

ANNEX A

NOTES OF A MEETING TO DISCUSS

THE POTENTIAL AUTOMATION OF DSS TRANSACTIONS (OPTION C)

HELD ON 30 JULY 1993

1. PRESENT:

Dick Wheelhouse	Keith Baines
John Chiswell	Chris Gosling
Bob Peaple	Paul Reed
Paul Rich	Ian McClay
Andrew Scarborough	Linda Hanratty
	Adrian Gains
2. Meeting Process and Coverage

Those present agreed the agenda and objectives of the session.
3. "Smart Card based" Option "C" report - It was agreed that the Option "C" report would be amended, completed and circulated in line with the proposed changes in David Taylor's note of 21 July. Once that had been done work on this option would be suspended for the present.
4. Positioning for POCL at meeting with DSS/BA - It was noted that there was a need to give POCL participants in the meeting with DSS/BA clear guidance on the line to take on 4 August. While thus far the preparation work had been carried out mainly by POCL there was evidence from discussions between David Riggs of Benefits Agency and Richard Dykes that the client was happy to approach the issue in a "low key", bottom up fashion.

The key principles of any joint work with Benefits Agency would be that any system needed to be designed to secure:

- (1) Customer acceptability
- (2) Commercial advantages (Savings)
- (3) Operational feasibility

The customers for the exercise were Richard Dykes and Michael Bichard of the Benefits Agency. The idea was to generate an initial report/statement of requirements by September with a full draft report by the end of December and agreement on the way forward by February 1994. NFSP involvement would be kept to a minimum.

The purpose of the meeting on 4 August was to take DSS/BA through the work done to date (at a high level) to show what might be achieved through the "Smart" card option. DSS were currently very much favouring the "ALERT" bar coding solution which POCL would make clear that in presenting the "Smart" card option they were in no way prejudging the solution.

Keith Baines then ran through the draft presentation highlighting key issues.

In effect DSS/BA faced a series of choices as there were options for almost all features of the system:

- (1) Terminal Provisions - what capability/how many?
- (2) Infrastructure - use existing PO capability (eg. Farnborough)
- (3) Communications - PSTN, ISDN or Postline?
- (4) Card or Paper based transactions?
- (5) Tokens - Machine Readable, Throwaway, Multiple Use (either as value identifier or as access implement to an account), Single use cards etc.

The choice of token was a crucial factor and depended on a multiplicity of factors

- Customer preference
- Security
- Effects on the overall system and its costs
- Other possible applications
- Timing and feasibility
- Effect on Q of S.

Overall the presentation would highlight all the key issues, giving a clear message of our desire to work with DSS/BA, and draw them out securing a clearer view of their priorities and objectives, all within the context of agreement by DSS/BA to a clear process of analysis led by POCL.

In discussion a number of issues were raised principally by Linda Hanratty:

- (1) The future of the Girocheque
- (2) Self Service
- (3) Positioning with NFSP/DTI
- (4) Effects on client costs

It was felt that the Girocheque issue should be kept as open as long as possible in the interests of Girobank. Girocheques are not easily substituted by a Smart card or other token and it would be for DSS to indicate how they wished to proceed.

The Self Service issue was a more complex one, affecting Counters Mission and Vision commitment to person to person service. It would also create Competitive edge problems, reducing barriers to market entry once the technology had been introduced and making Benefits delivery more profitable for DSS/BA. Counters could not afford to be too defensive on this issue but should make clear that it ran counter to Business strategy. A good line would be to leave the issue as one of customer choice and affordability.

As far as NFSP was concerned Counters would have no objection to low key largely technically/operationally based involvement. Direct contact at Secretary of State or senior officials level was less helpful and to be avoided if possible. If it could not be avoided the objective would be to influence Baker's stance. On costs we needed to be clear with BSS/BA that they were an issue and to share ideas/information to ensure that the solution was perceived as mutually beneficial. The key objective was to secure agreement to a process which picked up all issues of concern to POCL and DSS and produced a range of priced/costed options for progress.

5. Candidate Options for next stage of project within POCL - As well as progressing the work with DSS it was necessary to push forward the intended POCL project, which would run in parallel but, for reasons of commercial confidentiality, be insulated from DSS. In discussion the following points emerged:
- (1) the full range of technical options should be studied; creating a range of cost/capability packages;
 - (2) the key driver should be DSS automation but the scope to "piggyback" other clients' transactions should be investigated where this could benefit the Business bottom line;
 - (3) the project should not confine itself to "front end" outlet based automation, back office and central processing were also important parts of the supply chain. Infrastructure was as important as data capture;
 - (4) the baseline against which any solution would be judged was the Business Plan service strategy (ie Personal Service, ECCO+ and APT, Automated Processing but no automation of DSS/BA work).
 - (5) Customer acceptability was a key factor, and served as a powerful "reality check" for the more technologically advanced solutions. There was no point in trying to replace ACT with something which was equally unpopular.

Overall, the key principles were to build off the Business Plan, to keep options open, providing flexibility for ourselves and DSS/BA and to use the exercise to educate all parties on the realistic routes to move forward.

6. Issues to be addressed - The meeting debated the key issues for the project, seeking to categorise them by the nature of the action which

needed to be taken to resolve them, and to establish their relative importance and urgency. The results of that discussion are given at Appendix A, but a number of additional points were raised which are captured below:

- (1) DSS Process Mapping - Whilst the physical Interface was the key, it was also important to understand their overall structure and be able to cost different aspects of their operations.
- (2) Fraud - The issue was a complex one - was the target better detection or prevention (including avoidance of counterfeiting)? What was the baseline?
- (3) Agents' benefits - Could include beneficial effects on private businesses.
- (4) Competitors Systems - We needed to make sure that the work was not wholly internally focused.
- (5) Data Transmission Security - The issue here was as much one of client perception as the reality of effective data security.

7. Taking the Project Forward - A number of organisational issues were raised at this stage. Paul Rich tabled the draft terms of reference for a cross centre team for outlet based automation development (At Appendix B) but it was clear from the discussion that more fundamental issues needed to be resolved:

- (1) whether this was really a stand alone transformational project, or rather merely a very big piece of Business Development work;
- (2) where it fitted into the process of Business Development/Commercial strategy formulation;
- (3) How it interfaced with the development of the overall information systems strategy;
- (4) How the cross-market, cross-business centre component should be managed.

It was clear that a working level group of the sort proposed by Paul Rich was essential, and that it should contain representatives from both the Business Centres involved, and from Systems Consultancy, with SHO support. It was equally important that while DSS was recognised as the key driver it was not allowed to exclude the other applications. There were the key principles for the hands on management of the project, but the higher level control issue were more intractable and it was agreed that they would be resolved by discussions between the interested parties outside the meeting and would be communicated to all involved by Dick Wheelhouse, once a workable structure had been developed.