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## THE STATEMENT OF CAPABILITY

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**1 MANAGEMENT SUMMARY****1.1 INTRODUCTION**

ICL is delighted to submit, on behalf of its Consortium, this response to the "Request for a Statement of Capability" issue 1.2 reference POCL/BA/Procurement Team/0001 dated 19/10/94.

This document sets out what the Consortium believes to be relevant capabilities to the businesses of both the Post Office Counters Limited and the Department of Social Security Benefits Agency, and most importantly, how we can provide a total managed service solution. The partners in this Consortium are: De La Rue, Hambros, Añ Post/Escher and Girobank. ICL will be the prime contractor. Additionally, British Telecom and Microsoft will be principal subcontractors.

Our capabilities and combined experience will facilitate a proven and secure payments system at much reduced operational cost. The Consortium solution is based on "open systems" which will give POCL/BA the required flexibility and POCL the best possible platform for service enhancement and expansion for its other clients.

Consideration has been given to transition management, the support of POCL and BA staff and agents during the period of change, and the transfer of risk to the Private Sector.

**1.2 FINANCIAL STANDING AND RISK TRANSFER**

To ensure that the Consortium both understands and can deliver the funding and risk transfer required, it includes Hambros Bank Limited, one of the UK's leading merchant banks with considerable experience of the Private Finance Initiative.

Keith Todd, ICL PLC Director, Finance and Business Strategy is taking a lead rôle to oversee the financial structuring of this Business.

In line with HMG's Private Finance Initiative we propose that the charging be based on delivered business benefit, usage and performance.

The Consortium expects to accept significant transfer of risk for timely development and implementation and ongoing quality of service. We collectively have the skills, experience and resources to manage this.

**1.3 BUSINESS UNDERSTANDING**

This procurement is an early IT PFI, and the first covering two organisations. It is essential to the future of POCL as it moves into an era of greater commercial freedom and competition. It must also support BA's drive to reduce the overall cost of encashment, including fraud, to a minimum.

With nearly 20,000 Post Offices and 28 million customers per week, this is the largest retail operation in the UK, specialising currently in "value documents".



## THE STATEMENT OF CAPABILITY

Once the new benefits payments service is fully operational, it will immediately become the largest plastic card based payment system in the UK, exceeding any individual bank and any of the card schemes; Visa, MasterCard and Switch. It will interface with each of the counters of POCL and will require more positive authentications than the total predicted for 1995 for all UK Credit and Debit traffic.

Transition from the current processes to full automation will require minute attention to detail, as it involves a large proportion of the UK population as customers and a sizeable number of agents and staff of POCL and BA.

The Consortium members understand the size and complexity of such a service. They are continuing to invest in the development of the necessary business models to underpin the joint aspirations of the Consortium and the POCL/BA Development Group.

#### 1.4 ORGANISATION

Commensurate with the scale of this enterprise, the approach has been to secure Board level commitment and establish a Business Unit which will spearhead our response and then deliver the long-term service.

The Business Unit Director, John Bennett, has been appointed and reports to the Director, Finance and Business Strategy, ICL PLC.

#### 1.5 BIAS FOR ACTION

The Consortium has already invested in analysis and research into possible solution strategies for both systems and service, evaluating against the following five qualities:-

- Availability
- Usability
- Performance
- Security
- Potential for change

In view of the timing, scale and complexity of requirements, the approach adopted by the Consortium is focused on minimising risk through the re-use of best of breed, proven components for systems and service from the Consortium partners.

The Consortium partners have established a joint team at a chosen location to analyse and define in detail our proposed solution - recognising that the full SSR (Statement of Service Requirement) has yet to be issued.

## THE STATEMENT OF CAPABILITY

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**1.6 CAPABILITY**

Our approach has been to identify the core attributes necessary for this enterprise and to ensure that there is adequate and proven coverage by the Consortium. The following attributes are relevant and demonstrable by the Consortium:

- Risk Management and Transfer
- Business Management
- Financial and Commercial Management
- Project and Transition Management
- Marketing and Business Development
- Complex Nationwide Roll-out and Service
- Fraud prevention and detection
- Card Provisioning (Production, distribution & management)
- Proven Multipurpose Counter Automation environment
- Payment System and Database
- Network provision and operation
- Ability to interface to existing IT Departments
- Relevant Accounting Expertise
- Support and help desk provision
- Support for existing systems
- Training

**1.7 EXPERIENCE**

In addition to being leaders in the UK in the provision of world class technology and service the Consortium is able to demonstrate relevant experience in all of the key areas. Some examples are:

Scale	ICL and De La Rue are both involved in the delivery of the National Lottery system -over 30,000 locations in the UK
Management	Both Girobank and An Post bring directly of Change relevant change management experience
Financial	Hambros are preeminent in the application of Risks PFI and risk transfer, eg Channel Tunnel Rail Link
Innovation	An Post/Escher have introduced unique and high value counter automation systems
Successful	All partners bring successful consortia Consortia working experience, and share a common Working vision for this enterprise

## THE STATEMENT OF CAPABILITY

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**2. APPROACH**

**2.1** This Consortium seeks to ensure that in partnership with POCL/BA all critical success factors are met. The aims, therefore, are:

- \* to facilitate the improvement and ongoing development of the business of Post Office Counters Ltd through the application and development of this service and a clear committed business plan;
- \* to provide the safe, secure and cost effective delivery of Benefits Payments and to offer a high quality and value added service to all of BA's clients.

**2.2** Approach to meet POCL Critical Success Factors

a) Customer Service

The skills of the Consortium provide for an unrivalled quality of service. ICL operates the largest computer services organisation in the UK. The Consortium has leading nationwide services organisations skilled in satisfying exacting availability and performance standards.

The Consortium has a deep understanding of such service provision and can provide assured integrity, continuity and security of service.

The service includes financial card provisioning by the leading UK financial card supplier and distributor, De La Rue.

The purpose is to deliver enhanced quality of service and by doing so in partnership with POCL we will enhance the reputation for service with both existing and potential customers.

b) Profitability

The Consortium has unrivalled capability to ensure that quality services are delivered at lowest possible cost. It is able and willing to take on a major part of the transition and service delivery risk, founded on a proven track record in delivering projects on time and meeting exacting service level requirements.

Through Hambros Bank Limited, the Consortium has access to the widest experience of the application of PFI to major projects, experience which will be deployed to ensure that all aspects of the Consortium's business proposition make sound financial sense.

The Consortium will improve the value of the POCL business by reducing the associated costs for both POCL and its client organisations, improving the quality of customer and client service and extending the range of service options available for exploitation by POCL and its clients.



## THE STATEMENT OF CAPABILITY

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**c) Affordability**

The Consortium has early access to outstanding technology and research and development (R & D) through its partners and parent companies. ICL spends over £200 million per annum and Fujitsu, in addition, spends \$2.4 billion per annum on R & D.

ICL collaborates with major technology providers including Microsoft, Novell and SUN. Together ICL and Fujitsu form the second largest IT company in the world. Its members have proven track records in collaborating with world class suppliers ensuring reliable and consistent supply of the latest technology.

The result is the ability to provide world beating technology in a commodity driven market place.

The Consortium will ensure the lowest possible unit costs by exploiting commercially available products.

**d) Adherence to Standards**

The Consortium is committed to Open Systems and the adherence to standards. The approach is set out in the following policy whereby standards are selected according to the following order of preference:

- International standards ratified by ISO, IEC and CCITT or endorsed by X/Open
- Standards from regional or national standards bodies
- Standards from recognised feeder bodies such as IEEE and ECMA
- Standards from focused consensus consortia (eg Retail model)
- De facto industry standards
- Proprietary standards

In all cases the policy recommends standards are developed rapidly enough to influence and intercept product developments.

ICL has been at the forefront of the Open Systems movement on standards for more than a decade and was a founder member of X/Open and UNIX International. Our drive from proprietary to OPEN standards and their early anticipation, development and rapid implementation has been at the core of ICL's business strategy and success.

We have agreed with Microsoft to the use of their consultancy and expertise. This will ensure long-term protection of application software by the interception and adoption of appropriate standards, avoiding proprietary interfaces, for relevant software.



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e) **Support of Existing IS Strategy**

An Post bring particular experience of integration and migration within the counter environment.

Girobank bring detailed understanding of existing systems and usage and have exploited these to profitable advantage such as with the British Gas bill payments notification system.

ICL has undertaken strategic planning and development for major organisations in terms of architecture, integration and migration - for example at the Inland Revenue and the Department of Social Security.

f) **Universality**

An Post/Escher bring state-of-the-art counter software. This has proven scalable across a range of post offices, from the smallest rural sub-post office with a single counter position, to the largest state post office.

Our approach is to ensure that the application software architecture is both scalable and modular and thus be able to support all the varying business requirements of the different types and characteristics of post offices, with upgrade potential for new applications.

g) **Versatility**

Versatility in a system is achieved in a variety of ways. Our approach offers potential for change by the proven method of separating the application from the hardware by the use of flexible middleware components.

Moreover, the modular design and inherent flexibility of the component products and tools ensure that new application requirements and systems interfaces can easily be accommodated in the future.

The use of industry standard equipment adds to the flexibility, to meet the wide range of current and future Post Office client needs and applications.

## THE STATEMENT OF CAPABILITY

**2.3****The approach to meet BA Critical Success Factors****a) Public Acceptability**

The consortium brings components already in widespread public use. For example, De La Rue provides more than 50% of the UK financial magnetic stripe cards. An Post/Escher bring direct experience of public acceptability of counter automation, including social welfare payments, using new technology. Both ICL and De La Rue are consortium members of Camelot -responsible for delivering the UK National Lottery for which success is absolutely dependant on public acceptance.

The approach is to exploit components which have proven public acceptability.

**b) Reduction and Containment of Fraudulent Encashments**

All Consortium members bring relevant knowledge and capability.

De La Rue bring experience to perform a rigorous analysis of card-fraud scenarios, both Pre- and Post-Status. ("Pre-Status" is where the fraud scenario precedes the card being reported stolen/missing or stopped, "Post-Status" is after these events).

Hambros is retained by governments, major companies and lawyers throughout the world as fraud prevention and security advisers. Hambros has prepared the fraud and loss control specifications for a number of major governmental and commercial projects with great success, usually in environments and systems in which fraud, dishonesty and corruption had been considered unstoppable.

Girobank has significant experience and expertise in identifying fraud at Post Office Counters through system development and procedural controls.

An Post have experience of combating encashment fraud in Ireland.

ICL has widespread experience in the security associated with payments systems in the retail sector, both in the UK and abroad. ICL has also undertaken systems and service developments in anti-fraud projects within the UK Department of Social Security and within UK Local Government Authorities.

The current approach includes the introduction of positive authentication, full reconciliation and the provision of a full audit trail - including the ability to manage the "Statutory Declaration" documents.

The Consortium is, therefore, confident that it will be able to offer a significant degree of risk transfer to the Private Sector, founded on rigorous end-to-end security techniques and controls.

## THE STATEMENT OF CAPABILITY

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**c) Reduction in Administrative Costs**

A seamless service infrastructure including the latest technology and risk management techniques, under unitary control and subject to results-orientated accountability, will deliver the lowest cost, lowest risk service.

This Consortium has the greatest experience of PFI and the management and delivery of such services as those being sought by POCL/BA.

The use of our innovative counter automation software with financial magnetic stripe card technology will drive down the current costs associated with Order Books and Girocheques whether operational or administrative. Changes in claimants circumstances or statutory rates affecting payments schedules would be electronic with no paper recall or stop procedures and ensuing reissue necessary.

By supporting the Benefits Agency "One Stop" programme and providing timely payment information and facilities into Local Offices, further administrative savings will accrue. A greater proportion of customer enquiries will be closed at minimum cost on the first personal or telephone contact.

The stimulation of additional business will not only increase the value of current transactions, but will also drive down the unit transaction costs.

**d) Complete Accounting**

An Post and Girobank have in-depth experience of this discipline. An Post have implemented their innovative counter automation system with full daily reconciliation and Girobank have undertaken a full reconciliation approach for social security Girocheques in the UK.

The Consortium approach has "Complete Accounting" as the absolute cornerstone of its solution. Each payment will be reconciled back to the issue of the valid payment instruction on a daily basis.

**e) Transfer of Risk to Supplier**

Within the Consortium, Hambros are preeminent in their understanding and application of transfer of risk to the private sector.

They would envisage the great majority of the POCL/BA project risk transferring to the Consortium or other third parties with which the Consortium had contracted (eg lenders, insurance houses). The classes of risk to be transferred could include subject to tender requirements:

- Design (against the format of a clear output specification)
- Construction (including cost over-runs and completion delays)
- Completion
- Installation



## THE STATEMENT OF CAPABILITY

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- Commissioning
  - Maintenance
  - Residual Value
  - Defined Upgrading Options
  - Performance
  - Finance

The Consortium envisages that payments could be related to the volume of processed business, thereby passing elements of demand risk to the Private Sector.

The criteria for passing risk would be whether the entities absorbing those risks could both manage and control transferred risks. Risks would be defined in both a qualitative and quantitative sense.

Various risk, regulatory, management, operational and control activities would remain with POCL and BA.

**f) Payment based on usage and performance**

One benefit of PFI to the public sector is that it enables charging mechanisms to be directly associated with usage and business value.

Following an agreed allocation of risks between the Private and Public Sector, we would envisage that usage payments would possess the following characteristics:-

- All payments would be contingent based on performance criteria.
- An element of the payment could be based on availability and reliability parameters. If facilities were not available due to the performance of the Consortium, this element of the payment stream would not be due and payable.
- The other element of the payment could be based solely on the volume of business transmitted through the system. This payment would be fee based.

**g) Fast and Early Roll-out**

The Consortium has an excellent track record in managing complex and large scale roll-outs to rigorous timescales. For example, the National Lottery involves the nationwide delivery, installation and implementation of more than 10,000 secure networked devices within a 4 month period.

De La Rue has proven financial magnetic stripe card capacity and infrastructure to accommodate the envisaged roll-out. The current production capacity of 60 million cards per annum is set to double in mid-1995 with the completion of the expanded facility in Tewkesbury.



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The Consortium recognises the benefit of a fast and early roll-out to all parties, and will deploy its proven logistics and service capabilities to facilitate the earliest possible introduction of the service.

The Consortium would seek early agreement of a rigorous definition of the implementation and roll-out programme to ensure that the necessary detailed planning was put in place before the award of Contract.

## 2.4 Approach to the Selection of the IT Infrastructure

In this selection, our methodology is to recognise that there are a number of different perspectives, objectives and qualities that need to be fulfilled. These perspectives include those of the Management of the Enterprise; the actual Users; those responsible for providing and maintaining applications; and finally those responsible for the delivery of the overall service. The qualities are:-

Availability	The system is there when required and meets the agreed service levels.
Usability	Specified users are able to carry out specific tasks effectively in a particular environment.
Performance	The system response time and throughput is as required.
Security	The system is able to withstand malicious attacks.
Potential	The system is able to evolve and change for change to respond to new requirements, and is able to adopt and reuse components.
Transition	Support for existing Systems/processes Migration from ALPS. The re-use of other applications
Standards	Compliance to selected architecture

Additionally, other factors are relevant in this selection. They are:-

Support for existing Information Systems Strategy

The re-use of existing IT from ALPS

The re-use of existing applications

Adherence to our policy on the use of and compliance to standards

## 2.5 Approach to the Development of the BA benefit payment application

The Consortium has a number of options open to it which are being assessed for overall suitability, in particular the aspects of scalability and performance, security, resilience and inter-operability to existing systems.

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Both Girobank and An Post bring practical experience of payment systems.

This application is a critical component of the solution and the Consortium will seek early and in-depth discussions with the Benefits Agency to determine the preferred option. Important aspects for early agreement include whether the positive authentication system should be held centrally or be distributed.

It is our firm intention to select BT to supply the communications elements of the solution. The Consortium believes that BT's national coverage and established services offer the best combination of existing infrastructure and available options for service delivery.

This ensures low risk through BT's comprehensive existing network and offers the flexibility to allow a variety of current and future service solutions.

The Consortium recognises that it will be necessary to develop tailored network packages integrated with the overall business solution to offer a seamless service to POCL/BA users and BT have agreed to work with us to achieve this.

## **2.6 Approach to the management and development of the pilots**

Pilot systems have been used extensively by the Consortium partners and their customers. In the Consortium's experience a successful pilot does not necessarily ensure a successful project.

It is essential that the purpose of a pilot, the way it will be undertaken, the criteria for establishing its success and the way it will be evaluated are understood and agreed to by all parties. Further, it is important that the costs and impact on project timescales are fully evaluated to ensure that piloting is a cost effective method of achieving the objectives, and that change control methodologies are in place.

The approach is for an open partnership, based on mutual respect of each others pressures, costs and risks and agreed objectives. This is the Consortium's way - based on trust.

## **2.7 Approach to Definition of the Services**

Consortium members already provide relevant elements of the nationwide services. ICL operates the largest computer services organisation in the UK, employing over 2,500 skilled staff providing hardware and software support and professional services to over 6,500 organisations. This includes ICL and other vendors' customers. The nationwide network enables us to provide service for over 250,000 systems installed on over 32,000 customer sites.

ICL provides tailored specialist services and is the third largest supplier and maintainer of retail systems in the world, with an installed base of more than 250,000 electronic point of sale tills, from Marks and Spencer and J Sainsbury in the UK to JC Penney and Bloomingdales in the United States.

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De La Rue are the leading UK provisioner of magnetic stripe financial cards - from manufacture and personalisation right through to secure delivery.

Key factors during service specification and definition include:-

- Quantifiable benefits to users
- Potential for resilience, efficiency and cost-effectiveness
- End user ability and training requirements
- Availability of key technical and support skills
- Defined way to embrace future requirements
- Control mechanisms - including failure detection, diagnosis capability and ability to repair
- Security, including safeguards against fraud

Using this approach, based on standard service models, ICL has been successful in developing service provision in a number of areas. For example: desktop services for Shell worldwide and WINS, the Worldwide Integrated Network Service, which manages the network requirements for ICL worldwide.

Similarly, tailored operational services have been developed by Girobank for its clients, including BA. An Post also represents a relevant business model for POCL services.

**2.8****Comments on:**

"Applications Architecture for Post Office Counters Ltd."

The Consortium has used one of ICL's Senior Company Architects to comment on the "Applications Architecture for Post Office Counters Limited" and this is attached separately. In brief, it comments on how the architecture should be defined to embrace Open Systems for a flexible and integrated solution and to avoid "hidden costs".

**2.9****Approach to Service Provision****2.9 a)****The Management of the Roll-out**Introduction

The Consortium has considerable experience of "rolling-out" IT infrastructure to office locations nationwide. In particular ICL has successfully managed roll-outs for Government departments such as Inland Revenue and the DSS, retail organisations such as Sainsburys within the UK, KMart within the USA and Bundespost within Germany, and for organisations such as the National Lottery.

A key approach to planning the roll-out is that prior to award of contract a Project Manager will be appointed to lead the production of a roll-out plan that includes all activities required for successful completion of roll-out whether the direct responsibility of the Consortium or not.



## THE STATEMENT OF CAPABILITY

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This approach ensures that all parties to the roll-out, both at the start of the plan and during the roll-out, have a single view of planned activities and work from a common set of data concerning the status of activities.

The key elements of our approach to planning the roll-out are:

Preparation of a strategy for roll-out

The strategy for the roll-out will be affected by many classes of activity and factors. It is important that all these are formally reviewed and incorporated into a single plan identifying key dates, durations and dependencies.

To enable the plan to be as simple as possible it is intended to look at each class of activity required across the 20,000 locations. This will also reduce variability to a minimum thus allowing activities and product sets to be replicated rather than uniquely planned for each installation.

The areas that will need addressing in this way are:

- The IT systems to be installed in Post Offices.
- Installation and acceptance testing.
- Post Office building preparation.
- Network build.
- Training of staff in the Post Offices.

Other supporting areas, not subject to replication, that will also need planning at this stage are:

- Validation of replicable product sets
- Configuration management
- Establishment of the logistics and supply chain
- Support processes and help desks for support of live systems
- The monitoring, review and change control processes for the Roll-out project.

Implementation Management

An Implementation Project Manager and project team will be appointed to take responsibility for implementation of systems in Post Offices. The approach outlined below offers the quickest and smoothest implementation for end users and is demonstrably cost effective to all parties.

The responsibilities of this team will include:

Supply chain management

This includes pre-ordering and establishment of the stock of components from which the systems delivered will be built. During the roll-out the availability of equipment, down to component level if necessary, will be constantly monitored and any shortages, which could jeopardise the roll-out schedule, will be promptly



## THE STATEMENT OF CAPABILITY

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escalated and resolved.

### Hangaring

The objective is to produce fully tested and configured systems, tailored for the specific end user environment. This is achieved by building the systems in a central "Hangar" where the project disciplines and skills can be properly focused.

### Logistics

The equipment is passed to the ICL Product Distribution Centre where it is consolidated with those items for which hangaring is not a requirement. Following a full audit, the full system is packed and palletised in accordance with Roll-out requirements.

### Installation and Acceptance Testing

This will be undertaken by engineers specifically trained in the installation of the hardware and software. During the course of an installation they will be supported by, and be in constant contact with, the Implementation Project team who will provide first line support as required.

Acceptance tests will be carried out to pre-agreed scripts, and the system confirmed as fully useable, and support processes and the help desk activated prior to the system being offered as ready for service.

To ensure success of the Roll-out the Implementation Team would be constructed with the appropriate experience and skills and be dedicated to the Roll-out. All processes and procedures to be used will be fully proven prior to start of Roll-out, and audited to BS5750. This approach has been fully proven in practice and has been shown to be flexible and able to cope with the short lead times of complex projects.

### End User Training

It is essential that staff using the new systems are fully able to exploit them as soon as they become available. The Consortium would propose the development of a training programme jointly with POCL/BA and staff representatives. The roll-out of this training programme will be embedded in, and form a fundamental part, of the Roll-out plan.

The Consortium is ideally placed to manage this task with its experience of training 38,000 retail operatives in multiple languages as part of the National Lottery roll-out programme. In addition, the intuitive nature of the user interface to the An Post/Escher application software will reduce the training required.

## THE STATEMENT OF CAPABILITY

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**2.9 b) Service management & provision**

High standards of service management are required to ensure that the BA POCL Information Systems fully achieve and exceed the service standards which are required by the business. The critical business dependency on availability and performance of operational Information Systems combined with the complexities of large scale and geographically distributed systems management means that a structured engineering approach to Service Management and Delivery is essential.

ICL recommends that the principles which are set out in the IT Infrastructure Library (ITIL) should be adopted for the BA POCL project. Produced by CCTA in consultation with Government departments and the IT industry, the IT Infrastructure Library is the most comprehensive and structured approach available on the management of IT services. ICL actively supports the development of ITIL through the independent user organisation called IT Infrastructure Management Forum Ltd. ICL applies the principles of ITIL through its professional IT Service Management practitioners and also to support the design and development of IT Systems Management and Service Support tools.

**Benefits**

The ITIL approach offers clear advantages to the POCL/BA business, users and service providers. These are:

- Quantifiably improved services to users
- Potential to build an efficient, resilient and cost effective network
- Less user training and support required
- Optimal placement of technical skills
- A clear path forward for future requirements
- Better control over information systems
- Security is assured

**Process**

The diagram below shows the key tasks in the process used by service providers to manage an information system.

Task areas are:

**Operational Control**

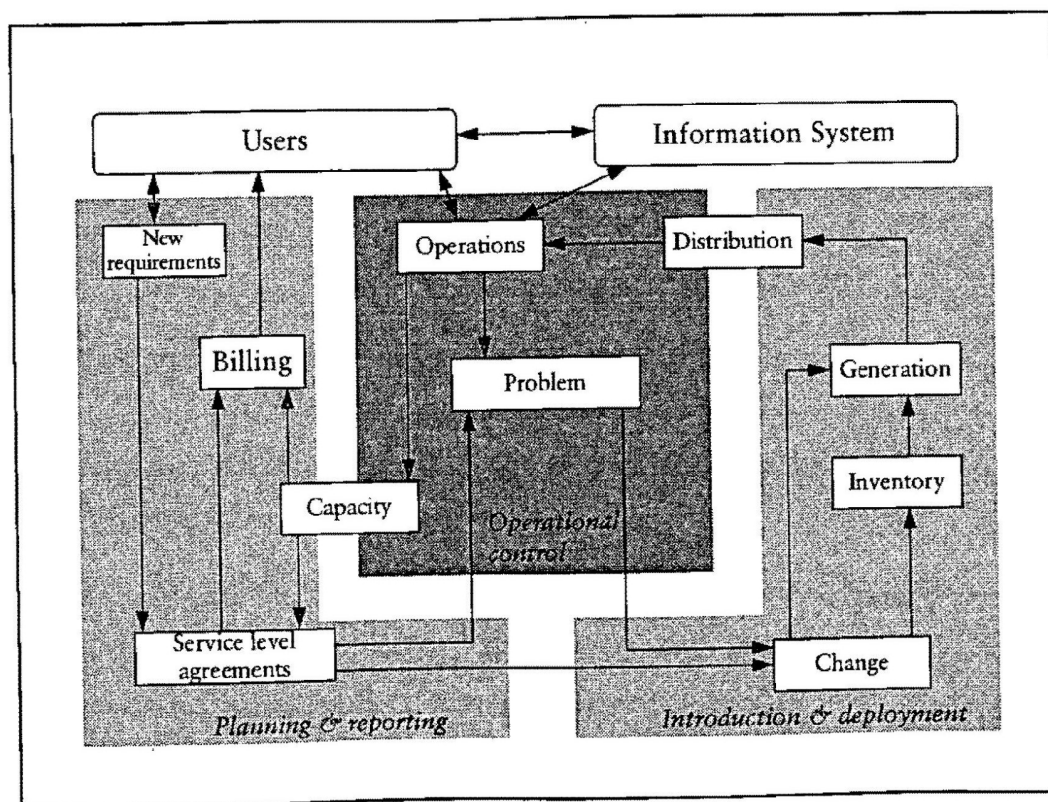
- **Operations** Controlling and monitoring the managed objects in the information system.
- **Problem** Providing a service to operations management by diagnosing, fixing and preventing the occurrence of problems.
- **Capacity** Reviewing operational data to assess the availability and performance of the system.



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## Introduction and deployment

- **Distribution** Providing the mechanisms to deliver the system physically to users, to install it, activate it and to make it operational. Part of this activity covers the delivery of software through the network itself.
- **Change** Providing a mechanism for handling changes to the information system.
- **Inventory** Maintaining up to date records of the total set of applications, components and infrastructure that comprise the information system.
- **Generation** Providing the means to generate, and subsequently change the configuration of the system.



## Planning and reporting

- **Billing** Reporting to users and to the enterprise how the service is performing; reporting costs by individuals, workgroups and the enterprise as a whole.
- **Service level agreements** Giving a clear statement of what the information system has to provide. Providing reports of service level achievements, to enable the overall effectiveness of the system to be monitored.
- **New requirements** Responding to requests for modifications to the infrastructure and for the implementation of new applications.

## THE STATEMENT OF CAPABILITY

**2.9 c)** Quality and customer satisfaction

To ensure the provision of quality service and customer satisfaction it is necessary for quality to be a consideration during all activities that impinge on the service. The approach of the Consortium will be to achieve quality by:

- Full life cycle management of the systems that will deliver the service. This will be from the provision of the SSR, through development, integration and piloting to live usage of the system. The system will be fully defined and baselined, be subject to formal change control and managed via a configuration management system.
- The roll-out programme will be managed using formal project tools and methodologies (such as PRINCE)
- Support processes and help desk mechanisms will be fully proven prior to use.
- All services will be formally defined in a Service Level Agreement (SLA). This will also define the service metrics to be achieved, the responsibilities of all parties that impinge on the service, and the review and escalation processes.
- A formal sequence of reviews will be established jointly with POCL/BA to cover measures such as:
  - \* calls logged, closed and outstanding
  - \* software quality
  - \* systems reliability
  - \* delivered quality of products delivered both during, and subsequent, to the roll-out programme
  - \* call and incident responsiveness
- Specific activities will be undertaken to ensure customer views of the service is understood and issues reacted to. These activities will include:
  - \* Telephone surveys of users
  - \* Customer liaison panels
  - \* Management care visits

In addition all processes and procedures will be subject to evaluation against BS5750 and the service delivery function will operate to the principles of the EFQM quality model that embodies the use of benchmarking.

**2.9 d)** Identification with POCL of opportunities to develop new services:

The partners within the Consortium bring a broad range of commercial experience in developing and delivering new business streams. The Consortium will use its experience to produce with POCL a business development plan against the achievement of which the Consortium would expect to be measured.



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The Girobank, for example, have direct experience of improving services through POCL for the Benefits Agency. In this example, the Girobank reconciles encashed girocheques received from POCL back to the Benefits Agency. 100M benefit payments are processed per annum to a value of £10 billion. They also provide an enquiry service to the Benefits Offices handling some 500,000 enquires per annum.

Girobank have demonstrated their ability to establish new services with the implementation of "Electronic Notification of Bill Payments" for British Gas. This service was developed within six weeks of the original request from British Gas and demonstrates their responsiveness to their customer and the success of the joint venture with POCL.

**2.10 Charging Structure**

Following an agreed allocation of risks between the Private and Public Sector, we would envisage that usage payments would possess the following characteristics:-

- All payments would be contingent based on performance criteria.
- An element of the payment could be based on availability and reliability parameter. If facilities were not available due to the performance of the Consortium, this element of the payment stream would not be due and payable.
- The other element of the payment could be based solely on the volume of business transmitted through the system. This payment would be fee based.

**2.11 Approach "No Solution Identified"**

The above responses give the management overview of the Consortium's approach.

**3 CAPABILITY**

We will be pleased to show how our partners extend this capability when requested.

**3.1 Human Resource**Services

Over 50% of ICL's total world-wide revenues which exceeds £2.6 billion is derived from software and services. The manner in which ICL maintains its internal accounting and personnel statistics gives a slightly different profile to the categories requested, but nonetheless demonstrates our overall capability. This is shown in the 2 tables below.

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The coverage of the services identified in the tables below is the UK mainland and Northern Ireland.

TABLE 1

	Annual Revenue £M	Staff Numbers	Sphere of Operation
Customer Service	267	2,500	H/W & S/W Maint'ce including 3rd party, managed services
CFM	80	1,100	Outsourcing, FM
Peritas	23	315	Training
WorkPlace Technology	35	231	Intelligent Building Wiring + assoc. services
Other ICL	245	1,454	Project Mgt, Systems Integration

TABLE 2

	Staff No.	
Finance	710	5.1%
Personnel	300	2.1%
Marketing	440	3.1%
R&D	2,850	20.3%
Manufacturing	1,750	12.5%
Logistics	350	2.5%
Sales/Sales Support	1,850	13.1%
Professional Service	4,800	34.3%
Internal Services	750	5.4%
Business Management	210	1.6%
TOTAL	14,010	

In addition, ICL has in the UK c. 900 associate employees which are not included in the table above.

## THE STATEMENT OF CAPABILITY

**3.2 Consortium services sought**

The Consortium will subcontract additional specialist resources as necessary.

Discussions are in hand with potential suppliers for the provision of the BA payments application.

**3.3 Consortium make-up**

ICL has agreed to team with the following organisations to form a consortium in order to bid and subsequently to be in a position to deliver the systems and services required.

ICL will provide:	Overall Project Management, Systems Integration including "Open" technology provision and Nationwide services
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De La Rue Group	Magnetic stripe and Smart card manufacture and distribution, Standalone POS equipment for the small Post Offices, secure printing and identity card systems.
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Hambros Bank Ltd.	PFI commercial structure and advice, Risk assessment and Overall Business Plan, Financial System Security.
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An Post & Escher	Post Office Counter automation and business consultancy
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Girobank PLC	Business and Marketing development and existing business consultancy
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ICL will be the Prime Contractor.

Principal Subcontractors are:

Microsoft	Software design, development, best-practice methods consultancy
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British Telecom	Network carrier and consultancy
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**4 EXPERIENCE****4.1 Examples**

# IRRELEVANT



THE STATEMENT OF CAPABILITY

TABLE 3

**IRRELEVANT**

## THE STATEMENT OF CAPABILITY

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### Management of Change

As a successful IT Services organisation, the implementation of new systems and services inevitably requires change within the target organisation. Not only has ICL undergone radical and dramatic change within itself, it has used this capability in external organisations:-

For Camelot, more than 30,000 retailers have been trained in the Lottery systems, as well as the changes in associated business practices, particularly on cash management and accounting.

For CHOTS, ICL has had to manage the complex and competitive procurement process involving users on the large pilots at multiple MOD sites. This has led to overall responsibility to manage the introduction of cultural changes to accommodate the new secure desk-top IT services provision and usage.

**IRRELEVANT**

## THE STATEMENT OF CAPABILITY

# IRRELEVANT

## Successful Consortia Working

ICL believes strongly that the ability for organisations to work in consortia is a prerequisite for successful modern business. It requires partners; to hold a shared vision for the particular project; to commit to a long term relationship; to recognise that the partners may well be competitors in other areas; and above all that the focus must remain on assisting the customer to achieve its business objectives.

For the CHOTS project, the TOPIX consortium was formed by ICL in 1987 and is still in existence and delivering services and other products into the MOD. Its formation is unchanged from the original parties, and additionally involves the management of many other different sub-contractors. (The scope of the project has already been covered above.) CHOTS is essentially a prime-sub business relationship.

Camelot was formed over a year ago to address and win the UK National Lottery. It has been structured as a Special Purpose Vehicle with equity being held by the 5 original consortium members, and with each member still competing for business from the Camelot company.

Many other examples of successful consortia working are available.

4.2

# IRRELEVANT



## THE STATEMENT OF CAPABILITY

# IRRELEVANT

## 5 PROCUREMENT and FINANCE

### 5.1 Risks & Process

The Consortium will adopt the following procedures to meet the risk distribution requirements of the Invitation to Tender and subsequently the requirements of Treasury under the Private Finance Initiative.

- \* The POCL/BA Project will be assessed in terms of all the risks relating to the Project. These risks will be defined and held in a risk register.
- \* The risks will be qualitatively assessed.
- \* The risks will be allocated to the various parties to the Project.
- \* The risks will be quantified thereby allowing the gradient of risk and price between Standard and Variant Bids to be established.

The intention of the Consortium is to submit the above information and analysis in any Tender response.

Our belief is that this approach will assist in the process of gaining sanction for the POCL/BA Project by both POCL and BA.

Once risks of the Project are defined and allocated to the various parties, the result will be that POCL, BA and the Consortium will be clear which risks are being considered in the tender negotiation. By defining risks first rather than last - as in the case of many projects - the negotiation process will be assisted.

A clear understanding of the distribution of risks will determine the preferred nature and extent of the contracts to be entered into by the various parties. We would envisage contracts being drawn up in a form that permitted POCL and BA to see that consortium risks were being managed over time.

The contract structure would, in turn, determine the range of financial options to be deployed for raising project funds. We would envisage that one upturn for funding could be by way of limited recourse advances with appropriate consortium support. These and other structures would be overlaid with tax-based structures as permitted under the Invitation to Tender.

THE STATEMENT OF CAPABILITY

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**5.2**

**Summary**

From this document it can be seen that this Consortium has a deep understanding of and commitment to the business objectives of both POCL and BA. Our team make-up is strong with many uniques, and we understand the importance of this project to both the nation and the users.

We have demonstrated at every opportunity our commitment to the use of PFI and the risk sharing approach. Board level commitment is also equally visible.

The Consortium's previous experience in long term partnerships with both customers and consortia is manifest.

The Consortium looks forward in confidence to a long term partnership with POCL and BA in this exciting opportunity.