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Chris Brocklesby  
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Date: 15 December 2023

Dear Chris

**Your Request to Further Extend the Horizon Services Agreement**

Thank you for your letter dated 21 November 2023 requesting discussions regarding a potential further extension to the Horizon Services Agreement ('Agreement').

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As you will be aware, we have been discussing for some years now how best to facilitate Post Office's replacement of Horizon and its associated services.

There are various challenges to the feasibility of the continued delivery of the Horizon system and associated services. To reiterate these include the following matters:

1. the risks associated with the continued provision of the Horizon system (including the audit archive) on an end-of-life IT infrastructure. Understandably, Post Office has historically been strategically focussed on alternative solutions to Horizon rather than investing in the existing infrastructure. Due to the age and consequent end of service life status of the underpinning Horizon infrastructure there is an increasing risk of failure of the infrastructure that could result in adverse impact in the delivery of services to the public.
2. the technical complexity and risk associated with (i) updating infrastructure at varying states of obsolescence and compatibility, and (ii) delivering new system requirements, including because of lessons learned and commitments to end users. These activities are increasingly risky and technically challenging given the End of Service Life Horizon system noted in paragraph 1 above.
3. the need to extend the leases on the Datacentre facilities that host the Horizon system which is subject to the landlord's agreement, in accordance with the required term.



4. the retention of a highly specialised staff who, in some cases, have been working on this system for many years, and have consequent deep knowledge of the underpinning business logic, bespoke application and aged infrastructure environment.
5. the challenges of recruiting staff to work on the Horizon system with the required knowledge in aged infrastructure and bespoke applications, which is also the subject of ongoing public scrutiny.

In consequence, we strongly recommend that Post Office should continue to prioritise its objective of replacing Horizon and its associated services, as early as it can. Fujitsu will continue to support and facilitate an orderly transition to an alternative solution by (or preferably before) the expiry of the current term in March 2025.

That said, we do understand that Post Office must plan its fall-back positions in the event that it cannot achieve an exit of the services provided by Fujitsu because its chosen replacement solution is not fully deployed in time. Fujitsu is therefore willing to discuss how a potential extension might work, but it is important to note that given the significant challenges raised above, those discussions will need to thoroughly test whether any extension is viable.

As a preliminary step, it would be helpful to receive further information from you, particularly around the specific requirements for the requested extension of up to 5 years to March 2030, to enable an assessment of the consequent considerations and risks and the resulting conditions and refresh requirements.

In order to aid this discussion, Fujitsu proposes a workshop to occur in January 2024 to determine Post Office's requirements for exit assistance and any potential extension. It would assist that workshop if the Post Office could prepare an outline approach to the roll out of its new Point of Sale system, the replacement of individual HNG-X Operational Services and an approximation of the associated timescales. This will enable Fujitsu to undertake some preliminary feasibility and impact assessments.

I look forward to hearing from you in due course, following which we will consider your request further.

Kind Regards,

Dan Walton  
Head of Post Office Account, Fujitsu