd gateway (readiness for pilot)

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Technical

Findings   *Status : Amber*

⇓ Lack of a coherent Infrastructure Team structure, with a clear management line, accepted accountability, and with better responsiveness to programme direction and progress tracking/reporting needs

⇓ 138 non functional requirements do not have a test plan

⇓ Confusion as to whether all CS requirements are documented and lodged in Requirements tool (DOORS)

⇓ As at the end of SV&I cycle 5, functional test pass rate is 77% against a target of 95%

⇓ Although Development management team are confident of addressing functional defects, the joint review process which will inform acceptance, does not yet include:
  ⇓ non-functional requirements and
  ⇓ the backlog of approx 1000 defects

⇓ Confusion over role and reporting line of the Lead CSA

⇓ Lead CSA is not the design authority; this role is fulfilled by the CTO, who is also the Application Development Work stream Manager

⇓ No regulated process of architectural assurance of designs, independent from the work streams who produce them

⇓ High turnover in Lead CSAs (4 in past 14 months)

⇓ Complex architecture underpins HNG-x solution (nearly all bespoke; several programming languages)

⇓ Introduced proprietary programming language (PDL) for counter which creates resourcing issues for ongoing support and maintenance

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Technical

Findings (cont'd)   **Status:** Amber

⇓ As at 28 April 09 requirements traceability matrices were 23% complete; they will be of limited value in testing given lack of completeness

⇓ High and low level designs are not completed for Core Infrastructure, Networks and Security

⇓ Implementation of infrastructure solution has not been consistent with design exposed by a network audit currently in progress

⇓ Fujitsu not fully exploiting PO Ltd agreement to a risk-based test strategy (opportunity to mitigate issues with lack of test progress for non-functional requirements)

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Technical

Recommendations

1. See governance and organisation recommendations
2. Address lack of a clear management structure within the Infrastructure workstream
3. Introduce a process for Technical (architectural) assurance of technical artefacts
4. Investigate feasibility of an additional test rig and test resources to accelerate rate of progress on non-functional requirements once network issues under control
5. Ensure the end-to-end programme plan (and associated risk plan) accurately reflect the remaining work to clear defects *(partly addressed)*
6. Complete comprehensive network audit and take any remedial action required (completed)
7. Review on a risk basis the priority 2 and below non-functional tests. Agree with PO Ltd those candidate tests for de-scoping from Release 1 of HNG-x
8. Clarify requirements management process and how this relates to acceptance – are requirements traceability matrices really required? If not, stop this work
9. Investigate possibility of accelerating incomplete designs by increasing architectural resources (since planned to complete by 04/07/09)
10. Prioritise remedial work to address inconsistencies between design and implementation of infrastructure

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Third Party

Findings   ***Status:*** Green

⇑ Sarian (Branch Router provider): been flexible about movements in delivery dates; informal review meetings held weekly and formal reviews ev 2 months; agreement of support contract is work-in-progress

⇑ E2E (Branch Router deployment): Performed well to date

⇑ Triage (Build Counter Spares): Reliable supplier to Fujitsu in the past. Also performed well to date

⇒Other third parties are hardware and software suppliers managed by Sourcing Contract Manager

Recommendations

None

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Customer

Findings

Status: Amber

⇑ PO Ltd has taken on board need to stop micro-managing Fujitsu activity and is formulating a plan to progressively withdraw as confidence grows

⇑ PO Ltd is happier now that Fujitsu has realised importance and value of PMO in managing a programme of HNG-x size and complexity

⇑ Competent and experienced PO Ltd delivery team led by an assertive Programme Manager

⇑ PO Ltd is willing to be pragmatic in order to get this programme successfully delivered

⇒ Internal Programme Board within PO Ltd for HNG-x programme

⇒ PO Ltd believes the right level of detail is being reported to them – no superfluous reports

⇒ PO Ltd Programme Manager thought that the management style of empowerment adopted by the Fujitsu Programme Director is not effective at work stream level – this concern has been partly addressed by appointment of an End-to-end Programme Manager to support the Programme Director

⇓ Across the board PO Ltd felt that a lack of openness has started to become apparent in the relationship between Fujitsu and PO Ltd (deteriorated over time) – this concern is beginning to be addressed through a series of Senior Executive joint engagements

⇓ It was stated by all those interviewed that Fujitsu had built up a strong reputation of delivering to time and within budget and that we are now losing credibility as a reliable supplier within PO Ltd – this concern will be addressed once Fujitsu deliver to an agreed robust plan going forward

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Customer

Findings (cont'd)   **Status:** Amber

⇓ PO Ltd Prog Manager does not support the use of contingency in the programme plan believing that this promotes the wrong behaviours; however he agrees the plan needs to be realistic & robust Feedback from PO Ltd that Fujitsu does not pushback enough when customer concerns are raised

⇓ Unhappy about turnover of Fujitsu key staff assigned to PO Ltd account (e.g. high number of Programme Directors) and on many occasions that their handover was insufficient

⇓ Fujitsu completes approx 50% of actions from Programme Board on time compared with approx 90% achievement record by PO Ltd attendees

⇓ Impact assessment of issues and risks within reports is poor

⇓ PO Ltd feel that Fujitsu senior management lack passion

⇓ Fujitsu has taken too long to get Infrastructure issues under control

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Customer

Recommendations

1. Fujitsu Programme director and PO Ltd Programme Manager to discuss changes in management style needed for successful programme delivery (e.g. more direction to be given to Fujitsu team; change in management behaviour at Programme boards)

2. Fujitsu to demonstrate its passion and commitment for the success of this programme

3. Jointly review reports submitted to and from PO Ltd to identify whether any can be streamlined or reduced in content (e.g. consider authoring one joint progress report; consider one Fujitsu plan for weekly submission to PO Ltd)

4. See Governance and organisation recommendations

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Commercial

Findings   Status: Amber

⇑   Relationship with PO Ltd remains strong; in opinion of Fujitsu Commercial Manager it would take a significant breakdown in this relationship before PO Ltd would consider contract termination due to late delivery

⇑   Positive feedback from PO Ltd Programme Manager about the effectiveness of change control process (CCNs)

⇓   PO Ltd are discussing billing Fujitsu for service credits and their costs as a result of the delay; these need to be factored in cost to complete and/or revision to provision in risk register

Recommendations

1.   Develop strategy to communicate revised plan to PO Ltd that includes strategy to minimise the amount of PO Ltd costs Fujitsu is obliged to pay

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Resources & Communication

Findings   ***Status:*** Amber

⇑ Social event held to improve morale within all levels of the Programme

⇑ New Experienced personnel brought in to the following key positions:

   ⇑ End-to-end Programme Manager (Deputy to Programme Director)

   ⇑ Test Programme Manager

   ⇑ PMO Manager

⇒ Internal communications for organisational changes have been issued but their quality has been poor

⇓ Knowledge of HNG-x solution in too few technically skilled data centre resources (problem exacerbated by lack of network and security low level designs)

⇓ Delivery Leads in key roles showing signs of stress

⇓ Few individuals have terms of reference for the role they perform today

⇓ Organisation is not well understood below Work Stream manager level

⇓ Lack of visibility of the Senior Management Team at the working level (not everyone could name the Programme Director)

⇓ Team leads were aware of different plans being in existence but unsure of which planned dates they should be working to

⇓ Some people met for the first time at planning workshops facilitated by BA

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Resources & Communication

Recommendations

1. See recommendations on organisation
2. See recommendations on project management
3. Pro-actively line manage staff showing stress (give support, identify single points of failure, ensure annual leave is booked and taken)
4. Task all management levels to prepare and agree terms of reference with their direct reports and to hold one-to-one review meetings
5. Maintain War room to keep personnel informed on latest plan and solution

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Service

Findings

Status: Amber

⇑ Operations Director less concerned that programme team is not exploiting her team's business knowledge on what is required for go live (business transaction checking) following CS requirements workshop held wk comm 18 May 09

⇑ Operations Director happier that she understands that key Service Management requirements will be met by time of service handover – they are now planned in to the Programme Plan

⇑ Migration work stream working well with Service team

⇑ Using Service Readiness review process to assess readiness for CS handover

⇑ Good results so far on PCI compliance testing

⇓ Operations Director felt that Development and Test work streams were resisting her offer to assist in identifying essential requirements not currently in scope – this remains a concern in view of 138 non functional requirements without a matching test plan

⇓ No service design

⇓ Lack of automation in service solutions

⇓ 2nd and 3rd line support is being subcontracted to Infinite (separate project outside HNG-x); some senior technical managers expressed concern that this was a high risk strategy – too much loss of knowledge

⇓ It was commentated by attendees that teams were brought together for the 1st time in BA facilitated planning workshops during this review

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Service

Recommendations

1. Consider engagement of a service architect to produce service design
2. Explore ways to improve working relationships between programme and service teams (1st levels of management), for example consider a joint social event
3. Governance to include forum between Programme and Service to:
    1. Monitor progress against Service Management requirements
    2. Manage exceptions raised at SRR reviews
4. Service team to give presentation to Programme Management team on the steps taken to ensure negligible loss of programme knowledge when Fujitsu outsource to Infinite 2nd and 3rd line support

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Governance and Organisation

Findings   **Status:** Amber

⇑ Appointed an external consultant to advise on Programme re-organisation

⇒ Communication to the programme team is improving but it must improve further in quality and frequency

⇒ Programme morale is improving as individuals and teams realise their comments have been heard and acted on in the development of a new Programme baseline plan, risk plan and cost to complete in which they have confidence

⇒ Lack of a properly joined-up programme leadership structure has been partly addressed via appointment of a new Head of Programmes for PSD, an End-to-end Programme Manager, an experienced PMO Manager and an experienced Test Manager; the revised leadership team now need to "gel" to become an effective team

⇒ No visible Governance across the Royal Mail Group Account, specifically across the programmes maintaining and delivering Horizon, HNG-x; POL MI, POL FS and POL SAP Rationalisation – this should be addressed once new Head of Programmes for PSD starts his role

⇓ Roles and responsibilities are not clearly defined or documented

⇓ Test organisation is unclear (who owns Migration testing?)

⇓ Flawed technical governance:
>   ⇓CTO is also Development Manager
>   ⇓Lead CSA does not review technical deliverables from CSAs within work streams

⇓ Lead CSA does not appear to be part of senior management team

⇓ Current meeting governance does not encompass full programme organisation

⇓ Terms of reference for meetings not documented

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Governance and Organisation

Findings cont'd   **Status:** Amber

⇓ Lack of proactive management of dependencies and deliverables between work streams as evidenced by a lack of joint reviews of the whole programme plan

⇓ Joint Programme board with PO Ltd covers too much detail

⇓ No visibility of pro-active quality management within HNG-x

⇓ Lack of effective HNG-x Stakeholder Management (causing management to be reactive to customer demands)

⇓ No Communications Plan

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Governance

Recommendations

1. Address remaining organisational issues since Phase 1 BA review:
   - Appoint a dedicated Account wide CTO
   - Lead CSA should be part of the HNG-x SMT
   - Clarify roles and responsibilities within Test (e.g. is migration testing under Migration or under Test?)

   (Work-in-progress)

2. Improve the quality and frequency of Account wide internal communications e.g. produce and publish a correct up-to-date organisation chart for the entire programme (in recent communication Jim Sweeting shown as DR to Graham Murray and to Vince Cochrane) (Work-in-progress)

3. Produce ToRs for all personnel engaged on the programme (Work-in-progress)

4. Produce/update Stakeholder Management plan and supporting Communications Plan

5. Consider organising a special HNG-x communications event to address morale issues and to communicate the revised plan throughout the organisation

6. Review and document meeting governance. Consideration should be given to attendance by Delivery Leads at some management meetings and the need for additional meetings to facilitate proactive management of deliverables and dependencies

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Project Management

Findings   ***Status:*** Amber

⇑ Recently met a programme test milestone on schedule

⇑ Visible disconnects between the Programme management team and the rest of the programme team are reducing

⇑ Actions in progress to develop a new planning process

⇒ Quality of Programme and Project management is variable (partly addressed through the new personnel joining the programme)

⇒ Programme and project management roles are assigned to non P&PM staff

⇓ Significant volume of comments from Business Assurance of high importance on Programme Plan, Risk Plan and Cost to Complete

⇓ Reporting of progress against plan has historically been extensive but as a result of the plan being incomplete, it gave a misleading picture

⇓ Only Project Initiation Document (PID) provided to BA was an Infrastructure work stream PID

⇓ Spotlight reporting is prepared and reviewed by the same level of management

⇓ Spotlight highlight reports are not accurately reflecting progress, issues and risks

⇓ Self-service document management is ineffective and there is no co-ordinated view of document gaps; Customer has concerns that we may be setting ourselves up for acceptance issues

⇓ Adherence to Project management standards has not been high on the management agenda

⇓ Sporadic issue and risk management (driven by customer meetings)

⇓ Too much PM time spent in reporting against and maintaining disparate plans

⇓ Lack of communication between Project managers in different work streams

⇓ High turnover of programme managers and directors with poor handover between them

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Project Management

Recommendations

1. See recommendations on Organisation and governance
2. Address as a priority BA detailed comments on Programme plan, risk plan and Cost to Complete; seek internal and customer approval of revised baseline document set
3. End-to-end Programme Manager to set up/change attendance at the following meetings with a view to ensuring a fully joined up programme management team:
    - Attendance by Delivery leads (e.g. Service Implementation Manager from IS) at daily prayers meetings
    - Regular reviews against plan, risks and cost to complete with Head of each Work stream
    - Regular end-to-end programme review meeting led by Programme Director, attended as today, by his management team, plus occasional attendance by the new Head of Programmes for PSD
    - Re-format Release Strategy Board to determine and prioritise content of the release for go live vs test

    (Work-in-progress)
4. Consider appointment of a PM quality manager within the PMO to drive up compliance to CPM-22

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Project Management

Recommendations cont'd

5. Complete development of a revised planning process appropriate to PO Ltd and Fujitsu requirements
    *   Clarify ownership of plans
    *   Hold regular plan reviews to review progress and to identify and manage exceptions
    *   Proposed plans going forward: Level 1 critical milestones; Level 2 end-to-end programme plan with all dependencies identified; Level 3 Work stream plans
6. Implement proactive issue and risk management (hold regular risk reviews)
7. Report in Spotlight at Programme rather than work stream level

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Risk Management

Findings   ***Status:*** Amber

⇑ Time impact now included in the risk register

⇑ An assessment of the Confidence in the deliverability of the Programme Plan was provided by means of an @risk tool run by D Scarbrough against the key risks

⇑ The programme is continuing to engage Dave Scarbrough with a view to improving their risk management approach going forward

⇑ Programme level risks are maintained in RiskPro

⇒ Business Unit regularly taking a different view on risk provision to that advised by programme management team and BA

⇒ Proactive risk management by some Delivery leads

⇓ Many comments that probability and impact estimates in relation to risk plan dated 19/05/09 v3 could be downgraded in opinion of Business Assurance based on longer timescales allowed in Programme plan for migration testing

⇓ Contingency provision of £2.2m is not supported by a risk plan (see Financials slide on Cost to complete)

⇓ Level 1 risk plan has gaps (not all risks are impacted) and some risks that should have been closed

⇓ Lack of regular risk reviews and incomplete maintenance of risk plan across the programme

⇓ Confusion about the difference between risk provision agreed at CAR 18 Sept 09 (£7.5m) and current risk provision (£1.5m)

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Risk Management

Findings cont'd   **Status:** Amber

⇓ Risk provision in March 09 of £2.9m per Programme Management and £2.1m per the business is not supported by a risk plan

⇓ No opportunity currently to de-risk test activities by building an additional test rig (there are serious network infrastructure issues that need to be addressed first)

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Risk management

Recommendations

1. Next steps to enable the risk plan to be baselined:
   i. Work through BA comments and recommendations and decide whether risk assessment can be revised in line with BA advice
   ii. Calculate a new contingency provision consistent with risk plan findings
   iii. Seek approval of new contingency provision at Business Unit level
   (Work-in-progress)
2. Assign a responsible owner to ensure best practise risk management is followed (normally a PMO function) (Work-in-progress)
3. Continue to exploit expertise within Business Assurance on risk management at periodic intervals until effective and proactive risk management works like clockwork
4. Once network issues under control, consider investment in an additional test rig or expansion of current test rig capability

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Account

Findings

Status: Amber

⇑ Positive feedback from PO Ltd Programme Manager about effectiveness of Fujitsu Account Director (e.g. at Programme Board meetings)

⇑ Account Director had already noted many of the issues identified in this report

⇑ The Account has underwritten an ongoing award scheme for outstanding contribution on the HNG-x Programme

⇓ Account Director feels that "the system" has impeded resolution of issues (e.g. delays in hiring key personnel)

⇓ Business Unit regularly taking a different view on risk provision to that advised by programme management team and BA

⇓ Morale issue on Account (see also Resources and Internal Communications)

Recommendations

1. Organise a Programme re-launch event (work-in-progress) to further address morale issues

2. Engage Senior Management from BU and Core to expedite future resourcing and/or delivery from Core

3. See recommendations on Contingency Provision (see Risk Management recommendations slide)

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Next Steps/Action Plan

The following next steps are planned:

• Review and refine the Interim report with the Programme Director and Account Director to achieve a baseline report - achieved

• Present and discuss interim report with PSB BUD, Programme Director and Account Director - achieved

• Complete review once plan, risk register and cost to complete artefacts are available - achieved

• Review and refine the final report with the Programme Director and Account Director to achieve a baseline report -- achieved

• Present and discuss findings and recommendations with PO Ltd Management – next step

• Present and discuss baseline report with PSB BUD, Programme Director and Account Director

• Compile the initial BA Action Tracker

• Ongoing follow up of Action Tracker by BA Team

• BA team to actively review the progress and adoption of the report recommendations

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