Bringing Technology to Post Offices and Benefit Payments

SUPPLIER SCORES IN RESPECT OF VALUE FACTORS

Author:	Derek Selwood	Version: Issue 1.0
Authority:	Derek Selwood	11 March 1996
Reference:	PWKP4-25	

Contents	Page

1.   PURPOSE

1.1.   This paper sets out for Evaluation Board consideration the suppliers' Value Factor scores arising from the Programme Review held on 7 March 1996. The Board is invited to endorse the scores, which will be lodged with the Programme lawyers prior to receipt of tenders and used in the final evaluation and selection process.

2.   BACKGROUND

2.1.   The concept of evaluating on a combination of monetary and non-monetary (value) factors is described in PWKP3-18 'Evaluation Post Shortlist'. The factors were notified to suppliers by letter from the Programme on 6 November 1995, and are reproduced for convenience at Annex A.

2.2.   Paper PWKP4-5 'Use of Value Factors in final evaluation & selection' described how suppliers would be assessed against the value factors, and PWKP4-12 'Value Assessment Model' set out how the scores would be built up from an individual level to a Programme view.

2.3.   BA, SSA and POCL each nominated a member of staff to perform a quality assurance check on the results of the Programme reviews.

2.4.   The names of those participating at the various levels are shown at Annex B.

3.   THE PILOT REVIEWS

3.1.   It was thought prudent to hold a 'pilot' review at each level to test the effectiveness of the process. The subsequent 'live' reviews took account of feedback from the pilots in general, but also of the specific points noted below.

3.2.   At the pilot Demo Stream review (5 December 1995) it was realised that fraud-free services for POCL were not covered by the Value Factors, factor 3 covering only the benefit payment service. By that time the factors had been notified to suppliers. It was decided that this area should nevertheless be included in the Demo Stream reviews as 'Factor 3A: Fraud-Free services for POCL', and views and scores in respect of supplier performance were subsequently recorded. The handling of this is dealt with at para 5.5. The Contracts Stream had no evidence on which to base any marking for this factor.

3.3.   The shortage of evidence available to the Contracts Stream with respect to some of the factors led its pilot review to conclude that it should apply a validity marking to its scores, to reflect the amount of evidence on which the scores were based. The validity markings and meanings adopted were:

- A   Assessors totally in the picture regarding supplier's capability, full confidence in score

- B   Very well qualified to comment, with a few gaps

- C   Reasonable amount of evidence on which to assess

- D   Some evidence, adequate for an indicative assessment only

- E   No evidence at all - no score can be given

This system was adopted for all subsequent Contracts, Demo and Programme reviews.

3.4.   At the pilot Contracts Stream review it was recognised that provision should be made for taking account of the assessment of suppliers' Partnership capability, on which David Miller, the head of CNT, had taken the senior role within the Programme on a personal basis. It was thought inappropriate to consider it at Contracts Stream level, given that the other two members of that stream had had no involvement in the

partnership discussions. It was therefore decided to consider it at the Programme reviews.

4. CONDUCT OF THE REVIEWS

4.1. Each review took the output from the previous one as its starting point and considered the evidence that had become available since then. It highlighted any areas where further evidence was required, so that this could be specifically pursued prior to the next review.

4.2. In the case of the Demo Stream the basis of assessment was the evidence from the interaction of the team with suppliers up to early January, from the work of colleagues in the Requirements/Solutions Stream thereafter and from the work involved in the latter stages of ITT drafting. The Contract Stream evidence derived from the Core Negotiating Team meetings with suppliers up to the end of February.

4.3. Each Group Leader within the Demo Stream identified a number of lower-level topics and their relationship to each factor; the matrix of topics to value factors is shown at Annex C. Prior to each Demo Stream assessment review, the six Group Leaders scored each of their topics in relation to each relevant value factor. Pre-agreed weightings were applied to these to produce an initial score for each factor for each Group Leader and the six resultant scores for each factor were averaged to produce a provisional Stream score. At the review the markings of each Group Leader were subjected to quality assurance by the others and any resultant changes were incorporated into the model. The amended factor scores were then reviewed by the Stream to take account of the varying amount of evidence brought by each Group Leader to each factor and final scores agreed together with the supporting rationale.

4.4. At the Contracts reviews each attendee put forward their mark for each factor (where appropriate - see below) and a discussion then ensued, leading to production of an agreed score for the Stream with accompanying rationale. Members felt they had no evidence on which to mark factors 1, 2, 3A and 5. Validity markings of 'E' (= no evidence at all - no score can be given) were therefore recorded in respect of these factors.

4.5. At the Programme reviews the Stream which had most evidence relating to a particular factor was the first to put forward its scores and supporting rationale. The other Stream then either put forward its own score and rationale or performed a purely QA function (factors 1,2, 3A and 5 - see para 4.4). After this, the attendees as a whole agreed a score and associated rationale that took account of the relative weight of evidence from each stream (including the partnership stream -see para 3.4).

4.6.   The full list of reviews held was as follows:

Demo Stream	Contracts Stream	Programme
5 December 1995 (P)	-	-
18-19 January	30 January (P)	2 February (P)
7 - 9 February	19 February	20 February
4 - 5 March	1 March	7 March

(P) signifies pilot review

4.7.   The Quality Assurance team received the output from the Programme review of 20 February and their comments were considered during the review of 7 March. Two of the team attended the 7 March review and exercised a QA role during the meeting.

5.   RESULTS OF THE FINAL PROGRAMME REVIEW

5.1.   The final Programme Review (7 March) considered:

     (a)   the output from the Contracts Review of 1 March and the Demo Review of 4/5 March;

     (b)   the results of the review of suppliers' Partnership capability;

     (c)   the feedback from the QA team on the results of the Programme Review of 20 February.

5.2.   The results of the review are attached as PWKP4-22. The presentation of the material takes account of comments on the report of the 20 February results, an expurgated edition of which members saw following the Board meeting of 26 February.

5.3.   The results of the lower-level assessments within the Demo Stream review of 4/5 March were made available to the QA team. Further detail below that level is being retained for subsequent perusal by audit teams etc. if required.

5.4.   A number of points need to be borne in mind when considering the results:

     (a)   the pre-ITT hurdles process established that all three suppliers meet the minimum requirements set by the sponsors;

(b) this process also identified a number of issues relating to some of the hurdles, none of which were regarded by the Board at its meeting on 26 February or by Messrs Peaple and Brown at their subsequent 'empowered' meeting on 28 February as sufficiently serious to disqualify any of the suppliers;

(c) the Demo Stream breaks down into six 'strands' and 44 topics, many of which relate to more than one value factor (see Topics vs. Value Factors matrix reproduced at Annex C). This means that, within a value factor, low scores on some topics may well be balanced by high scores on others and result in an overall mark at Programme level (which also takes account of input from the Contracts Stream) that is not particularly high or low.

(d) it follows from the above that members should not necessarily expect a low or high score on factors where they have pre-knowledge that a supplier was regarded badly or well on a particular topic. They should take comfort from the fact that none of the value factor scores emanating from the Programme Review is inconsistent with the hurdles clearances already given.

5.5.   Para 3.1 referred to the belated realisation that the Value Factors should ideally have included Fraud-Free Services for POCL. The scores from the Programme review are:

- Cardlink   5.7

- IBM   5.9

- Pathway   5.1

5.6.   Since this factor has not been notified to suppliers it is considered that the scores cannot be used in the evaluation; the Board's endorsement of them is not, therefore, being sought. However, the Programme review felt that the fact that all suppliers were considered satisfactory in this area should be brought to the Board's attention.

6.   USE OF THE RESULTS IN EVALUATION & SELECTION

6.1.   The scores emerging from the Board's consideration of this paper will be lodged with the Programme's lawyers before receipt of tenders.

6.2.   Once the various assurance reviews of the tenders (e.g. technical, contract) have taken place the reviewers will consider whether there is reason to reappraise the Value Factor scores. If there is, review will take place at succeeding levels of cumulation. If a Programme review is necessary, and results in any changed scores, then the outcome will be put to the Evaluation Board for endorsement.

6.3.   The results emerging from the process at para 6.2 will be subjected to weighting and sensitivity analysis and the outcome presented to the Board in the Evaluation Team report as outlined in PWKP4-5.

7.   RECOMMENDATION

7.1.   The Board is recommended to endorse the scores for the value factors for the three suppliers as set out in section 2 of PWKP4-22 (except factor 3A - see para 5.6) and their lodgement with the Programme lawyers.

7.2.   The Board is also asked to note the scores in respect of value factor 3A recorded in para 5.5.

ANNEX A - VALUE FACTORS

Factor	Description
1. Customer Acceptability	The service provider needs to ensure that the services are viewed favourably by customers at post offices, and that the benefit payment services are acceptable to all benefit customers choosing to be paid at post offices.
2. Staff/Agent Acceptability	The service provider's services need to be Post Office and BA local office staff friendly; for example by being easy to use, responsive and supportive of their job functions.
3. Fraud-Free Method of Payment	The measures proposed to make the service for benefit payment fraud free and to maintain that fraud free level.
4. Credibility of Delivery	The service provider's designs, procedures, tools, methods, resources and organisation need to ensure that the steady-state services will be delivered to time and quality, showing understanding of and empathy with the BA and POCL requirements and objectives.
5. Start-up	The service provider's design, development, acceptance and initial implementation services need to be credible, showing appropriate controls, management interfaces and capability for managing, controlling and delivering the start-up of the services.
6. Innovation	The service provider needs to be pro-active, change-orientated and demonstrate a genuine "can do" attitude. He should generate creative ideas and understand how to apply technology profitably building upon his initial services, complementing rather than competing with POCL's core competencies. He should seek to do existing things better and better new things.
7. Flexibility	The service provider and his services need the ability to react to external change and to meet a diverse range of existing and potential needs, thereby maximising value for money and faster delivery of new products and services.
8. Management Capability	The service provider management needs to be competent, customer focused, accountable, with evidence of well defined internal controls enabling a proper external focus. Suitable quality processes must be in place, and key resources must have skills and experience appropriate to their roles.

9. Reliability and Support	The service provider needs to anticipate and prevent problems, with robust fallback procedures for benefit payments and other customer services in the event of system failure. He should regard his first priority as maintaining continuity of service rather than referring to the contract in the event of unforeseen problems.
10. Stability / Coherence	The prime service provider and his associated consortium members and/or main subcontractors need to have a stable relationship from which to provide the services. The member organisations should balance each others' skills and resources to match those needed to deliver the services. The prime service provider should show his competence to successfully lead such a group of organisations to deliver similar services.

ANNEX B - MEMBERSHIP OF REVIEW PANELS

Programme Review Panel

Andrew Stott	Chairman
Robert Albright	Contract Negotiation Team
Dave Miller	Contract Negotiation Team
Pat Kelsey	Contract Negotiation Team
Tony Johnson	Demo/Requirements/Solutions
Michael Berg	Demo/Requirements/Solutions
Bob King	Demo/Requirements/Solutions
Sean Johnston	Quality Assurance - SSA
Wayne Stephens	Quality Assurance - BA
Tim Brown	Quality Assurance - POCL
Derek Selwood	Facilitator
Michael Purchase	Facilitator
Nick Richardson	Secretary

Contracts Stream

Dave Miller	Chairman
Pat Kelsey	BA Chief Negotiator
Robert Albright	POCL Chief Negotiator
Derek Selwood	Facilitator
Nick Richardson	Secretary

[cont]

Demonstrator Stream

Tony Johnson	Chairman
Michael Berg	Stream Leader
Jeremy Folkes	Group Leader - POCL Infrastructure
John Meagher	Group Leader - POCL Applications
Colin Oudot	Group Leader - Benefits Payment Service
Janis Hatchell	Group Leader - Implementation & Management
Naresh Mohindra	Group Leader - End to End Solution
Gareth Lewis	Group Leader - Security
Michael Purchase	Facilitator/Secretary
Derek Selwood	Facilitator/Secretary

ANNEX C - TOPICS VS. VALUE FACTORS MATRIX (reproduced from PWKP4-12)

In the table below ticks (✓) indicate the primary relationships between the Demonstrator topics and the Value Factors, while the gaps indicate that issues arising from these topics are unlikely to affect the corresponding Value Factors.

	Value Factor									
	1	2	3	4	5	6	7	8	9	10
BPS										
Card characteristics	✓	✓		✓		✓	✓			
Card distribution	✓	✓		✓	✓				✓	✓
Card usage	✓	✓		✓	✓		✓	✓	✓	
Card status monitoring		✓		✓	✓	✓	✓		✓	
Card support services	✓	✓		✓	✓			✓	✓	✓
POCL Infrastructure										
OP Hardware	✓	✓	✓	✓	✓	✓	✓	✓	✓	
OP Middleware		✓	✓	✓	✓	✓	✓	✓	✓	
WAN		✓	✓	✓	✓	✓	✓	✓	✓	
TMS		✓	✓	✓	✓	✓	✓	✓	✓	
Integrated Infrastructure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
System Management		✓	✓	✓	✓	✓	✓	✓	✓	
Technical Support Services	✓	✓	✓	✓	✓		✓	✓	✓	
HCI		✓		✓	✓	✓	✓			
POCL Applications:										
(a) EPOS										
Transaction processing	✓	✓	✓	✓	✓					
Accounting		✓	✓	✓	✓					
Robust application				✓	✓	✓	✓	✓	✓	
Introduction of new products						✓	✓	✓		
Generic approach						✓	✓	✓		
(b) Automated Payments										
Transaction processing - local	✓	✓	✓		✓	✓			✓	
Transaction processing - central			✓	✓	✓	✓		✓	✓	
Data Integrity				✓	✓	✓	✓	✓	✓	
Introduction of new clients						✓	✓	✓		
Introduction of new products						✓	✓	✓		
Implementation and Management										
Training		✓		✓	✓	✓	✓	✓		✓
Roll-out		✓		✓	✓	✓	✓	✓	✓	✓
Service Management		✓		✓	✓	✓	✓	✓	✓	✓
Card Marketing & Education	✓	✓		✓		✓				
Operational Trial				✓	✓			✓		

PWKP4-25 RESTRICTED CONTRACTS

	Value Factor									
	1	2	3	4	5	6	7	8	9	10

End to End

	1	2	3	4	5	6	7	8	9	10
Design Assurance	✓	✓		✓	✓	✓	✓	✓	✓	✓
Financial reconciliation & settlem't		✓		✓	✓	✓		✓	✓	✓
Transaction timings	✓	✓								✓
External interfaces (incl CAPS)		✓		✓		✓	✓	✓	✓	✓
OBCS			✓	✓	✓		✓			
MIS							✓		✓	✓

Security

	1	2	3	4	5	6	7	8	9	10
Card characteristics			✓							
Card Production & personalisation			✓							
Card and PUN Distribution			✓							
Card Usage			✓							
Card Support Services			✓							
Contingency			✓							
Interfaces			✓							
Service development			✓							
Service transfer			✓							
Fraud & risk management			✓							