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Electronic *memo*

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Subject 1999 Rollout

Keith/Ruth

Following our discussion last night here is a summary of the points to consider in today's negotiations with Pathway.

Objectives

1. To reduce risks during the completion of acceptance rectification work by reducing the number of offices that go live before the end of the year
2. To give a longer Christmas break so that both Pathway and POCL have more time to take further action prior to the start of full rollout in 2000

Office Numbers

1. Current contract plan by end 1999 2443
2. Beat rate in 4 weeks of November 203

Option 1 - Dropping 3 weeks gives total of 1834 (609 fewer offices) - rollout ends 5/11

Option 2 - Dropping 4 weeks gives total of 1631 (812 fewer offices) - rollout ends 29/10

Factors

There are no decisive reasons which would lead us to prefer one option over another. Fewer offices means fewer risks and problems pre-Christmas. But more offices means more opportunity to spot problems before full rollout. It depends on which of these is the priority - there was a feeling in Friday's meeting to go for the higher number in order to stress the process a bit more while still having the benefit of an 8 week break before rollout recommences.

There is the point that for each week we drop out we are incurring approximately £200,000 of staff costs in the Programme team - we may not be able to utilise the staff well in the dropped weeks and we may have to add compensating weeks to the plan at the end.

TP have asked if we could reduce the number of offices to the 1600-1800 level but roll them out at a slower rate over the full period to end November. This approach would reduce the rate at which problems reached Chesterfield but the actual benefit to them in resource terms is actually quite small. A 'flatter' rollout however would mean that we would not get the experience of rolling one of the regions at their equivalent to the 300 per week beat rate (i.e 80 per week in one region and 40 in the 3 others giving the 200 total). It would also reduce the time for all parties to analyse and respond to problems in the Christmas break. On balance therefore truncating in November is the preferred approach and the one we know is

also Pathway's preference.

Impact on 2000

The assumption is that the dropped offices will be moved to January 2000 and the whole plan will slide to the right by a month. However we would prefer a different rollout profile in January to allow for the predictable problems of restarting after a longer break of 8 or so weeks. So rather than 203 offices per week we would propose:

Under Option 1 (3 weeks) rollout the 609 offices with a profile of 150, 200, 259
Under Option 2 (4 weeks) rollout the 812 offices with a profile of 112, 150, 250, 300

Hope this helps

Andrew Simpkins