

*Bringing Technology to Post Offices and Benefit Payments***PROGRAMME VALUE FACTOR ASSESSMENT - 7 MARCH 1996**

Author: Nick Richardson
Authority: Derek Selwood
Reference: PWKP4-22

Version: Issue 2.3
20 March 1996

Contents	Page
1. PURPOSE.....	1
2. PROGRAMME SUMMARY.....	3
3. JUSTIFICATION.....	4
3.1. Value Factor 1 - Customer Acceptability.....	4
3.2. Value Factor 2 - Staff/Agent Acceptability.....	5
3.3. Value Factor 3 - Fraud Free Method of Payment.....	6
3.4. Value Factor 3a - Fraud Free Systems for POCL.....	7
3.5. Value Factor 4 - Credibility of delivery in Steady State.....	8
3.6. Value Factor 5 - Start Up.....	8
3.7. Value Factor 6 - Innovation.....	10
3.8. Value Factor 7 - Flexibility.....	11
3.9. Value Factor 8 : Management Capability.....	12
3.10. Value Factor 9 : Reliability and Support.....	14
3.11. Value Factor 10 : Stability/Coherence.....	15

1. PURPOSE

- 1.1. This paper provides a summary of the value factor assessment completed by the Programme on 7 March 1996, following the assessments completed by the Partnership, Demonstrator and the Contract Negotiation strands.
- 1.2. In addition to the summary table of Programme scores, this paper also includes the scores for the different strands and the high level rationale behind the Programme scores.
- 1.3. Given the perceived need to keep the text of the main paper within reasonable bounds, the high level rationale has needed to be very selective. However, the Demo Stream evidence, (which formed the bulk of the material on which the judgements

were made), covers a very wide range of topics, and the assessors were conscious that in some areas the selectivity in the main text could give rise to misleading implications regarding the importance of some topics compared to others.

- 1.4. They therefore thought it appropriate to attach as annexes:
 - (a) Paper PWKP4-27, Demo Stream Value Factor Assessment - 4/5 March 1996, which is the full version of the summary information from which the précis in this paper has been drawn;
 - (b) Demo Stream Value Factor Assessment Forms
- 1.5. More information is available below that contained in (b) above, and that is being retained against the possible future need to make it available to audit bodies.

2. PROGRAMME SUMMARY

2.1. The following table shows the Programme scores for the Value Factors.

Programme Value Factors	CARDLINK		IBM		PATHWAY	
	Score	Valid	Score	Valid	Score	Valid
1 Customer Acceptability	5.8	B	5.3	B-	5.3	C
2 Staff/Agent Acceptability	6.0	B+	5.0	B	5.5	B
3 Fraud Free Payment Method	7.0	A	6.5	A	4.3	A
3A Fraud Free Systems for POCL	5.7	B	5.9	B	5.1	B
4 Credibility of Delivery	5.7	B	5.5	B	4.1	B
5 Start-Up	5.4	B-	5.1	B-	4.4	B-
6 Innovation	5.3	B	5.8	B	5.4	B
7 Flexibility	5.2	B	4.7	B	4.1	B
8 Management Capability	6.2	C+	5.2	C+	3.3	C+
9 Reliability and Support	5.5	C+	5.4	C+	4.0	C+
10 Stability and Coherence	6.2	B	6.0	B	3.7	B

2.2. The need for Value Factor 3A was identified after the issue of details of the ten factors to Service Providers. The results of the assessment are presented here, since they offer a degree of comfort in respect of all three Service Providers, but they are **not** proposed as an element of the evaluation

3. JUSTIFICATION**3.1. Value Factor 1 - Customer Acceptability**

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership	-		-		-	
Contracts	-	E	-	E	-	E
Demonstrator	5.8	B	5.3	B-	5.3	C
Programme	5.8	B	5.3	B-	5.3	C

- 3.1.1. Cardlink and IBM have demonstrated a good understanding of both BA and POCL Customer needs. Cardlink, in particular, have undertaken extensive usability tests involving video-ing the proceedings in a customer/user laboratory and consultation with interest groups which has been reflected in their procedures. IBM and Pathway have also undertaken research with customer focus groups but have not used the findings to such good effect. Cardlink have demonstrated a better understanding of POCL requirements.
- 3.1.2. IBM's card was felt to be a comparative strength because the less intrusive counter procedures would increase customer confidence in the new system. Cardlink's comparatively weaker card is mitigated with strong Card Authentication Management (CAM) procedures, but with Pathway being comparatively weak in both areas.. Pathway's distributed architecture was seen as a comparative strength, given that it should offer improved availability and shorter and more stable transaction times for BPS at nominated offices although the extended transaction times for Foreign encashments reduced this advantage. The pre-printed receipt they are proposing is also a positive differentiator.
- 3.1.3. Overall, Cardlink were felt to have a measurable "edge" over the other two, stemming from a consistently strong performance marginally offset by features inherent in a centralised solution. IBM and Pathway, had a number of strengths and weaknesses in different areas which balanced each other out and led to identical scores.

3.2. Value Factor 2 - Staff/Agent Acceptability

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership	-		-		-	
Contracts	-	E	-	E	-	E
Demonstrator	6.0	B+	5.0	B	5.5	B
Programme	6.0	B+	5.0	B	5.5	B

- 3.2.1. Cardlink showed the best understanding of both POCL and BA business and this has been successfully reflected in their solution. The use of their usability lab has been key to this. Their approach to transaction processing that supports differing level of skills is seen as a major strength. Pathway have a potentially good, event-driven Human-Computer Interface (HCI) including a graphical user interface and colour screen, but have not demonstrated the detailed understanding of the POCL business to capitalise on it. Their card counter procedures (placing over-reliance on the PO clerk) is seen as a negative in comparison to Cardlink.
- 3.2.2. IBM propose a strong card and sound service management. The usability of their HCI is seen as the weakest of the three and their apparent over reliance on CBT has not allowed a plus marking to be given in this area. These aspects, together with a number of minor "Cons" leads to their lower marking.
- 3.2.3. All three Service Providers were regarded as at least satisfactory as regards the acceptability of the system to BA staff.

3.3. Value Factor 3 - Fraud Free Method of Payment

Definition						
The measures proposed to make the service for benefit payment fraud free and to maintain that fraud free level.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership	-		-		-	
Contracts	4.0	B	4.0	B	4.0	B
Demonstrator	7.8	A	7.1	A	4.4	A
Programme	7.0	A	6.5	A	4.3	A

- 3.3.1. The Demo Stream scoring for this Value Factor is the output of the extensive Security Review undertaken by a representative expert panel. The evaluation measured all three Service Provider's solutions against a Best Practice Model, which considers all proposed security counter measures against the following aspects; technical, management, procedural and personnel.
- 3.3.2. Cardlink's security proposal is consistently strong and reflects a deep and comprehensive understanding of the BPS business processes and associated security requirements. The use of a comparatively weak card is compensated for by their strong management, procedural and personnel controls in card authentication. Their proposal in the area of fraud and risk management is perceived as particularly strong and is perceived as a positive differentiator.
- 3.3.3. IBM have proposed a stronger card (Watermark) that provides a sound basis for their security strategy. FDR is a particular strength with their bank card experience. IBM now have a strong proposal which engenders confidence. In comparison with Cardlink, they took some time to reach this stage. There are still some gaps in their proposals, but the team are confident that these could be filled post award of contract.
- 3.3.4. Pathway are some way behind the other two, the main reasons being a heavy reliance on the vigilance of the counter clerk for card authentication and the lack of clearly defined management, procedural and personnel controls for fraud and risk management.
- 3.3.5. Contract Stream scores had been made on consideration of the degree to which the Service Providers had taken fraud risk on board. In the final draft contract at ITT issue, a level playing field approach was imposed, with similar words and limits for all three Service Providers. This approach gave an adequate level of fraud risk transfer, which was modified to show the negotiation stance of the service providers.
- 3.3.6. This Value Factor brought together two different aspects - on the one hand the physical measures and the procedures in place to reduce fraud and on the other, the

contractual measures to provide coverage for any remaining fraud. The Programme's view at its 20 February meeting, which it reiterated at this review, was that in determining Programme scores the balance between the Contract and Demonstration scores should be 20/80 unless there were differentiators within the Contracts scores (e.g. an inferior physical system could be partially offset by stronger contractual assurances). This was not the case, all scoring identically on the Contracts side.

3.4. Value Factor 3a - Fraud Free Systems for POCL

Definition						
The measures proposed to make the service for POCL fraud free and to maintain that fraud free level.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership						
Contracts	-	E	-	E	-	E
Demonstrator	5.7	B	5.9	B	5.1	B
Programme	5.7	B	5.9	B	5.1	B

- 3.4.1. Although this "sub-factor" was centred around POCL, appropriate read-across was made to factor 3 on aspects relevant to BA. Two main areas emerged as differentiators - the security of data on the network, and the technical security provided within the office.
- 3.4.2. Both Cardlink and IBM make use of "financial industry standard" security mechanisms (SPDH and a variant on APACS 40 respectively) for authenticating data between each terminal and TMS, protecting both the local as well as the wide area network.
- 3.4.3. Pathway's data security is based on Riposte and is therefore highly bespoke; it primarily relies on simple cyclic redundancy checking (CRC-ing) and message sequencing for message authentication, although they do have the facility to apply digital signatures for "sensitive transactions". Pathway have proposed the use of ISDN Closed User Groups to give additional security, however this facility is unlikely to be available until at least 1997.
- 3.4.4. Pathway's use of Microsoft NT, an operating system designed with security as a requirement and certified to the US "C2" standard, is their major strength in this area. IBM's OS/2 is not considered to be as strong as NT, although IBM have indicated that they are planning to seek "C2" certification this year. Cardlink's solution is weakest at the operating system level, being based on Windows 95 (which was not designed for secure applications), with Cardlink having to place greater reliance on security at the application level, to bring their overall offering to a satisfactory standard.

3.5. Value Factor 4 - Credibility of delivery in Steady State

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership Understanding of POCL Capability and Experience	Good Good		Very Good Good		Good OK	
Contracts	4.0	D	3.5	D	3.5	D
Demonstrator	5.7	B	5.5	B-	4.1	B+
Programme	5.7	B	5.5	B	4.1	B

- 3.5.1. Cardlink's understanding of the business has given confidence that a good solution would be delivered. They are using well established products such as Datafit for counter application software and have demonstrated a credible service management methodology. IBM have strengths in help desk, peak capacity management and design methodologies but it is felt that they have not demonstrated such a comprehensive understanding of the Post Office physical environment and there are minor doubts regarding the development (from an earlier product) and readiness of the Storeplace counter application software.
- 3.5.2. IBM have expressed concerns regarding the complex contract structure. It was felt that they could have been more proactive in finding a solution to this problem and there were concerns as to how this attitude would show itself in their ability to deliver the system.
- 3.5.3. Pathway has scored comparatively badly because of concerns regarding Riposte, (which is "all pervading" as it provides the platform for counter application software and TMS). There were also concerns regarding differing views from consortium members and the continued reliance on the Irish solution.
- 3.5.4. It was agreed at the 20 February review that in view of the low validity marks on the contract evidence, the Demo scores should prevail. The Partnership evidence was regarded as providing a degree of reassurance, but in view of the comparatively small amount of evidence, it was agreed that this should not be used as a differentiator. The meeting confirmed that these principles should apply in determining Programme scores on this occasion.

3.6. Value Factor 5 - Start Up

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership						
Contracts	-	E	-	E	-	E
Demonstrator	5.4	B-	5.1	B-	4.4	B-
Programme	5.4	B-	5.1	B-	4.4	B-

- 3.6.1. All Service Providers have demonstrated an ability that they would be able to meet the September "limited go live" for a card based benefit payment and the subsequent roll-out requirements.
- 3.6.2. Cardlink's score reflects the fact that they are using low risk proven products - although their marking has been affected by the need to establish a card personalisation site. (Citibank have facilities for the low volumes required initially however).
- 3.6.3. The comparative concern with IBM is that Storeplace is a new development from an earlier product and is only just going into live use, and that ISDN-D from Racal may not be available from day 1 and cause them to revert to ISDN-B. They have, however, demonstrated a strong solution in terms of FDR's card management.
- 3.6.4. Pathway possess good levels of skill at the sub-contractor level. The concerns relate to their failure to demonstrate strong management and leadership and to the fact that the counter based application software is being written from scratch.

3.7. Value Factor 6 - Innovation

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership Analysis of Opportunities	Good		Very Good		OK	
Contracts	4.0	D	4.0	D	4.0	D
Demonstrator	5.3	B	5.8	B	5.4	B
Programme	5.3	B	5.8	B	5.4	B

- 3.7.1. IBM have built a technical solution which, although similar in concept to Cardlink, differentiates in some innovative ways including:
- (a) use of ISDN-D, which provides an on-demand high capacity network;
 - (b) watermark cards, which provide enhanced security; and
 - (c) their on-line automated payments solution provides potential added value to POCL clients
- 3.7.2. Pathway's distributed architecture is innovative and could offer major advantages in terms of high levels of availability and faster benefit payment transaction times as authorisations are performed locally. However, they have scored poorly against the other two in terms of the need to demonstrate a 'can do' attitude and for this reason, have been brought down to a level only just above Cardlink.
- 3.7.3. Cardlink's technical solution uses well proven component products and lacks innovation. This is mitigated in the scoring by their approaches to usability assessment and card status and fraud monitoring which are both strong.
- 3.7.4. The Programme decided at its 20 February review that as the Contract Stream's scores were based upon a lower validity factor, the Demonstrator scores would be carried forward as the Programme scores. The Partnership ratings provided a further comfort factor but should not be used as a differentiator, given the relatively low volume of evidence.. The meeting reaffirmed both of these principles.

3.8. Value Factor 7 - Flexibility

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership	-		-		-	
Contracts	5.0	C	4.0	C	3.0	C
Demonstrator	5.4	B	5.3	B	5.2	B
Programme	5.2	B	4.7	B	4.1	B

- 3.8.1. On the Demo stream, each of the solutions were found to have a number of advantages and disadvantages for flexibility, however the effect of averaging has led to the scores being broadly similar. All solutions have been 'sized' to meet the Workload Brief, but have scalability should more capacity be required.
- 3.8.2. Specific differentiators within overall near identical scores are:
- (a) the network, where Pathway and IBM are providing ISDN-2 to each office which gives considerable flexibility for future high bandwidth on-line services;
 - (b) in transaction processing, where IBM's "on-line" automated payment solution offers potential for flexible delivery of data to clients for POCL;
 - (c) in database technology in the office, where Cardlink's solution allows easier access to/from external applications;
 - (d) Cardlink's counter software, which offers potential for rapid development of new products;
 - (e) Pathway's central systems are UNIX based, and offer more flexibility than Cardlink's Tandem solution and IBM's COBOL applications;
 - (f) Cardlink's management of fraud risk, which could provide "early warning" signals and allow for pro-active management.
- 3.8.3. Cardlink's approach to contract negotiations was for the most part flexible but with a warning that some requirements might be priced in a way that would make it difficult to demonstrate value for money. By the end of the negotiation process they had a realistic approach and a willingness to trade on some issues.
- 3.8.4. Concern was expressed at IBM's and Pathway's inflexible stance on a number of issues and how this would be reflected in their ability to deliver the services. The

Contract Stream scores, reflect the comparative concerns over the negotiating stance of the three Service Providers.

- 3.8.5. In determining the Programme scores, it was considered at the 20 February review that both streams should count equally, and this was reaffirmed at the meeting. The Demo and Contract scores were therefore averaged, rounding up where necessary (i.e. in IBM's case) toward the Demo scores to reflect their higher validity.

3.9. Value Factor 8 : Management Capability

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership Management Relationship Quality	Good OK		Good Very Good		OK Good	
Contracts	6.0	C	5.0	B	3.0	C
Demonstrator	6.3	C	6.4	C+	3.5	C
Programme	6.2	C	5.2	C+	3.3	C

- 3.9.1. This value factor was scored by the Demo Stream only on the basis of interaction, presentations and outputs. Neither it, nor the Contract Stream assessment, is a management capability audit.
- 3.9.2. IBM's management capability has been very impressive throughout the demonstrator phase. They are clearly a very customer focused and professional organisation who place great emphasis on quality, planning, and internal controls. They introduced appropriate expertise when needed and were straight-forward in all dealings - raising problems at appropriate forums and offering constructive assertive criticism. The management capability of FDR is equally impressive.
- 3.9.3. IBM's negotiating team were disrupted at the start by changing their team leader. The new leader failed to control his legal team to the extent that IBM adopted an overtly legalistic and at times pedantic approach to the discussions demonstrating poor use of the time available. The later addition of a Programme Manager added significant momentum and realism to the negotiation team.
- 3.9.4. Cardlink's management capability was viewed almost as highly as IBM's throughout the demonstrator phase with evidence of customer focus, internal controls, balanced skill set, and good management organisation. The consortium gave the impression of

- a tight, coherent team, with an Andersen's partner attending meetings to show the level of commitment
- 3.9.5. Cardlink's approach to contract negotiation, as described in para 3.8.3, is reflected in the Contract Stream's assessment of their management capability.
- 3.9.6. Some individual companies within the Pathway consortium scored well in the Demo Stream assessment, but the overall capability of the Pathway management, staff and organisation raises strong concerns. There is an apparent lack of internal controls, mixed messages were often given to the Demonstrator Teams and their fraud management capabilities were deemed weaker than the other two.
- 3.9.7. The Pathway contract negotiation team leader was personally competent, but appeared overstretched by the scope of his remit and did not receive the support from other team members that we would have expected. The Pathway Managing Director appeared intermittently but failed to add significant value.
- 3.9.8. A broader based Service Provider evaluation taking into account performance by the Service Provider on other contracts was not considered appropriate: Pathway is a company formed specifically to bid for and operate this contract and Cardlink did not exist prior to this Programme. There is also a legal requirement which makes it inadvisable to allow information gained from other contracts to influence decisions on this contract, especially when the circumstances may not be comparable.
- 3.9.9. Following the Evaluation Board review on 14 March, the Contracts Stream re-examined the evidence and amended the Validity Mark for IBM from C to B.
- 3.9.10. In establishing the Programme score, it was agreed at the 20 February review that the differentials in scores established by Contracts should be maintained, and this principle was reaffirmed at the meeting. The Cardlink and Pathway scores therefore show little change in moving from Contracts/Demo to Programme, but in IBM's case the approach of averaging and rounding took second place to the principle of maintenance of differentials
- 3.9.11. The Partnership input was regarded as providing a degree of reassurance, but was not used as a differentiator given its comparatively small volume.

3.10. Value Factor 9 : Reliability and Support

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership	-		-		-	
Contracts	5.5	C+	5.5	C+	3.0	C+
Demonstrator	5.5	C	5.4	C	4.9	C
Programme	5.5	C+	5.4	C+	4.0	C+

- 3.10.1. All solutions have similar fallback procedures for benefit payments involving voice authorisation that are acceptable. The differences arise in the contingency arrangements prior to fallback being required.
- 3.10.2. Cardlink's major strength derives from the perceived ability to anticipate problems and maintain a strong customer focus as witnessed by all members of the Demo. Team during Phase 3 meetings. The higher volume offices have network resilience with two links per office. A relatively weak area in the solution is that there may be reconciliation lags due to overnight polling failures.
- 3.10.3. IBM's solution has a high level of resilience and reliability both within the network and the hardware. The network is managed by RACAL and this is considered a positive factor as it provides an integrated solution with a single point for system management. FDR's status as a leading provider of card and financial transaction services is also considered a strong point, particularly in relation to the continuity of service. Comparative weaknesses are fears about the reliability of Storeplace during early operations as it is an unproven product.
- 3.10.4. The strong points of these two Service Providers place them almost equally in front of Pathway. Pathway's distributed architecture offers the highest availability for BPS and the Riposte software has a high level of built in resilience and self repair features. The main weakness is the single link network, which has implications for stops management and POCL client on-line transactions.
- 3.10.5. With regard to Contract, Cardlink's approach throughout was to focus on the key commercial issues and resolve them through negotiation rather than be distracted by detailed drafting issues. IBM raised an early major concern on contract structure, but this was creditable as it enabled the issue to be tackled in good time rather than becoming contentious later in the process. Pathway raised a "no-bid" issue on Partial Acceptance claiming that if they pass each individual acceptance test, then they

should automatically pass overall acceptance; however legal advice was clear that if we do not have a test for an issue which is critical to the operation of the service, failure to satisfy the Authorities on the issue must allow the Authorities to reject the overall service. In addition, Pathway were at no stage prepared to accept that Requirements should prevail over Solutions in the event of conflict or inconsistency.

- 3.10.6. In deriving the Programme scores, it was felt that the overall weight of evidence justified the validity of C+ being carried forward. With regard to the scores themselves, it was agreed at the 20 February meeting that these should be averaged, rounding towards the Demo score which was considered more important to this value factor. The meeting confirmed this principle.

3.11. Value Factor 10 : Stability/Coherence

Definition						
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.						
	CARDLINK		IBM		PATHWAY	
	Score	Validity	Score	Validity	Score	Validity
Partnership Leadership and Synergy	Very Good		Very Good		OK	
Contracts	6.0	B	6.0	B	4.0	B
Demonstrator	6.5	C	6.0	C	3.0	C
Programme	6.2	B	6.0	B	3.7	B

- 3.11.1. The Demonstration scores for this Value Factor are based only on observed events and background knowledge of constituent companies.
- 3.11.2. Both streams felt that Cardlink and IBM have shown strong cohesion and management of consortium members throughout the procurement. Neither give rise to any particular concerns. Cardlink particularly have demonstrated a seamless front and leadership.
- 3.11.3. Similarly, both streams felt that although key individual organisations within the Pathway consortium have good skills, ideas and experience, it was very apparent that the lack of leadership demonstrated by the prime contractor has meant the group has not gelled together as unit. On occasion this has resulted in inconsistent information being presented, leading to confusion within the Programme. However, one exception to the rule has been the coherence demonstrated by the components of the

organisation responsible for roll-out. On the whole the consortium represents a group of diverse organisations thrown together to solve a problem without a leader who provides direction and consistency of approach. Pathway's shareholding arrangement did not appear to allow the lead company to focus its partners to achieve contractual outputs required by the Contracting Authorities.

- 3.11.4. Charterhouse Bank acted as advisers to the Authorities on the financial structure of all three service providers, and this is reflected in the Contracts scores. Serious reservations concerning Pathway resulted in an "A" risk being raised against them. This was cleared only after the final negotiation due to a late change of their company structure by Pathway.
- 3.11.5. In deriving the Programme scores, it was agreed at the 20 February review that the bias should be 70/30 in favour of the Contract Stream scores, with the Partnership input being useful but neutral given its relatively low volume. This principle was reaffirmed at the meeting.