



# Post Office IT Inquiry 'Teach-In Briefing Pack

Simon Oldnall, June 2021

## Agenda – 12<sup>th</sup> May 2021

### 1. Product Management & Usability

- Product management processes
- Requirements management (Functional and Non functional)
- Usability - User involvement
- User groups, UAT etc.
- Current backlog and prioritisation

## Agenda – 25<sup>th</sup> May 2021

### 2. Supplier relationships

- Tower model.
- Fujitsu relationship.
- Assurance
- Roles and responsibilities
- Strategy for future development?

### 3. Future plans (not covered due to time)

- Outline of current plans for new 'Cloud based' solution.
- What is planned for later this year?
- Technical approach? (Off the shelf?)
- Configuration vs customisation etc.
- Migration/business change strategy

## Agenda – 9<sup>th</sup> June 2021

### 3. Future plans

- Outline of current plans for new 'Cloud based' solution.
- What is planned for later this year?
- Technical approach? (Off the shelf?)
- Configuration vs customisation etc.
- Migration/business change strategy

### *Additional Topics to potentially cover include:*

- Horizon Improvement Programme
- Management of bugs, errors and defects
- Testing
- Architecture
- APADC scripting



## Agenda – Future Meetings

### 4. POL IT Team overview

- Outline of team numbers/organisation
- In-house/outsourced etc

### 5. Governance Processes

- Development operations and release processes
- Data
- Monitoring
- Testing and Assurance




### 6. Architecture overview

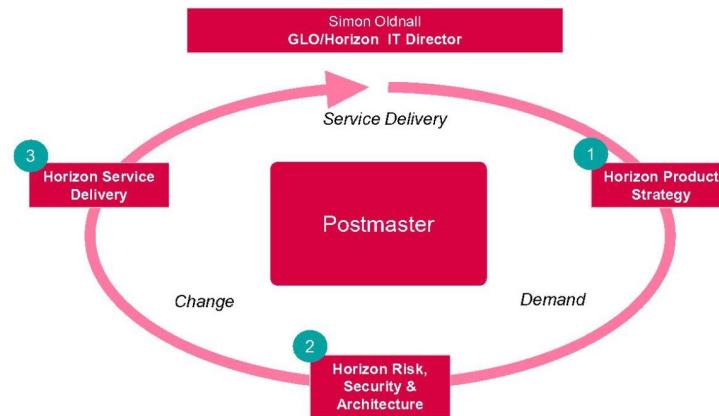
- Outline of the current technical landscape.
- Infrastructure overview - hardware in branch (who provides what?)
- Resilience and DR
- Data transfer and network resilience

## I. Product Management & Usability

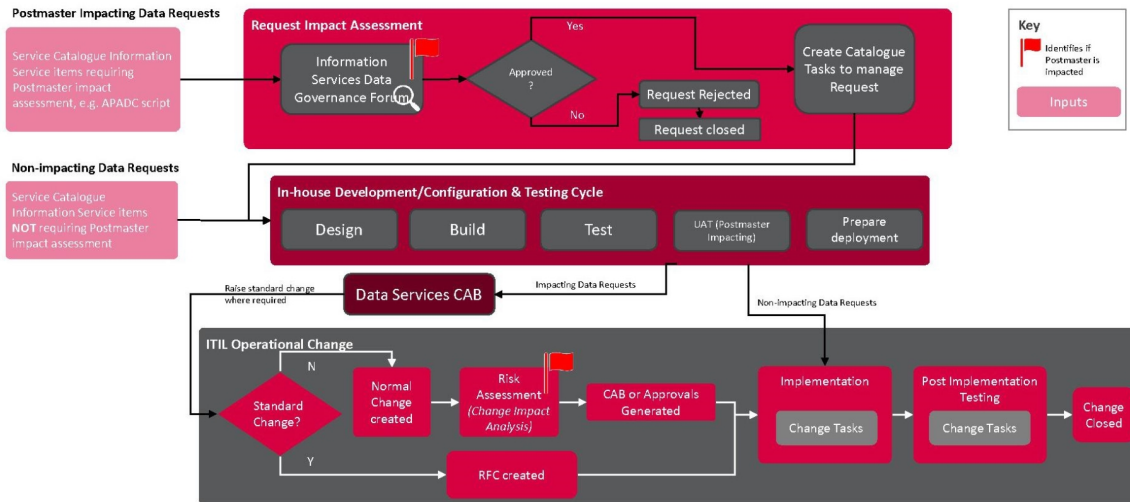
## Product Management Processes

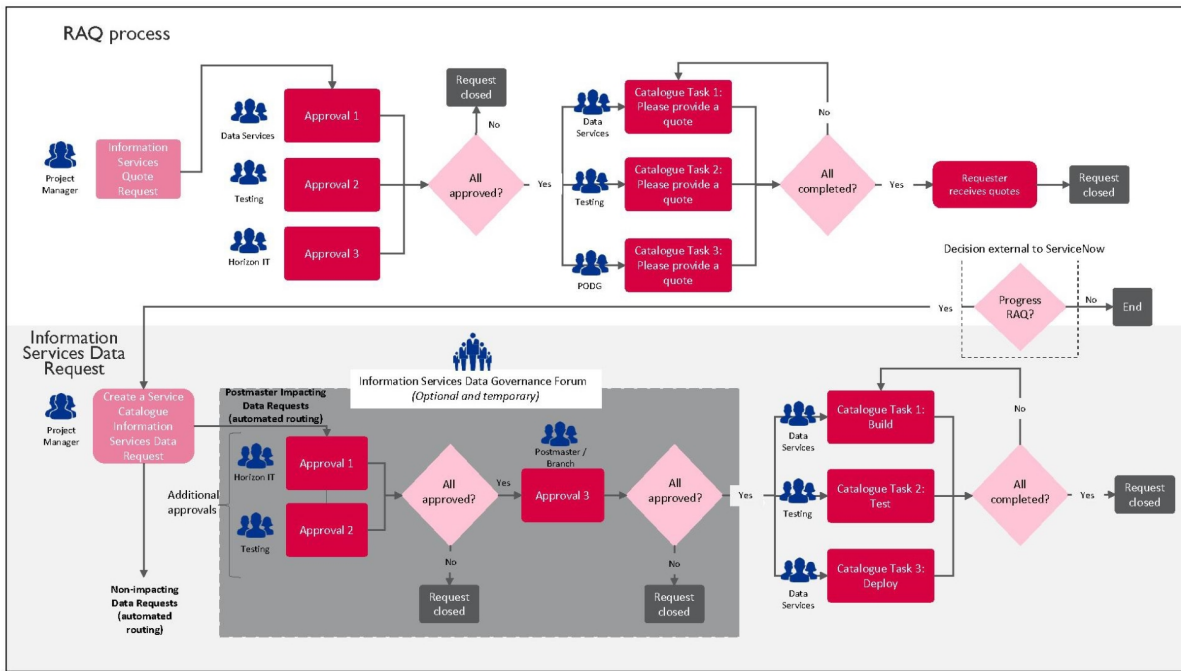
Horizon Governance – 3 Pillars of Product/Service Management

-  To address governance findings outlined in the interim report a new governance structure has been developed for Horizon processes
-  The governance framework for Horizon processes is based on 3 'pillars' used by other organisations utilising product/service management approach and has been tailored to POL context and Horizon challenges
  - Strategy/Demand
  - Architecture
  - Service Delivery
-  Each pillar requires a governance forum chaired by the head of each area



## Quick Fix Reference Data Change Process





## Single Product Ownership & Accountability

All capabilities required to develop, maintain or service Horizon are grouped in one team **focused on delivering outcomes and value for the Postmaster**. A Product Manager is the technical point of contact for the Postmasters and the Post Office Business and is accountable for the success of Horizon over its entire life-cycle.



10

### Prior to Horizon Product Management

Lack of end-to-end ownership and accountability meant:

Product decisions being made without sufficient guidance and oversight

Postmaster Horizon requests passed from team to team resulting in longer issue resolution times or unresolved issues

Increased internal interactions and effort needed to address Horizon support, changes and fixes

Limited product improvement planning or innovation due to a lack of end-to-end ownership of all of the components that make up Horizon

### With Horizon Product Management

Clearer accountability for Horizon success

Customer-centric thinking and stronger Postmaster voice in IT and the business leading to better understanding of Postmasters needs and more action in the interests of Postmasters






Improved response to Postmaster demand, change and fix via a single point of contact for Postmasters and the Post Office business

Single accountability for better prioritisation between issues, changes and fixes

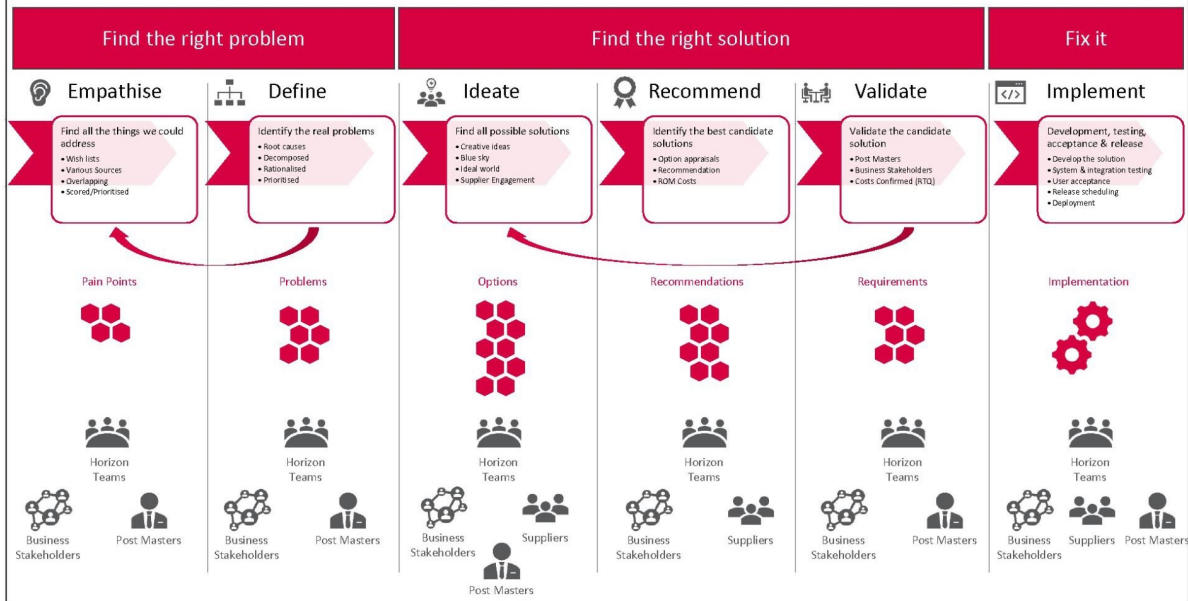
Product roadmap for stronger alignment of product with Postmaster future needs

Improved innovation over the whole lifespan of the product

## Five ambitions underpin our vision

OUR AMBITIONS	OUR COMMITMENTS	WHAT DOES THIS MEAN?	MEASUREMENTS
 REBUILD POSTMASTER TRUST IN HORIZON	WE WILL ADDRESS POSTMASTER PAIN POINTS AND OFFER AN IMPROVED USER EXPERIENCE.	<ul style="list-style-type: none"> <li>▪ Address 400+ Postmaster pain points in order of priority</li> <li>▪ Proactively engage and involve Postmasters in any Horizon change, communicating openly and honestly with Postmasters</li> </ul>	Improved Postmaster satisfaction
 ADDRESS HIJ AND AUDIT FINDINGS	WE WILL IMPLEMENT THE CHANGES REQUIRED TO ADDRESS HIJ CONFORMANCE AND ASSURE POSTMASTERS THAT THE FUNDAMENTALS ARE FIXED.	<ul style="list-style-type: none"> <li>▪ Implement changes required to address HIJ conformance and demonstrate to Postmasters that we have fixed the foundations.</li> <li>▪ Measurable improvement in the identification and resolution of incidents and problems.</li> </ul>	HIJ conformance
 PROVIDE MORE INFORMATION TO AND REDUCE FINANCIAL DISCREPANCIES	WE WILL PROVIDE POSTMASTERS WITH ACTIONABLE INFORMATION TO SUPPORT SELF-DIAGNOSIS OF DISCREPANCIES AND SECURE THE PLATFORM FROM ERRORS.	<ul style="list-style-type: none"> <li>▪ Greater transparency of data and MI to Postmasters to allow for self-diagnosis of transactions at the counter.</li> <li>▪ Improved investigations process that provides Postmasters with real-time updates on the status of their case</li> <li>▪ Reduce financial discrepancies to an acceptable standard</li> </ul>	Reduction in disputes and financial discrepancies
 IMPROVE THE WAY WE OPERATE TO BETTER SERVE POSTMASTERS	WE WILL IMPROVE OUR OWN PROCESSES AND WAYS OF WORKING TO ENSURE POSTMASTERS RECEIVE THE BEST POSSIBLE SERVICE.	<ul style="list-style-type: none"> <li>▪ Improved design, build, testing and deployment of changes made to Horizon</li> <li>▪ A fully resourced Horizon / GLO IT function, working to a leading practice op model, processes and tools</li> </ul>	Reduction in defects post go-live
 SECURE HORIZON AND PROACTIVELY MANAGE RISK	WE WILL STAND UP AN EFFECTIVE RISK AND CONTROLS CAPABILITY DESIGNED TO PROACTIVELY PROTECT THE HORIZON PLATFORM.	<ul style="list-style-type: none"> <li>▪ Implement robust controls that provide confidence that Horizon is secure and data integrity maintained.</li> <li>▪ Stand up an internal audit and risk management capability.</li> </ul>	Improved control performance and maintenance

# Horizon Improvement Methodology – Process & Collaboration





## User involvement to shape our plans

### How we get together

- Meeting our postmasters regularly (almost every two weeks)
- Creating a pool of Postmasters for IT
- NFSP regular catch ups
- Postmaster regional event – Q/A with around 50 postmasters
- Area Manager regional events – Simon or(and) Sree as guests to update postmasters
- Postmaster Co Creation Workshops
- One on One chats – Based on AAA feedbacks and other escalations

### What we talk about

1. Open discussion on top 10 key themes
2. To share views on Post Office plans to improve the Horizon and also to move away from Horizon
3. Feedback on the user acceptance process for implementing changes (Lottery, Paystation, Settle Centrally, Dispute Mechanism etc)
4. Help Post Office prioritise what we fix

### What we want from our PM's

1. Open discussion on top 10 key themes
2. To share views on Post Office plans to improve the Horizon and also to move away from Horizon
3. Feedback on the user acceptance process for implementing changes (Lottery, Paystation, Settle Centrally, Dispute Mechanism etc)
4. Help Post Office prioritise what we fix



## Horizon Pain Points / Improvements

We have gathered a list of circa 450 pain points of the Horizon system and processes taken when using the system. The list has been gathered from the following sources:

 Post Masters	<ul style="list-style-type: none"><li>• Adopt and Area</li><li>• Training Feedback</li><li>• User Forum</li></ul>	 Business Stakeholders	<ul style="list-style-type: none"><li>• NFSP Meetings</li><li>• Problem Management</li></ul>
 Horizon Teams	<ul style="list-style-type: none"><li>• KEL's</li><li>• Multiple retailer feedback</li></ul>	 Suppliers	<ul style="list-style-type: none"><li>• GLO teams e.g. Stamps team</li><li>• Product teams e.g. Lottery</li></ul>

### Priority 1

- ✓ Dispute mechanism
- ✓ Help
- ✓ Paystation – costings only
- ✓ Lottery
- ✓ Moneygram cancellations
- ✓ Bureau refund to card
- ✓ Screen Tidy Up



### Priority 2

- ✓ Paystation – card payments

## Horizon Pain Points – Current Work



### **Lottery in general – Initial Postmaster and multiple partner sessions have occurred**

- No card payment facility causes workarounds in branch
- Next day accounting at month end causes accounting issues and TC's
- Prizes cause TC's
- Scratchcard accounting is difficult to get right
- Removal of Tupperware tin



### **Ability to investigate discrepancies – RTQ created**

- HLD in progress
- Horizon Issue Judgement issue
- Pencilled in for 70.20



### **Review of Horizon Screens underway**

- Redundant buttons on screens cause confusion
- Confusion use of buttons
- Inconsistent terminology on screens



### **Paystation – analysis of the pain points around Paystation has commenced**

- No card payment facility causes workarounds in branch
- Refund/reversal issues
- Product value limit causes problems
- Removal of Tupperware tin



### **Moneygram - cancellations**

- Cancellations and refunds require call to the helpdesk
- Causes accounting issues at the branch
- PCI issues



### **Bureau – refund to card**

- Refund to card not provided at the counter
- Only allowed to refund to cash
- Causes accounting issues at the counter
- PCI issues

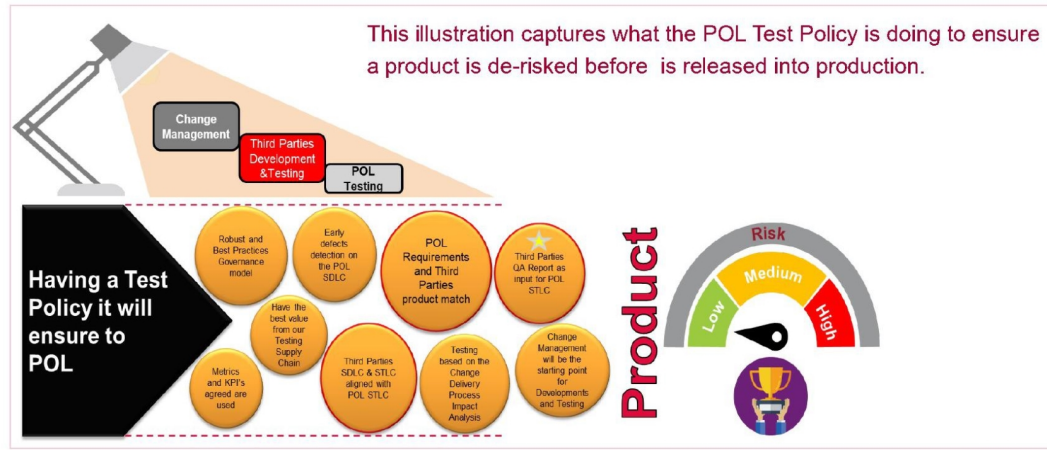


### **Help – freezing**

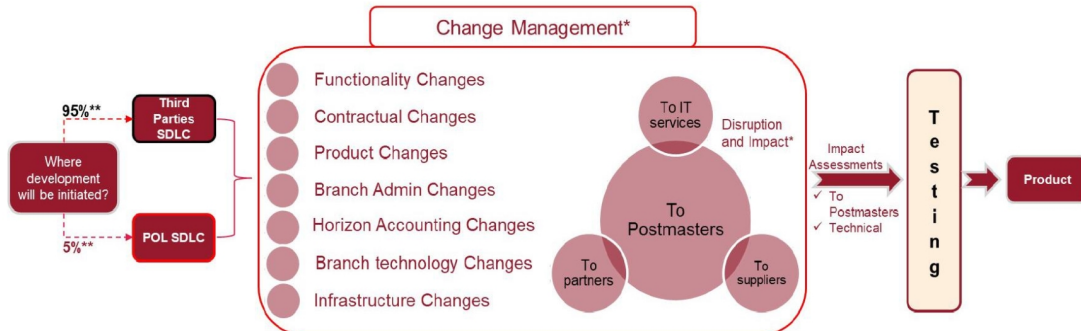
- Investigation on-going

## Our approach to Testing

The Testing Policy aligns closely with the proposed POL Change Governance Framework and Project Governance Model, therefore testing Quality Gates align to proposed project Stage Gates, Third Parties Development and Testing Activities



## POL and Third Parties Testing Delivery Model



\*: info provided by Post Office

\*\*: this is just for reference and not from a deep analysis



## Our current focus.....

- HIJ – How quickly can we address the issues?
- Postmaster feedback (Various Sources)
- Settle Centrally improvement
- Dispute process introduction
- Lottery (Automated Solutions)
- Paystation – Options
- Screen tidy-up
- Various other initiatives

---

## Improvements underway.....

---







- Discrepancy Dispute Options
- Horizon Help
- Drop and Go
- MoneyGram Cancellations
- Bureau Refund to Card
- Screen Tidy Up
- Declare Stock Removal (TBC)
- Part Payments
- Post Code Checker
- Paystation transactions (On Horizon – Is it possible?)



## 2. Supplier Relationships



## Post Office Contracts linked to Horizon

CONTRACT	HORIZON ELEMENTS	CONTRACT TERM	END DATE
	Service Management Service, Security Management Service, OBC service (Inc. PODG), Reference Data Management, Test Rigs etc.	8 years	31 March 2024
	Computacenter provides the Point of Sale Terminal which the Horizon Software operates on.	4 years with an optional 1+1	29 April 2021 + 9 months TAP *
	Verizon provide the Network over which Horizon transactions are sent to both Fujitsu & POL clients.	8 year initial term with an option to extend by 2 x 12 months	20 May 2023 **
 Paystation	Ingenico provide the Paystation Service - these transactions are recorded and settled in Horizon.	5 years initial term then 12 mth rolling	12 December 2023
 PED	Ingenico provide PED's (Pin Entry Devices) used for customer card payment transactions which are recorded & settled in Horizon.	3 years	11 August 2022
	NCR provide Self-Serve Kiosks for customers to process a discrete number of Horizon Services.	3 years initial term) + optional 1+1	31 March 2023

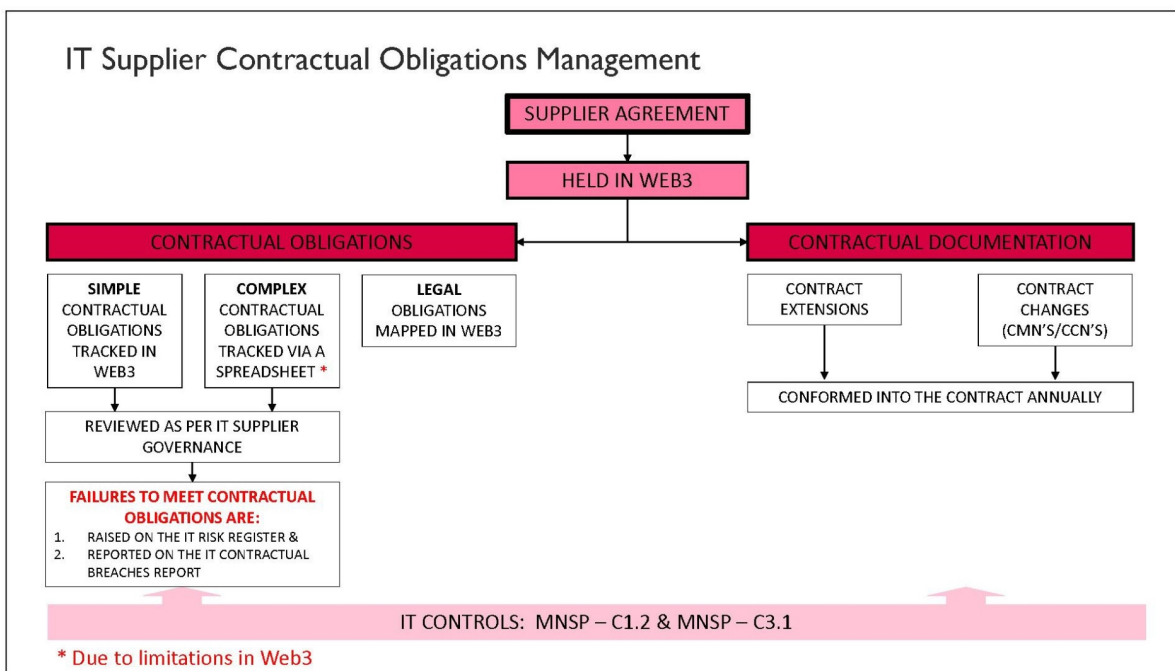
\* TAP = Termination Assistance Period

\*\* POL will shortly be exercising the 2x12 months option, taking the end date to 20 May 2025

## IT Contract Management Framework

- This diagram sets out a small part of our contract management framework.
- How do we manage contract effectively
  - RACI model – clear roles and responsibilities across CM/VM and Procurement
  - Governance meetings – ensuring compliance and Governance across the key IT contracts
  - Obligations tracking – ensuring responsibilities on POL and Supplier are met and tracked
  - Supplier Portfolio – gives a clear view of our key IT suppliers, management, and links to actions for any actions needed for contract end dates
  - Quarterly Review of Risks – ensuring a link with Head of IT Risk Management on Contract end dates and remediating actions
  - ITLB – monthly Dashboard highlighting activities from the CVM Team to the Board





## The Tower Model: IT Supplier Procurement

The programme intended to undertake five procurements; however, the Data Centre Tower was not delivered. NB: An SISD (Atos) was however put in place – this contract ended on 31st March 2021.

▲ Data Centre (DC) ▲ End User Computing (EUC) ▲ Back Office (BO) ▲ Networks (NW) ▲ Front Office (FO)

	Computacenter	Accenture	Verizon	Fujitsu
Data Centre Tower	EUC Tower	Back Office (BO) Tower	Networks (NW) Tower	Front Office (FO) Tower
<b>Services</b> <ul style="list-style-type: none"> <li>Public Cloud</li> <li>Private Cloud</li> <li>Co-Location</li> <li>Hosting</li> </ul> <b>Key Scope Items</b> <ul style="list-style-type: none"> <li>Core DC services</li> <li>WAN Connectivity</li> <li>Service Management</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li>Managed Desktop, Print and Digital Media</li> <li>Managed PoS</li> <li>Branch Automated Self-Service Systems</li> <li>Branch Ancillary Payment Systems</li> <li>Branch Queue Mgmt</li> </ul> <b>Key Scope Items</b> <ul style="list-style-type: none"> <li>SM, AD, Exchange</li> <li>File Storage and Print, UC</li> <li>Desktop HW &amp; Build</li> <li>Endpoint Sec and RAS</li> <li>Desktop Apps, VDI and Apps VI</li> <li>Digital Media Services</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li>POL SAP</li> <li>SAP HR</li> <li>Credence</li> <li>MDM</li> <li>Circa 150+ other systems and services</li> </ul> <b>Key Scope Items</b> <ul style="list-style-type: none"> <li>Application development, maintenance and support services</li> <li>Functional and technical application design including testing</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li>WAN Connectivity</li> <li>LAN Services</li> <li>Mobile and fixed telephony</li> <li>Network Security</li> <li>Network Service Management</li> </ul> <b>Key Scope Items</b> <ul style="list-style-type: none"> <li>Admin Office Network</li> <li>Branch Network</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li>Horizon</li> <li>Post &amp; Go</li> <li>eBusiness</li> </ul> <b>Key Scope Items</b> <ul style="list-style-type: none"> <li>Applications maintenance &amp; support of Front Office and Point of Sale applications</li> <li>Enabling real-time customer transactions</li> <li>Development of current and future systems</li> </ul>

### 3. Future Plans

## Summary

### A IT Capabilities

- **Classic "Tower" Outsourced Model:** Fujitsu, Accenture, Verizon, Computacenter, Microsoft, AWS, Ingenico/Worldline, multiple others ...
- **Internal IT functions:** Progressive build-out of existing internal core capabilities – across GLO/Horizon, Technical Architecture, Enterprise IT Platform support, Cybersecurity, Branch & Digital Engineering, Cloud Centre of Excellence and Data Management
- Clear focus on focusing on "highest differential capabilities" that make the greatest potential contribution to Postmaster satisfaction, sustainability and cost to serve. Strengthening capabilities across governance, controls, agile programme delivery

### B Platform Direction Strategy

- **Sustain and enhance Horizon to maximise Postmaster satisfaction by addressing pain-points and other improvements**
- **Replacement of Horizon with a smooth transition to our new Strategic Platform (SPM)** which will take several years to execute across 11,500 branches
- **Complementary updates/replacements** to other enterprise systems (data/MI stage, master data management, Digital, etc) over the next 3 years
- **Refreshes to networking** infrastructure (Verizon), **compute** platforms in branches/offices (Computacenter), internal enterprise **digitisation**

### C Live Programmes

- **Payments & Banking Services:** Implementation of counter P2PE, evolution of PCI-DSS processing from core Horizon to Ingenico/Worldline
- **Belfast Pivot to Cloud:** Stand up of AWS compute stage for Horizon, migration of branches and datacentre services from physical data-centres using cloud native technologies
- **New Data Platform:** AWS Lake Formation MI and DA platform
- **Network 2.0:** Evolution from Star - Hub & Spoke to AWS cloud based architecture
- **PUDO:** Additional carriers rails in network – Amazon live across 200 branches

### Summary

- 1 Drive all our activity around **Postmaster centricity**. Co-creation – by postmasters for postmasters
- 2 Build out our critical internal IT capabilities
- 3 Sustain & Enhance Horizon
- 4 Pilot our new strategic platform for Postmasters
- 5 Support Postmaster business growth through initiatives like multi-carrier PUDO

Re-building Postmaster Trust

## Future Plans



The Horizon system has grown over 25 years and encompasses a broad swathe of processes from customer sales journeys in: counter banking, mails, travel, bill payment, identity services, etc to branch processes such as: training, knowledge, stock management, cash management, and branch accounting.



Our research indicates that there is no one system that we can buy that will do it all without significant customisation.



Our approach for delivery of the new platform is to begin with a simple use-case, Royal Mail pick up and drop off, and expand products and processes over time. We expect to evaluate and procure several components of the new platform as we continue to more complex use cases.

## We will replace Horizon by 2025 with a new, modern IT system

We will start replacing Horizon in 2023 with a modern system, which we will design and build with Postmasters, for Postmasters



The new system is starting to be designed now. It will take time to make sure it is a solution that will serve Postmaster needs for years to come

We already know that it will be...

### Intuitive

It will be **fast and intuitive** to use, with **fewer, clearer steps** to complete transactions and faster, **more accessible** training than the current system

### Simple

It will support **simpler, more streamlined** in-branch processes, with **better safeguards**, checks and easier error-correction

### Flexible

It will be **more flexible** for Postmasters to use and for the Post Office to make **updates without disruption** to Postmasters and their staff





## The 'design and build' phase for the new system is starting now, followed by pilots and branch migration planned for 2023-25

The new system will be our core IT in branch for a number of years. We want to ensure we take time to design and build the new system, ensuring it is well-tested with Postmasters and matching Postmaster needs

Of course, this means we will have Horizon for a few more years

As we transition to the new system, we will invest in training and support every step of the way to ensure that you and your staff feel confident using the new system before it goes live

### Our plan for rolling out the new system

#### Late 2021

A pilot and very small version of the new system will be tested on a tablet-like device in select new stores

#### 2022 and 2023

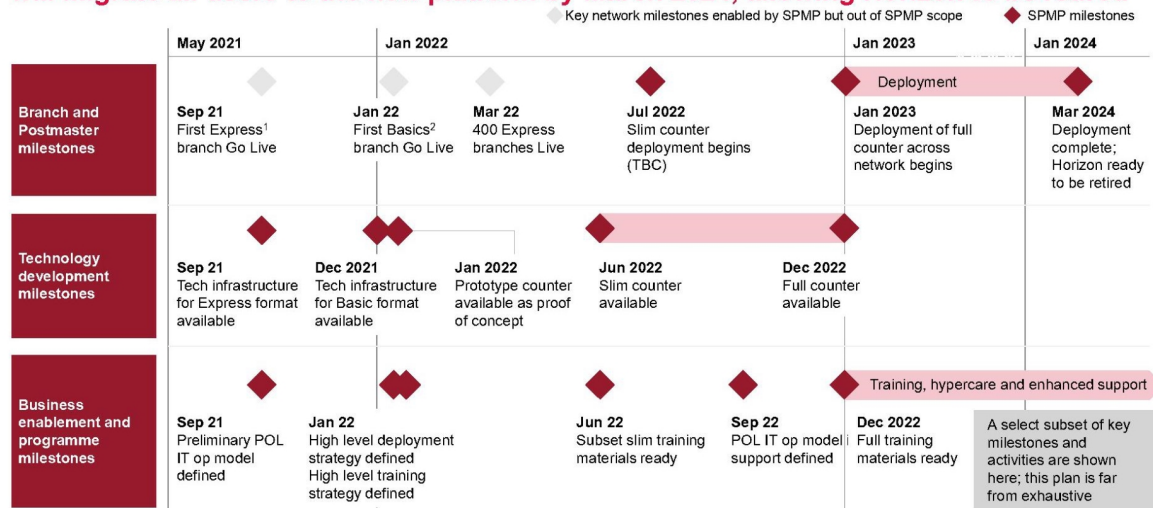
We will run pilots in branches to test the new system with different product groups and understand how it works for you, ensuring we design and build with Postmasters, for Postmasters

#### 2023 to 2025

The new system will start to become available to branches, ultimately replacing the current system in its entirety

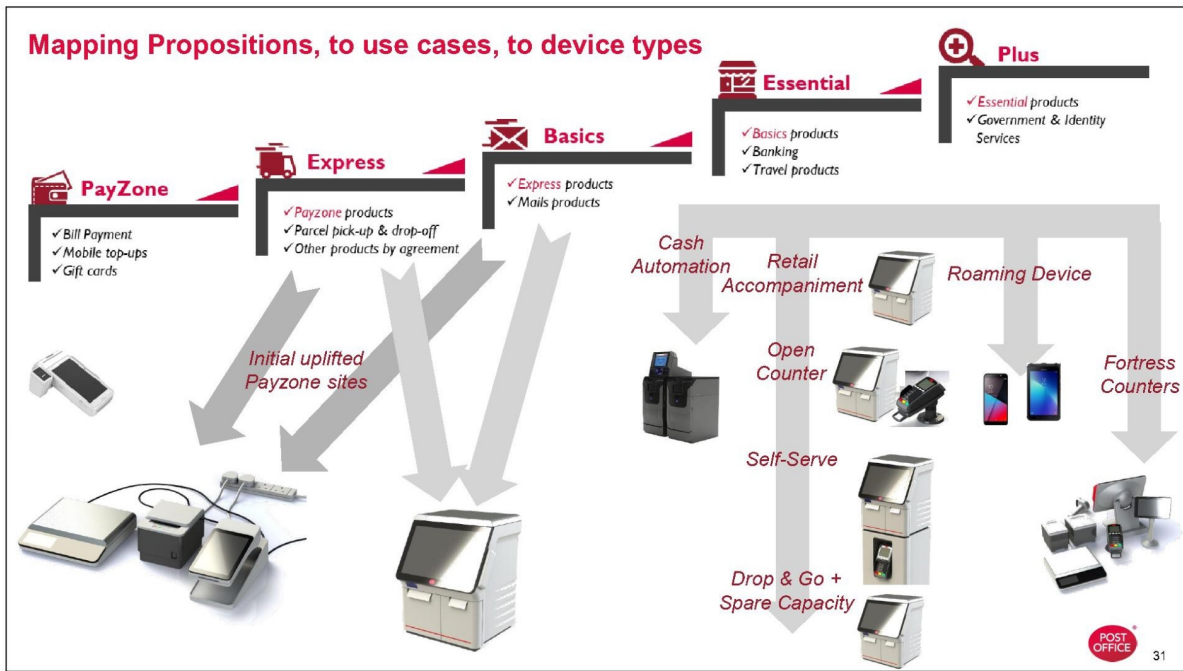


## SPMP will deliver the first new technology for use in new format branches in 2021, and will migrate all users to the new platform by March 2024, allowing Horizon to be retired



<sup>1</sup>the Express format offers PayZone retailers the opportunity to accept pre-paid Mails (letters and parcels) using new software on their PayZone device <sup>2</sup> Basics branches will be able to process the majority of mails products using a Payzone device and will be able to accept payment for Mails products





## We have prioritised the most critical issues as part of our 'Fast Fix'

Fast Fix activities have been driven by the need to address HIJ findings, many of which have direct implications for Postmasters.

### WHAT WE HAVE DONE...

### WHAT IS THE IMPACT FOR POSTMASTERS...

Greater visibility of branch data to Postmasters and improved dispute mechanism

- Postmasters will be able to **raise a dispute directly from the Horizon terminal** (via a new mechanism: "Review OR Dispute").
- The end-to-end investigations process is **transparent to Postmasters**, following a standard methodology with measurable SLAs.
- **Investigation reports** will be offered to Postmasters on completion of the investigation.
- Postmasters have access to sufficient information and guidance so that they can **self-diagnose a discrepancy** before needing to raise a dispute.

Postmasters now involved in user experience improvements

- Established a **feedback loop** with Postmasters to identify and address user experience improvement.
- **Redesigned the help function** such that Postmasters can access help through the screen in use (without having to exit transaction to download the help file).
- Made **rapid fixes** to address Postmaster pain points (e.g. ensuring the help file no longer "crashes" Horizon when downloading).

45 of 62 Known Error Logs (KELs) have been resolved

- Greater **involvement of the Postmaster** to discuss the impact of the KELs
- **45 of 62 KELs** have been analysed and resolved.
- **Improved process and dedicated owner**, with a support team, to take control of the KELs and drive them to conclusion.

More considered and coordinated approach to change and release management

- More considered and coordinated approach to the way **changes are raised, managed and released** to the Horizon terminal.
- Postmasters will **see fewer defects and rework** given changes are more considered and suitable impact / risk assessments undertaken.
- More accountability with the business change requestor to **identify impacts to Postmasters** and thereby what communications are required.

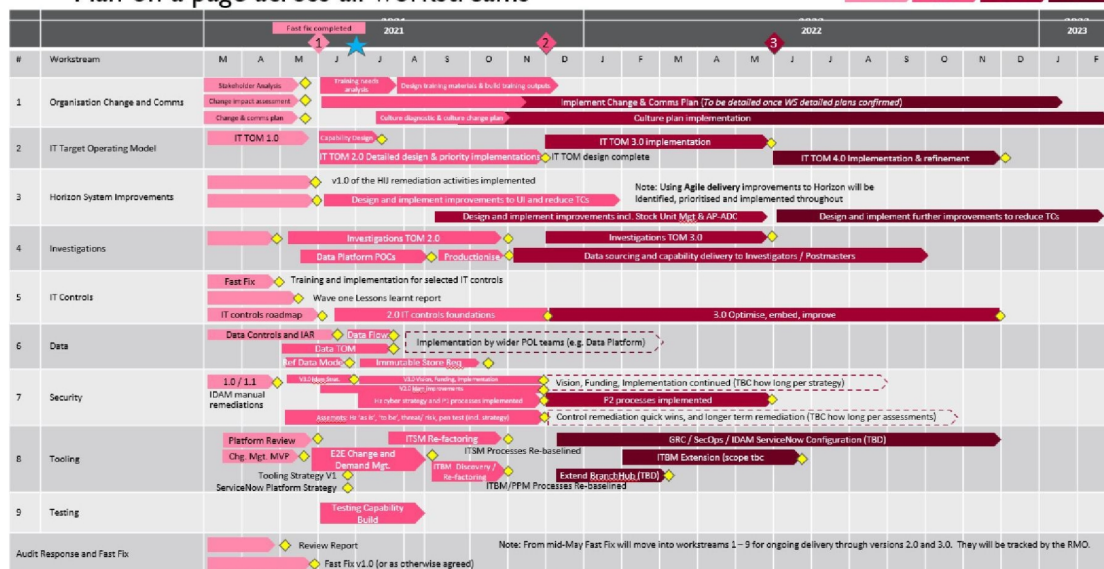
Secured the platform from interference

- Improved control over access management giving Postmasters **better assurance of their data**.

## Plan on a page across all workstreams

DRAFT FOR DISCUSSION

◆ Phase End Date      ★ Re-baseline



### Audit Response and Fast Fix

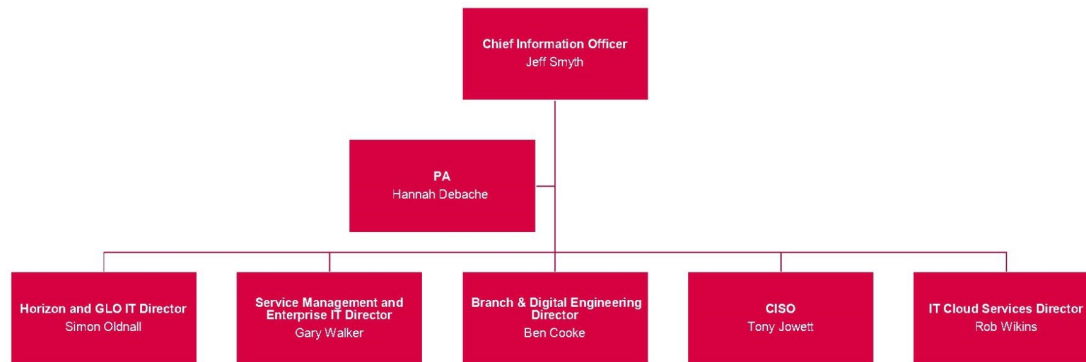
**We are committed to  
building the future –  
for Postmasters and  
with Postmasters**

We can't do this without you – you are the most trusted point of contact for Postmasters, and their preferred way to interact with POL is through you. So we are asking you to:

- **Get involved in the design:** if you can spare an hour or two every couple of months, we'd love to hear your thoughts:
  - We will use the Branch User Forum and regional forums to ask questions, define priorities and test prototype solutions
  - We don't want to overwhelm these sessions with one topic, so as we ramp up we will also seek further input in specific working groups
- **Keep collecting feedback on Horizon**, this is shaping the solution design.
- **Encourage your Postmasters to join in** – especially anyone who is nervous or worried about the new system, if you can. If people want to be involved beyond the discussions (e.g., in pilots), give them our email
- **Ask questions, make suggestions, call things out and hold us to account.** Get in touch any time on **FutureIt** **GRO**



**As Is | IT Org Chart - Top Line Structure**  
**11<sup>th</sup> November 2020**



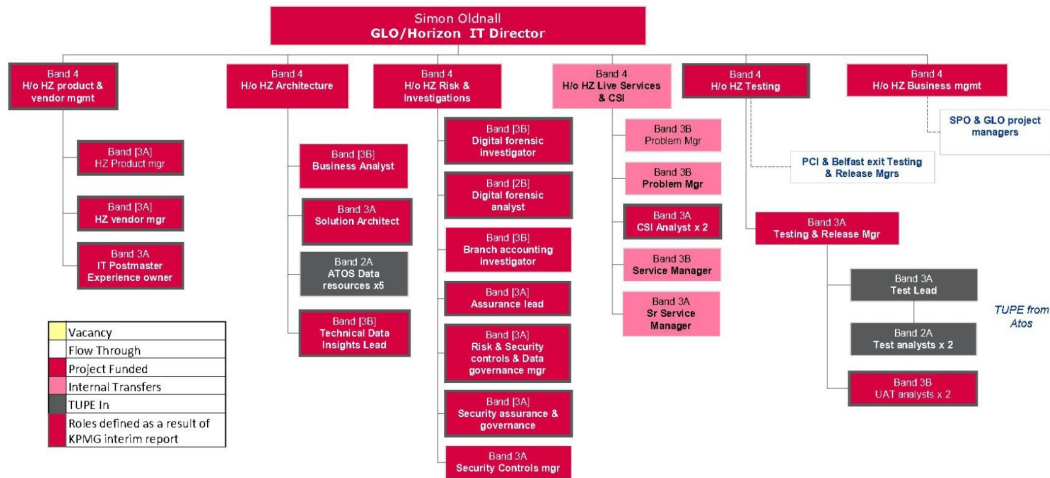
## GLO Horizon Leadership Team





## POL IT Team – Proposed Structure Overview

To deliver processes in scope of Horizon & GLO IT and deliver recommendations identified in the interim report, following organisational structure is required:



## 5. Governance Processes

## Mandated Horizon IT Governance Principles

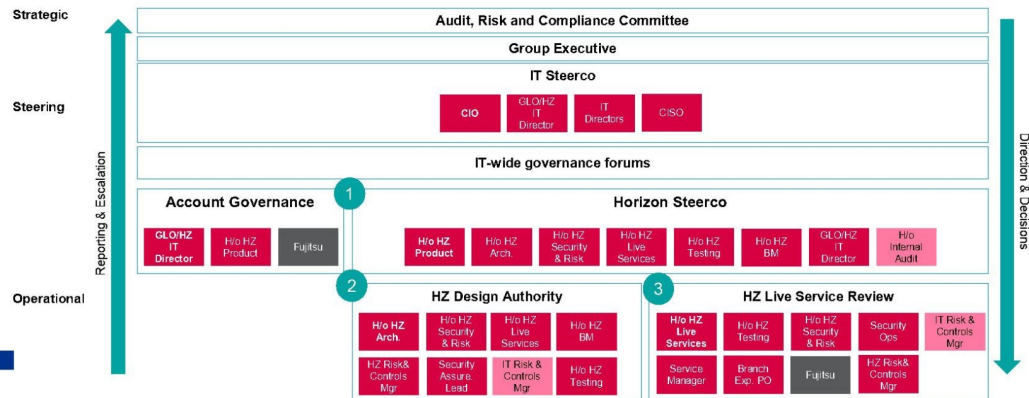
- Bring together governance requirements and input from Fujitsu, Post Office and previous governance reviews
- Support the stand up of critical Horizon IT governance forums aligned to emerging IT Operating Model thinking
- Clearly articulate the mandatory IT governance, seeking to consolidate existing governance where possible
- Structure forums to clearly lead up to overarching governing bodies
- Ensure fewer decisions need to be made at the top, by making them lower down
- Ensure solution **options**, instead of problems, come to the senior forums

**“We’re here, in person, for the people who rely on us”**

DRAFT FOR DISCUSSION PURPOSES ONLY

# Horizon Governance - Forums

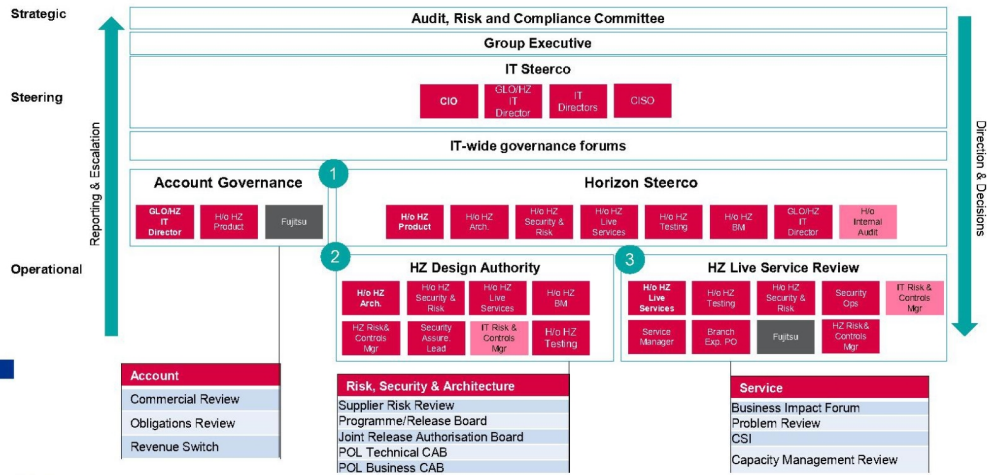
The exhibit below outlines Horizon specific forums as well as forums that will govern Horizon at levels above. The subsequent slides outline terms of reference for Horizon governance forums



DRAFT FOR DISCUSSION PURPOSES ONLY

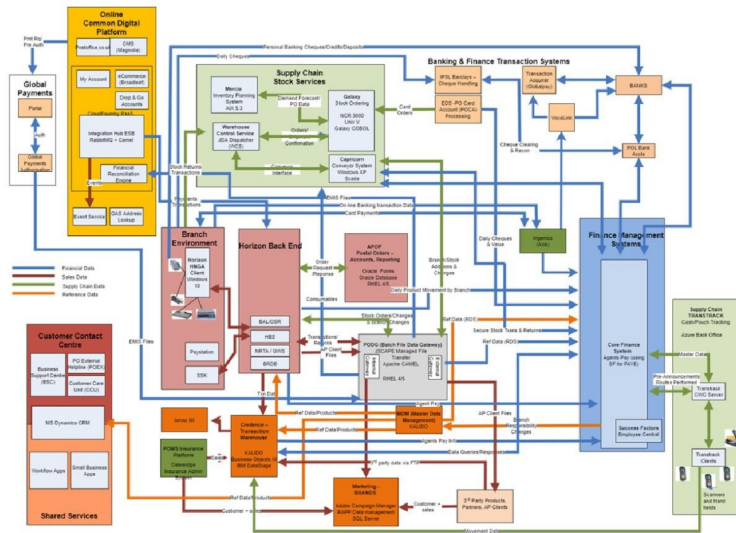
# Horizon Governance – Sub-forums

Additionally members of Horizon & GLO IT teams will attend existing sub-forums outlined at the bottom of the slide



## 6. Architectural Overview

## Architecture overview: POL IT System Context and Key Data Flows



The Figure to the left shows the system context of the POL IT landscape showing the key systems and key data flows, grouped, and coloured by function. It is not an exhaustive view of the POL IT but it provides a context by which the detail of the subsequent system overviews and maps can be understood.



Post Office Ltd ©Feb-22 Private & Confidential