

File - Acceptance

13 SEP 1999 - 1137

**Electronic memo**



To Stuart Sweetman/HQ/POCL/POSTOFFICE@POSTOFFICE  
cc PONECMbrs, Erika Watts/HQ/POCL/POSTOFFICE@POSTOFFICE, Andrew  
Radka/POCL/POSTOFFICE@POSTOFFICE, Keith K  
Baines/POCL/POSTOFFICE@POSTOFFICE

Hard Copy To

Hard Copy cc

From June Lilley/POCL/POSTOFFICE

Date 10/09/99 16:25

Subject HORIZON ACCEPTANCE

Please see the attached from Dave Miller



Sept10.doc

Thanks

JUNE

**PERSONAL AND IN STRICTEST CONFIDENCE****TO:** Stuart Sweetman**COPY:** PONEC  
Bruce McNiven  
Keith Baines  
Andy Radka  
Jeff Triggs**FROM:** Dave Miller**DATE:** 10 September 1999**SUBJECT:** HORIZON ACCEPTANCE - UPDATE FRIDAY 10 SEPTEMBER @ 10.30

We are sending separately a full update on Horizon generally to enable you to brief John Roberts on Monday.

Today Richard Christou and I met as planned to decide whether to roll out a further 2 weeks offices (350).

I outlined the Post Office position as follows (NB - I have put more detail into this note than was discussed with Christou).

1. Very considerable progress has been made in the joint workshops with ICL Pathway but as of today there were still 2 high incidents (Data integrity across the TIP interface and system stability around screen freezes) which would, in the Post Office view, make it difficult to accept on 24 September.
2. These two incidents have rectification plans parts of which will take up until Christmas to complete e.g. the data integrity control necessary to satisfy the auditors won't be ready until early December and we will have to continue our checking until then.
3. Because of the degree of exposure before Christmas we have concerns a) about the number of offices to be installed before Christmas and b) that we have a firebreak of suitable length around Christmas in order to establish that ICL Pathway rectification plans have worked and that essential PO support areas like TP have sufficient time to clear the decks before National Rollout starts in earnest in January 2000.
4. Therefore if we were to stick rigorously to our agreed process I would not be allowing further rollout.
5. However repeated disruptions of the rollout process were not easy to handle from a logistics point of view (long lead times etc.) and the net result of stopping the 350 could be that we delayed any further rollout until after Christmas.

6. This was not to the advantage of either party and we proposed for in principle consideration another way ahead. This was that:
- i) we reduce the number of offices to be installed before Christmas
  - ii) that we make resumption of rollout after Christmas conditional on ICL Pathway having successfully completed all rectification plans (*Note : we need to be very specific about how we would judge successful completion*). Any delay to be at ICL Pathway costs (- ours and theirs).
  - iii) that ICL Pathway would compensate POCL for having to run an integrity control over the TIP interface until their solution became available on December 8.
  - iv) that ICL should indemnify the Post Office against all claims relating to data integrity whilst (iii) above was in place.

Christou clarified that he would still get his £68m on acceptance and asked if he could have some easement around his first £90m rollout payment which would under these proposals, slip until after Christmas. He was suggesting a payment pro-rata to the number of offices completed by Christmas.

I indicated that such matters would need to be part of a more detailed negotiations.

Christou indicated that he regarded these proposals as helpful and we agreed in principle to negotiate on that basis.

We agreed that the negotiations should take place early next week. (*NB to Keith Baines and Jeff Triggs - Tuesday is my strongly preferred date*).

DAVE MILLER