

IN THE POST OFFICE HORIZON IT INQUIRY

OPENING STATEMENT ON BEHALF OF FUJITSU SERVICES LIMITED

1. This is an opening statement on behalf of Fujitsu Services Limited ("**Fujitsu**"). Fujitsu is grateful to the Chair for the opportunity to make this brief opening statement, and for the opportunity to assist this Inquiry.
2. The human impact phase of the Inquiry reinforced the devastating impact that the events described by the subpostmasters had on their lives. As stated by Paul Patterson, director of Fujitsu Services Limited, in Fujitsu's Corporate Statement dated 28 September 2022, Fujitsu apologises for its role in the subpostmasters' suffering. Fujitsu has from the outset been and continues to be fully committed to supporting the Inquiry, in order to understand fully what happened and to learn from it.
3. The evidence that has been shared with the Inquiry to date has been focused on the early stages of Horizon, namely the pilot, design and development of Horizon and its operation. The Corporate Statement outlines the background to the procurement of Horizon and detailed technical matters leading up to the rollout of Horizon from 1999 to 2001.
4. As part of its commitment to helping the Inquiry understand what happened, Fujitsu has devoted considerable resources to responding to the Inquiry's Rule 9 Requests as fully and comprehensively as possible. Warehouses have been searched, databases have been processed and electronic documents from approximately 120 Fujitsu individuals have been collected. More than 30 million records – electronic and hard copy – going back 25 years have been collected.
5. Fujitsu Services Limited (the UK arm of Fujitsu) and its predecessors have provided IT services in the United Kingdom for more than 55 years. It has more than 9,000 employees in the UK across all four countries. Fujitsu's IT systems support everyday life in the UK including the retail sector, transport, defence and utilities.
6. In 1995, Post Office Counters Limited ("**Post Office**") and the Department of Social Security ("**DSS**") issued a tender titled '*Bringing Technology to the Post Office and Benefits Payments*', to potential suppliers. The goal was to computerise Post Office's then nearly 19,000 branches across the United Kingdom and to automate the payment of benefits to over 19 million claimants.

7. In May 1996, ICL Pathway Limited ("**ICL Pathway**"), part of the Fujitsu group, won the tender. The ensuing project became known internally to ICL Pathway as the "**Pathway Programme**". The Post Office Board recognised that there was a degree of technical risk with whatever system was adopted, not least because of the size and complexity of the proposed network.
8. The development of the Pathway Programme proved significantly more complex than the contracting parties had anticipated and took much longer than expected. Numerous modifications were made to its design. Extensive negotiations took place between the contracting parties. The DSS pulled out in May 1999, three years after the tender was awarded.
9. The departure of the DSS meant that a key part of the Pathway Programme – the automated system for the payment of benefits – was no longer part of the project. Rather than abandon the project completely, Post Office and UK Government decided to preserve the part of the system intended to deliver the computerisation of the Post Office branch network. That system became known as the Horizon System ("**Horizon**").
10. Horizon is a multi-functional system encompassing point of sale services and over 100 additional services including, financial services, government services, lottery purchases and others. It is a large, bespoke and highly complex system developed by Fujitsu in conjunction with Post Office for use in Post Office branches. Horizon was initially rolled out between 1999 and 2001. It remains in use today.
11. Complex IT projects such as Horizon are governed by substantial and complex contracts, which are subject to on-going amendment and variation. There are, to date, 21 conformed versions of the Horizon contract, the first being an agreement between Post Office and ICL Pathway dated 28 July 1999. The Horizon contract also includes hundreds of Contract Controlled Documents ("**CCDs**") which are used to provide detailed specifications for operational services.
12. The technical teams at Fujitsu and Post Office have worked closely together throughout the life of the Horizon System, from the design, development and acceptance of Horizon to the present day. Some of these technical teams have shared offices in the past.

13. There were numerous issues identified during the Acceptance process for Horizon prior to its national rollout in 1999. Some of these were characterised by the parties as "Acceptance Incidents". This included an Acceptance Incident relating to branch account discrepancies.
14. Ultimately, while certain Acceptance Incidents remained unresolved, it was agreed between Post Office and ICL Pathway on 14 January 2000 that the national rollout of Horizon could continue.
15. By the end of 2001, Horizon had been rolled out to Post Office branches.
16. The Horizon System has changed over time in response to changing Post Office requirements. However, there have been three broad 'phases' of Horizon:
 - 16.1. 'Legacy Horizon' (1999 – 2010);
 - 16.2. HNG-X or 'Horizon Online' (2010 – 2017); and
 - 16.3. HNG-A or 'Horizon Anywhere' (2017 onwards).
17. Legacy Horizon was the original phase of the Horizon System, in operation between 1999 and 2010, and went through a number of substantial changes during that time.
18. HNG-X or '*Horizon Online*' was rolled out to the majority of Post Office branches by 31 August 2010. HNG-X was a replacement of the Legacy Horizon System, which was designed to take advantage of advancements in technology since Legacy Horizon was rolled out.
19. HNG-A or '*Horizon Anywhere*' was progressively rolled out to branches from 2016. The development of HNG-A was driven by the need to replace ageing Windows NT4 branch counter technology with a Windows 10 operating system.
20. During its early phases, the Inquiry will examine the existence, extent, knowledge, and management of bugs, errors and defects in the Horizon System and of remote access.
21. Fujitsu acknowledges that there have been a number of bugs, errors and defects within the Horizon System, and that, in some instances, those bugs had the potential to and indeed did affect the integrity of subpostmaster branch accounts.

22. No complex IT system will ever be completely free of bugs, errors and defects. It is for this reason that processes governing the identification, communication, escalation and resolution of bugs, errors and defects were put in place between Post Office and Fujitsu.
23. The issue of remote access is also of significance to this Inquiry and to the subpostmasters, and was an important topic in the human impact phase. In general terms, remote access is the ability to access the Horizon System from a location other than a counter at the branch. Remote access includes all mechanisms by which the Horizon System can be accessed remotely and all mechanisms by which branch information can be changed by a method other than branch staff entering data into Horizon using the counter application provided at the branch.
24. Fujitsu had, and continues to have, the ability to remotely access Horizon in multiple ways (via various ingress access types) from the time of the initial rollout to date, including in both Legacy Horizon and HNG-X. Post Office has been aware from an early stage of Fujitsu's ability to remotely access the Horizon system.
25. Fujitsu remains fully committed to supporting the Inquiry in every way it can.