

18 NOV 1999

18/11/99

Electronic memo



To David W Miller, [redacted] GRO, David X
 Smith, [redacted] GRO, Min
 Burdett, [redacted] GRO

cc Liz J Tuddenham, [redacted] GRO
 Hard Copy To Jeff Triggs
 Hard Copy cc
 From Keith K Baines, [redacted] GRO
 Date 18/11/99 19:27

Subject negotiation brief

Dave,

Here is my attempt at this. Largely written as speaking notes for Dave M. I'm in Feltham with Pathway all day tomorrow, contactable on my mobile, but won't be able to deal with any detailed comments/issues. Hopefully, there won't be many. (Liz is in London am, and will be with me in Feltham pm, so can relay any messages) There are one or two outstanding points where confirmation is needed, which I have pointed up be drafting notes.

Liz will attend the pre-meeting on Monday at 9. I will join when I get away from my doctor -hopefully around 10 o'clock.

Jeff - can you have a quick look over this, and let me or David Smith know if you have any concerns that we are saying anything that could compromise our position.

Keith

davemiller, [redacted] GRO

I am also copying

[redacted] GRO

Keith mobile

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Briefing for Meeting with ICL Pathway on 22 November 1999

Opening Position

1. We are approaching another significant date in our contract, and have arranged this meeting to review the current status as we approach that date.
2. When we signed the 2nd supplementary agreement in September, POCL agreed to give contractual Acceptance, even though some of the Acceptance criteria had not been met. To safeguard POCL against the risks involved in doing that, the 2nd supplementary agreement introduced a number of criteria to be met by 24 November 1999. The purpose of these criteria was to ensure that roll-out could resume in January without compromising POCL's business.
3. It is now clear that some of the criteria will not be met. This is serious cause for concern. As a result of this, POCL expects to issue the notice provided for in the contract to suspend the roll-out, until the situation is corrected and the criteria are met.
4. We recognise that both POCL and Pathway will incur costs and may attract adverse publicity as a result of any delays to roll-out. With that in mind, we hope that we can develop a new plan which will achieve the same timescales as originally intended. However, this can not be at the risk of compromising our business integrity or operations by rolling out a service that is deficient in the areas covered by the failed criteria.
5. I hope that today, we can agree the principles of an approach which can be worked up in more detail very quickly - certainly we should expect to do this in no more than a week.

POCL View of Criteria Out-turn

6. There were three Acceptance incidents that resulted in criteria to be met by 24 November.
7. The first of these, system stability, has been a success. The level of incidents has reduced, and the target level has been met - though only just. The one remaining concern is that there have been a number of one-off events that have resulted in "spikes" and clearly we need you to continue making progress, both to make the further level in overall incidents, in line with the rectification plan, and to eliminate the occurrence of "spikes" which would be increasingly disruptive as the automated estate increases.
8. There is one further lesson from this. Progress has depended on good data analysis. While I'm pleased that we have both put the necessary effort into this, the effort involved was greater than could have been the case, if better systems had been in place to capture the data in the first place.

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9. The second area of concern was the Help Desk. There have been mixed results for these criteria. Some of the service levels have been met, but one key one - relating to the proportion of calls answered in 20 seconds has not. This - and an associated shortfall in related service levels not monitored weekly, but included in the normal monthly results for October - have resulted in concerns from our people that the help desk is not responding to their support needs.
10. We have also been very concerned about an apparent poor compliance with help desk scripts in the new cash account expert domain. It has not been possible to measure these in the way envisaged when we signed the agreement on 24 September, but observation of calls in progress identified a high incidence of non-compliance. [DN - accuracy to be confirmed by Andy Radka. We have also been concerned that some of the other criteria, reported as having been satisfied, had been mis-reported, as was discovered when POCL reviewed the underlying data.] Thus, in the help desk area, some of the criteria have not been met, and this causes concern about the help desk's ability to support the increased workloads that would occur in full roll-out.
11. The third area was the reduction in errors in accounting data passed from your systems into TIP, and the development of appropriate integrity controls for that interface. Progress in this area had not been encouraging. The overall level of errors has greatly exceeded the 0.6% target level - by an order of magnitude or more. Other criteria have also not been met. Analysis of the causes of new incidents has not met the 10 day turnaround target. [DN John Meagher to confirm if this is correct Also, there have been new incidents that it seems would not have been trapped by the integrity control you are developing.] Thus there is cause for concern, both at the level of work that will be required to manage errors, and that some errors may "slip through the net" and cause errors in POCL's or even worse our Client's systems.
12. We also have some concerns about progress with the new integrity control. While Pathway have been reporting satisfactory progress against plans, our people on the ground perceive that there has been a reversion to old ways of working with the shutters being brought down. We have seen no progress on development of the joint processes that will be needed to manage the errors trapped by the control, and on this, and on the specification of interface processes, we have found Pathway unwilling to engage in meaningful discussions.

Briefing on Reference Data

13. There has been extensive exchange of letters. This now seems to have resulted in satisfactory joint work being initiated. But this has been delayed

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by 3 weeks because Pathway did not fulfil actions agreed at the Delivery Meeting on 27 October.

14. The prime responsibility under the contract is Pathway's. The Requirement (Req. No. 818) is for Pathway to provide a robust service that checks the consistency of Reference Data. POCL does not have access to Pathway's reference data design, and so it is Pathway's responsibility to ensure that any reference data that complies with the interface specification is implemented safely and with the expressed effect.

POCL Demand Position
Must Haves

- i 15. All criteria in the 2nd supplementary agreement to be met by 24 November, to be met, with appropriate later dates, and monitoring periods of at least the same length as originally.
- 2 16. All criteria in the 2nd supplementary agreement to be met by 14 January, to be met. The only change to be exclusion of the period to date from the 0.6% criterion for the accounting integrity incidents.
- 3 17. The measurement method for the Help Desk service level relating to compliance with scripts to be changed to one based on recording of calls and analysis of a sample of them.
- 4 18. The development plan for the integrity control to be jointly reviewed for completeness, and revised in line with the review findings. This to include addition of activities relating to development of processes for handling of discrepancies at all levels of occurrence.
- 5 19. Pathway to make available documentation relating to the design of the integrity control at a sufficient level of detail to allow POCL to ensure that the criteria iii and iv in the supplementary agreement are being met. Joint working to be instituted to ensure POCL have adequate and timely access to information.
- 6 20. The joint review of reference data to have made sufficient progress so that POCL can be assured that there are no deficiencies in the process that could compromise the data passed to TIP. [DN John Meagher to provide more detail if possible]

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Other Important Demands For Roll-Out

- 7 21. Extension of the TIP checking, at Pathway's expense, until they have demonstrated to POCL's reasonable satisfaction that all error types that have occurred will be trapped by their control
- 8 22. Introduction of additional SLAs to ensure that response times at the Help Desk are maintained on the weekly peak period (Wed/Thurs) in addition to average response times. Performance to be reported daily during the monitoring period, and daily statistics to be available as required subsequently.
- 9 23. Introduction of check-steps during roll-out, such that POCL will have a right to suspend or slow roll-out if help desk service, or data integrity across the TIP interface fall below the levels to be achieved under the 2nd supplementary agreement. Pathway to pay POCL's reasonable additional costs as a result of any such suspension or slowing down.

Other Commercial Issues that May be in Play

- 24. The question of whether Pathway have to pay POCL costs for TIP checking where errors are caused (in Pathway's view) by POCL data errors. Our view is that they do have to pay. No written response has been received; verbally, Tony Oppenheim indicated that they will mount a counter claim based on (unspecified) contracting authorities' responsibilities in which they say we are in default.
- 25. Service levels that Pathway are not capable of achieving. These could result in POCL having a right to terminate the contract in 9 months time. We may want to trade a small alleviation for improvements in other service levels relating to the Help Desk and TIP interface performance if these are of more value to us, and possible for Pathway to provide.

Keith Baines