



Business & Application Services Business Review

Post Office Account

Gavin Bell

17th April 2015

Version 1.0

1. Reflecting on 2014/15

- A Challenging year but we delivered:
- **£28.8mTCV, £73.5m rev and £32.1m margin @44%**
- **Bas revenue up 10% and Margin up 19% on Target**
- Only 3 major incidents – Talk-Talk *2, KMS server
- Best Peak performance for whole of contract term
- Branch & Counter availability 3yr high of 99.85%
- Customer SAT 8.9 (will have q4 view later in the day)
- Uplift in Reference Data volumes by 34%
- Defect Management WIP stack down 33%
- MSC volumes increased by 25%
- PCI – achieved compliance & recognised by the customer for deliverables
- Largest deployment of patches compared to previous years
- Belfast Refresh – no major service incidents and Exemplar project for customer
- Business Critical Traffic now going through FCN
- **Loss of EUC and Exit from Front Office**
- 3rd year contract extension negotiation
- 48 heads reduced from account
- Largest Global cloud customer



18/04/2015

Post Office Account – First Class performance – securing extensions to multiple services



Over the last quarter and building to a deluge. In March the Post Office team signed £14m of contract extensions and platform upgrades. This is a massive achievement given that Post Office are transitioning to their Towers model with the aim of moving the Fujitsu services to other providers.

In 2013 the existing Horizon contract was extended by two years to 2017, with Post Office looking to ramp down and exit this contract within that window. With the advent of their Towers model Post Office also decided to reduce the scope of this contract. However during the 2014/15 financial year, the Account Team has worked tirelessly to convince the customer that the risks Post Office were taking and the delays in their Towers programme meant they needed to renegotiate a number of the previously terminating services. These include:

- Operational Business Change (Branch Change) for application and network changes extended to 31 March 2017
- Communication Management Team extended to 31 March 2016
- POLSAP Hosting extended to 31 March 2016
- Credence (Management Information Service) hosting extended to 31 March 2016
- Salesforce Perspecsys Service extended to 31 March 2016
- Test Rig Service (enabling continued application development and churn) to 31 March 2017
- Fujitsu First upgrades for POLSAP, Credence and Test Rigs sees all BMC systems replaced by Eternus.

As well as these services, a number of other projects have been sold including a rewrite of the application that runs on the counter, Horizon Anywhere, to enable the roll out of new counter hardware, and an extension of the use of the global cloud service, where Post Office is the largest UK customer.

Collectively these opportunities add up to a colossal £28.8m TCV booked in year, with £16m during Q4, and a staggering £10.7m in March 2015 alone! While the order numbers themselves are fantastic, the business we have signed is also highly profitable for Fujitsu, and will be the lifeblood of the delivery teams.

I want to thank the wider Account team, and recognise their passion, hard work and dedication. It would have been easy to sit back and let things happen during the transition to Towers, but instead we have been extremely proactive, pulling together with remarkable focus and determination to help deliver these truly outstanding results.

It is also worth noting that the team have maintained the same level of exceptional service that Post Office and its customers have come to expect from us, with our best Peak Performance ever, despite a huge spike in our workload. Additionally a £20m upgrade of the datacentre has been delivered smoothly throughout all of this activity.

It is clear we continue to be a significant and respected partner to Post Office, and that while transition can be testing and at times frustrating, when managed effectively it does provide significant opportunity for Fujitsu, the teams and individuals.

Finally, we are in negotiations for a one year extension of the majority of the contract to March 2018 – so at least two years of service left if not three!

Thank everyone and eyes down for this year...

Gavin Bell, Director of Delivery Private Sector BAS



- Latest News
- Taking control stage with Hybrid IT
 - Post Office Account – First Class performance – securing extensions to multiple services
 - Enterprise and Cyber Security wins President's award in Japan
 - Heffernan commit to first UK TeamFaaS70000 deployment
 - SaaS sign first year contract extension
 - More news...



Driver's Seat

Find out more about Simon Carter, VP Head of Marketing

Hot Jobs

WANTED: Director of Live Services, HMC

Training Top-Up

Find out what courses are available in April/May

Hot Spots

February all wrapped up



- Most Viewed
- A new look for Applications
 - Migration from Webex and Meeting Place to Lync
 - Zero contracts with the Prince
 - Migration for charity
 - SHINE USA UPDATE...why not get involved?





2. Executive Summary

| Strategic Direction | Sales | Execute |
|--|--|--|
| <ul style="list-style-type: none"> Year end deals closed leading to £10m+ of orders in month Engineering CCN not signed in FY. Impact is commercialising exit and reduction in obligations. Side letter sent. R&R Project green and seen as exemplary OBC subset extension signed £2m value commitment – Await HPBB decisions | <p>YTD deals:</p> <ul style="list-style-type: none"> 28.7m & 6.1m IAS11 signed <p>Q1 deals:</p> <ul style="list-style-type: none"> Belfast refresh close down IPR Churn Global cloud <p>Wins:Q4</p> <ul style="list-style-type: none"> POLSAP, Credence, Engineering, OBC, H/A £16m <p>Lost deals:</p> <ul style="list-style-type: none"> NA <p>Total TCVC / Revenue in Pipeline:</p> <ul style="list-style-type: none"> £50mTCVC <p>Risks:</p> <ul style="list-style-type: none"> Towers Strategy and Atos influence on orders pipeline | <p>Highlights:</p> <ul style="list-style-type: none"> Very good service during March with exception of a firewall service module outage - non contracted day Scheduled security patching completed within the deadlines Belfast Refresh programme remains on track. Windows 2003 Server progressing with the planned upgrade of 54 services on track OBC extension agreed with POL commencing 1st April. Engineering exit of services completed 31st March 2015 Asset Management Framework now managed via the GDC Out of Hours Duty Manager role agreed with GDC. Go Live expected end of June Red Top issued in March providing Towers update to be followed by CaféVik communication April. <p>Lowlights</p> <ul style="list-style-type: none"> None for March |
| <p>Organisation</p> <ul style="list-style-type: none"> Front Office and Network Tower DD started. Offshoring analysis and study underway – first delivery will be Out of Hours duty management. Key roles loss increases risk on account – CISO, PD, Commercial | | |

| Customer Satisfaction |
|---|
| <p>CSIP/CSAT:</p> <ul style="list-style-type: none"> Complete CSIP Action Plan 2014/15. VoC Interviews planned April/May with POL CSAT process ongoing with Q3 score of 9 received. Next review due April 2015. <p>Recognition:</p> <ul style="list-style-type: none"> Gareth Jenkins recognised by Lesley Sewell for impeccable service & individual contribution |

| Finance Mar15 (£m) | | | | | |
|--------------------|------|------|------|------|--|
| | ACT | Q1RF | ACT | Q1RF | |
| | MTD | MTD | YTD | YTD | |
| • TCVC | 10.7 | 4.3 | 28.8 | 23.6 | |
| • Revenue | 8.5 | 7.8 | 73.6 | 72.8 | |
| • Margin | 3.8 | 2.8 | 32.2 | 31.1 | |

3a. Financials March Actuals

- **March MTD Actuals v Q1RF**

Orders Variance – £6.4m positive

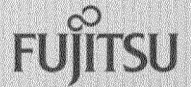
- £1.9m BAS – due to £1.0m Test Rigs & associated Oracle licenses, £0.3m contract churn (mainly CCN1408 GWS clients) & £0.6m additional project churn,
- £4.2m MIS – due to £0.9m Credence IBM licenses, £1.7m delay in signing the Credence upgrade project, £1.0m additional base service extensions (POL SAP, Credence, OBC), £0.1m contract churn & £0.5m project churn,
- £0.3m N&T – due to delay in approval of BNS project,

Revenue Variance – £0.7m positive

- £0.7m upside in MIS due to Credence IBM licenses pass through as a result of IBM audit,

Margin Variance – £0.9m positive

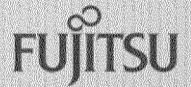
- £0.5m upside in BAS due to £0.3m T&M (both volume & margin %) on future releases, Belfast Refresh 2 study & support for Credence & Engineering exit activity plus £0.2m additional margin on Horizon Anywhere fixed price project first milestone,
- £0.4m upside in MIS due to £0.2m additional OBC variable charges, £0.1m from higher excess engineering call charges & completion of the PINpad project & £0.1m from cost savings resulting from reduced internal datacentre charges & some accrual releases,



3b. Finance: March Actuals

| Post Office MTD Financial Summary (£k) | 2015 | 2015 | 2015 | 2015 |
|--|---------------------------|--------------------------------|----------------------|--------------------------------|
| | Actual Periodic Mar | Q1budget_15 Variance Mar | Actual YTD Mar | Q1budget_15 Variance Mar |
| Net New Orders Received | | | | |
| PO_Contract1 | 10,707 | 6,397 | 28,762 | 5,139 |
| Business and Application Services | 5,255 | 1,875 | 14,802 | 2,504 |
| Managed Infrastructure Services | 5,076 | 4,156 | 12,716 | 2,814 |
| Revenue | | | | |
| PO_Contract1 | 8,482 | 664 | 73,575 | 805 |
| Business and Application Services | 4,020 | 2 | 34,177 | 5 |
| Managed Infrastructure Services | 3,707 | 689 | 30,082 | 829 |
| Post Office - Contract1 - Base Service | 4,470 | 436 | 54,432 | 591 |
| Business and Application Services | 1,586 | 152 | 17,937 | 186 |
| Managed Infrastructure Services | 2,172 | 283 | 27,782 | 413 |
| Post Office - Contract1 - Projects | 4,012 | 1,002 | 19,143 | 989 |
| Business and Application Services | 2,433 | 624 | 16,240 | 594 |
| Managed Infrastructure Services | 1,535 | 405 | 2,300 | 416 |
| Post Office - Contract1 - New Business (Fcast only) | 0 | 0 | 0 | 0 |
| Business and Application Services | 0 | 0 | 0 | 0 |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 |
| Post Office - Contract1 - Judgement (Fcast only) | 0 | (774) | 0 | (774) |
| Business and Application Services | 0 | (774) | 0 | (774) |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 |
| Margin | | | | |
| PO_Contract1 | 3,771 | 928 | 32,180 | 1,061 |
| Business and Application Services | 2,016 | 445 | 14,339 | 395 |
| Managed Infrastructure Services | 1,452 | 424 | 14,488 | 533 |
| Post Office - Contract1 - Base Service | 2,211 | 680 | 24,976 | 942 |
| Business and Application Services | 730 | 146 | 8,019 | 249 |
| Managed Infrastructure Services | 1,210 | 489 | 13,943 | 592 |
| Post Office - Contract1 - Projects | 1,560 | 860 | 7,204 | 881 |
| Business and Application Services | 1,286 | 911 | 6,321 | 908 |
| Managed Infrastructure Services | 242 | (65) | 545 | (59) |
| Post Office - Contract1 - New Business (Fcast only) | 0 | (225) | 0 | (375) |
| Business and Application Services | 0 | (225) | 0 | (375) |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 |
| Post Office - Contract1 - Judgement (Fcast only) | 0 | (387) | 0 | (387) |
| Business and Application Services | 0 | (387) | 0 | (387) |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 |
| Margin % | | | | |
| PO_Contract1 | 44% | 8% | 44% | 1% |
| Business and Application Services | 50% | 11% | 42% | 1% |
| Managed Infrastructure Services | 39% | 5% | 48% | 0% |

3c. Finance: Latest View – Qtr 1 2015/16



| PO_Contract1 - Month Commitment | Apr Commitment Q1Budget_15 | | | | | Apr Expected Outcome | | | | |
|------------------------------------|----------------------------|-----|-----|-----|-----|----------------------|-----|-----|-----|-----|
| | Account Total | BAS | MIS | NTS | TPG | Account Total | BAS | MIS | NTS | TPG |
| Net Orders (Adjusted) | 0.2 | 0.1 | 0.1 | 0.0 | - | 0.2 | 0.1 | 0.1 | 0.0 | - |
| Revenue | 4.7 | 2.4 | 1.4 | 0.7 | 0.1 | 4.9 | 2.6 | 1.5 | 0.6 | 0.1 |
| Operating Profit / (Loss) | 1.5 | 0.7 | 0.5 | 0.2 | 0.1 | 1.6 | 0.8 | 0.6 | 0.2 | 0.1 |

| PO_Contract1 - Month Commitment | May Commitment Q1Budget_15 | | | | | May Expected Outcome | | | | |
|------------------------------------|----------------------------|-----|-----|-----|-----|----------------------|-----|-----|-----|-----|
| | Account Total | BAS | MIS | NTS | TPG | Account Total | BAS | MIS | NTS | TPG |
| Net Orders (Adjusted) | 1.6 | 0.6 | 0.6 | 0.2 | 0.1 | 1.1 | 0.3 | 0.6 | 0.1 | 0.0 |
| Revenue | 4.2 | 1.9 | 1.5 | 0.7 | 0.1 | 4.3 | 2.0 | 1.5 | 0.7 | 0.1 |
| Operating Profit / (Loss) | 1.5 | 0.7 | 0.6 | 0.2 | 0.1 | 1.6 | 0.8 | 0.6 | 0.2 | 0.1 |

| PO_Contract1 - Month Commitment | Jun Commitment Q1Budget_15 | | | | | Jun Expected Outcome | | | | |
|------------------------------------|----------------------------|-----|-----|-----|-----|----------------------|-----|-----|-----|-----|
| | Account Total | BAS | MIS | NTS | TPG | Account Total | BAS | MIS | NTS | TPG |
| Net Orders (Adjusted) | 0.4 | 0.1 | 0.1 | 0.2 | - | 0.4 | 0.1 | 0.1 | 0.2 | - |
| Revenue | 5.0 | 2.6 | 1.5 | 0.7 | 0.1 | 5.2 | 2.8 | 1.6 | 0.7 | 0.1 |
| Operating Profit / (Loss) | 2.0 | 1.1 | 0.6 | 0.2 | 0.1 | 2.0 | 1.1 | 0.6 | 0.2 | 0.1 |

| PO_Contract1 - Quarter Commitment | Commitment Q1Budget_15 | | | | | Expected Outcome | | | | |
|--------------------------------------|------------------------|-----|-----|-----|-----|------------------|-----|-----|-----|-----|
| | Account Total | BAS | MIS | NTS | TPG | Account Total | BAS | MIS | NTS | TPG |
| Net Orders (Adjusted) | 2.1 | 0.8 | 0.7 | 0.4 | 0.1 | 1.6 | 0.5 | 0.7 | 0.4 | 0.0 |
| Revenue | 13.8 | 6.9 | 4.4 | 2.1 | 0.4 | 14.4 | 7.4 | 4.6 | 2.0 | 0.4 |
| Operating Profit / (Loss) | 5.0 | 2.5 | 1.7 | 0.6 | 0.2 | 5.2 | 2.7 | 1.7 | 0.6 | 0.2 |

3d. Finance: Latest View - Qtr 1 Key Points

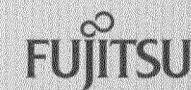
Key Points:-

- £0.5m reduction in RPI CCN (expected approval May) due to lower RPI % than expected & application of Varied Index Charges,
- £0.6m increase in revenue due to additional activity & timing on several projects – Belfast Refresh, Test Rigs, Atos Testers & BNS study,
- £0.2m increase in margin associated with this project activity,

Additional Comment :-

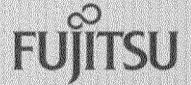
- following Mar15 Y/E discussions with KPMG there will be a £0.3m revenue & margin IAS11 related adjustment in Apr15 for BAS

3e. Finance: Q1RF 2015/16 – Quarter1



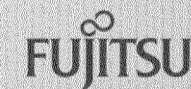
| Post Office QTD Financial Summary (£k) | 2016 Q1budget_15 Periodic Apr | 2016 Q1budget_15 Periodic May | 2016 Q1budget_15 Periodic Jun | 2016 Q1budget_15 QTD Jun | 2016 MTP_14v2 QTD Jun | 2016 MTP_14v2 Variance Jun |
|--|--|--|--|-----------------------------------|--------------------------------|-------------------------------------|
| Net New Orders Received | | | | | | |
| PO_Contract1 | 175 | 1,550 | 375 | 2,100 | 157,453 | (155,353) |
| Business and Application Services | 113 | 613 | 113 | 838 | 82,289 | (81,452) |
| Managed Infrastructure Services | 53 | 628 | 53 | 733 | 75,086 | (74,354) |
| Revenue | | | | | | |
| PO_Contract1 | 4,664 | 4,151 | 4,994 | 13,809 | 15,165 | (1,356) |
| Business and Application Services | 2,411 | 1,883 | 2,600 | 6,893 | 6,473 | 420 |
| Managed Infrastructure Services | 1,437 | 1,452 | 1,527 | 4,415 | 6,189 | (1,774) |
| Post Office - Contract1 - Base Service | 3,209 | 3,209 | 3,209 | 9,626 | 9,293 | 334 |
| Business and Application Services | 1,432 | 1,432 | 1,432 | 4,297 | 4,223 | 73 |
| Managed Infrastructure Services | 1,062 | 1,062 | 1,062 | 3,185 | 2,902 | 283 |
| Post Office - Contract1 - Projects | 1,235 | 721 | 794 | 2,750 | 356 | 2,394 |
| Business and Application Services | 841 | 313 | 261 | 1,414 | 356 | 1,058 |
| Managed Infrastructure Services | 292 | 307 | 382 | 980 | 0 | 980 |
| Post Office - Contract1 - New Business (Fcast only) | 221 | 221 | 221 | 662 | 13,995 | (13,333) |
| Business and Application Services | 138 | 138 | 138 | 413 | 2,115 | (1,702) |
| Managed Infrastructure Services | 83 | 83 | 83 | 250 | 5,868 | (5,618) |
| Post Office - Contract1 - Judgement (Fcast only) | 0 | 0 | 770 | 770 | (8,480) | 9,250 |
| Business and Application Services | 0 | 0 | 770 | 770 | (221) | 991 |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 | (2,581) | 2,581 |
| Margin | | | | | | |
| PO_Contract1 | 1,537 | 1,520 | 1,962 | 5,019 | 4,933 | 86 |
| Business and Application Services | 726 | 690 | 1,086 | 2,501 | 1,740 | 761 |
| Managed Infrastructure Services | 538 | 558 | 583 | 1,679 | 2,419 | (740) |
| Post Office - Contract1 - Base Service | 1,130 | 1,210 | 1,243 | 3,583 | 3,264 | 319 |
| Business and Application Services | 458 | 539 | 576 | 1,573 | 1,336 | 237 |
| Managed Infrastructure Services | 430 | 430 | 430 | 1,291 | 1,224 | 67 |
| Post Office - Contract1 - Projects | 334 | 237 | 262 | 834 | 0 | 834 |
| Business and Application Services | 221 | 104 | 79 | 404 | 0 | 404 |
| Managed Infrastructure Services | 82 | 101 | 126 | 310 | 0 | 310 |
| Post Office - Contract1 - New Business (Fcast only) | 67 | 67 | 67 | 202 | 573 | (371) |
| Business and Application Services | 41 | 41 | 41 | 124 | 282 | (158) |
| Managed Infrastructure Services | 26 | 26 | 26 | 78 | 47 | 31 |
| Post Office - Contract1 - Judgement (Fcast only) | 5 | 5 | 390 | 400 | 1,096 | (695) |
| Business and Application Services | 5 | 5 | 390 | 400 | 122 | 278 |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 | 1,147 | (1,147) |
| Margin % | | | | | | |
| PO_Contract1 | 33% | 37% | 39% | 36% | 33% | 4% |
| Business and Application Services | 30% | 37% | 42% | 36% | 27% | 9% |
| Managed Infrastructure Services | 37% | 38% | 38% | 38% | 39% | -1% |

3f. Finance: Q1RF 2015/16 – Quarter 2



| Post Office QTD Financial Summary (£k) | 2016 Q1budget_15 Periodic Jul | 2016 Q1budget_15 Periodic Aug | 2016 Q1budget_15 Periodic Sep | 2016 Q1budget_15 QTD Sep | 2016 MTP_14v2 QTD Sep | 2016 MTP_14v2 Variance Sep |
|--|--|--|--|-----------------------------------|--------------------------------|-------------------------------------|
| Net New Orders Received | | | | | | |
| PO_Contract1 | 675 | 175 | 475 | 1,325 | 1,180 | 145 |
| Business and Application Services | 278 | 113 | 413 | 803 | 701 | 102 |
| Managed Infrastructure Services | 223 | 53 | 53 | 328 | 277 | 51 |
| Revenue | | | | | | |
| PO_Contract1 | 4,167 | 4,322 | 4,463 | 12,953 | 13,998 | (1,045) |
| Business and Application Services | 1,733 | 1,846 | 2,096 | 5,676 | 5,769 | (93) |
| Managed Infrastructure Services | 1,568 | 1,589 | 1,572 | 4,729 | 5,901 | (1,172) |
| Post Office - Contract1 - Base Service | 3,199 | 3,199 | 3,199 | 9,598 | 9,266 | 331 |
| Business and Application Services | 1,432 | 1,432 | 1,432 | 4,297 | 4,223 | 73 |
| Managed Infrastructure Services | 1,053 | 1,053 | 1,053 | 3,158 | 2,875 | 283 |
| Post Office - Contract1 - Projects | 747 | 902 | 1,043 | 2,693 | 17 | 2,675 |
| Business and Application Services | 163 | 277 | 527 | 967 | 17 | 949 |
| Managed Infrastructure Services | 432 | 453 | 436 | 1,321 | 0 | 1,321 |
| Post Office - Contract1 - New Business (Fcast only) | 221 | 221 | 221 | 662 | 19,283 | (18,620) |
| Business and Application Services | 138 | 138 | 138 | 413 | 5,232 | (4,819) |
| Managed Infrastructure Services | 83 | 83 | 83 | 250 | 8,214 | (7,964) |
| Post Office - Contract1 - Judgement (Fcast only) | 0 | 0 | 0 | 0 | (14,569) | 14,569 |
| Business and Application Services | 0 | 0 | 0 | 0 | (3,703) | 3,703 |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 | (5,188) | 5,188 |
| Margin | | | | | | |
| PO_Contract1 | 1,542 | 1,597 | 1,633 | 4,772 | 4,886 | (114) |
| Business and Application Services | 656 | 692 | 755 | 2,102 | 1,738 | 365 |
| Managed Infrastructure Services | 586 | 594 | 609 | 1,789 | 2,416 | (627) |
| Post Office - Contract1 - Base Service | 1,232 | 1,262 | 1,280 | 3,774 | 3,423 | 351 |
| Business and Application Services | 542 | 570 | 584 | 1,696 | 1,456 | 240 |
| Managed Infrastructure Services | 446 | 445 | 465 | 1,357 | 1,273 | 84 |
| Post Office - Contract1 - Projects | 237 | 262 | 281 | 780 | 0 | 780 |
| Business and Application Services | 67 | 75 | 125 | 267 | 0 | 267 |
| Managed Infrastructure Services | 114 | 122 | 118 | 355 | 0 | 355 |
| Post Office - Contract1 - New Business (Fcast only) | 67 | 67 | 67 | 202 | 790 | (588) |
| Business and Application Services | 41 | 41 | 41 | 124 | 480 | (357) |
| Managed Infrastructure Services | 26 | 26 | 26 | 78 | 99 | (21) |
| Post Office - Contract1 - Judgement (Fcast only) | 5 | 5 | 5 | 15 | 673 | (657) |
| Business and Application Services | 5 | 5 | 5 | 15 | (199) | 214 |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 | 1,045 | (1,045) |
| Margin % | | | | | | |
| PO_Contract1 | 37% | 37% | 37% | 37% | 35% | 2% |
| Business and Application Services | 38% | 37% | 36% | 37% | 30% | 7% |
| Managed Infrastructure Services | 37% | 37% | 39% | 38% | 41% | -3% |

3g. Finance: Q1RF 2015/16



| Post Office Annual Financial Summary (£k) | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 |
|--|-------------|-------------|-------------|-------------|-------------|----------|-------------|
| | Q1budget_15 | Q1budget_15 | Q1budget_15 | Q1budget_15 | Q1budget_15 | MTP_14v2 | Q1budget_15 |
| | QTD | QTD | QTD | QTD | YTD | YTD | Variance |
| | Jun | Sep | Dec | Mar | Mar | Mar | Mar |
| Net New Orders Received | | | | | | | |
| PO_Contract1 | 2,100 | 1,325 | 1,525 | 2,025 | 6,975 | 157,696 | (150,721) |
| Business and Application Services | 838 | 803 | 503 | 1,338 | 3,480 | 82,964 | (79,484) |
| Managed Infrastructure Services | 733 | 328 | 828 | 658 | 2,545 | 75,199 | (72,654) |
| Revenue | | | | | | | |
| PO_Contract1 | 13,809 | 12,953 | 12,477 | 10,867 | 50,107 | 51,696 | (1,589) |
| Business and Application Services | 6,893 | 5,676 | 6,680 | 5,231 | 24,481 | 24,075 | 406 |
| Managed Infrastructure Services | 4,415 | 4,729 | 3,499 | 3,307 | 15,949 | 18,488 | (2,539) |
| Post Office - Contract1 - Base Service | 9,626 | 9,598 | 9,398 | 9,454 | 38,077 | 37,091 | 986 |
| Business and Application Services | 4,297 | 4,297 | 4,259 | 4,297 | 17,149 | 16,893 | 256 |
| Managed Infrastructure Services | 3,185 | 3,158 | 2,999 | 3,019 | 12,361 | 11,528 | 834 |
| Post Office - Contract1 - Projects | 2,750 | 2,693 | 1,449 | 699 | 7,590 | 373 | 7,216 |
| Business and Application Services | 1,414 | 967 | 1,173 | 423 | 3,977 | 373 | 3,603 |
| Managed Infrastructure Services | 980 | 1,321 | 184 | 184 | 2,668 | 0 | 2,668 |
| Post Office - Contract1 - New Business (Fcast only) | 662 | 662 | 860 | 715 | 2,900 | 72,715 | (69,816) |
| Business and Application Services | 413 | 413 | 479 | 512 | 1,815 | 18,473 | (16,658) |
| Managed Infrastructure Services | 250 | 250 | 316 | 104 | 920 | 30,737 | (29,817) |
| Post Office - Contract1 - Judgement (Fcast only) | 770 | 0 | 770 | 0 | 1,540 | (58,484) | 60,024 |
| Business and Application Services | 770 | 0 | 770 | 0 | 1,540 | (11,665) | 13,205 |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 | 0 | (23,777) | 23,777 |
| Margin | | | | | | | |
| PO_Contract1 | 5,003 | 4,756 | 4,737 | 4,268 | 18,765 | 18,917 | (151) |
| Business and Application Services | 2,486 | 2,087 | 2,482 | 2,055 | 9,110 | 7,194 | 1,916 |
| Managed Infrastructure Services | 1,679 | 1,789 | 1,455 | 1,404 | 6,327 | 8,758 | (2,430) |
| Post Office - Contract1 - Base Service | 3,583 | 3,774 | 3,709 | 3,769 | 14,835 | 13,682 | 1,154 |
| Business and Application Services | 1,573 | 1,696 | 1,682 | 1,730 | 6,681 | 5,822 | 859 |
| Managed Infrastructure Services | 1,291 | 1,357 | 1,284 | 1,296 | 5,228 | 5,043 | 185 |
| Post Office - Contract1 - Projects | 834 | 780 | 382 | 282 | 2,278 | 0 | 2,278 |
| Business and Application Services | 404 | 267 | 272 | 172 | 1,115 | 0 | 1,115 |
| Managed Infrastructure Services | 310 | 355 | 74 | 74 | 811 | 0 | 811 |
| Post Office - Contract1 - New Business (Fcast only) | 202 | 202 | 261 | 217 | 882 | 4,717 | (3,835) |
| Business and Application Services | 124 | 124 | 144 | 153 | 545 | 2,178 | (1,633) |
| Managed Infrastructure Services | 78 | 78 | 98 | 34 | 288 | 1,366 | (1,077) |
| Post Office - Contract1 - Judgement (Fcast only) | 385 | 0 | 385 | 0 | 770 | 518 | 252 |
| Business and Application Services | 385 | 0 | 385 | 0 | 770 | (806) | 1,576 |
| Managed Infrastructure Services | 0 | 0 | 0 | 0 | 0 | 2,349 | (2,349) |
| Margin % | | | | | | | |
| PO_Contract1 | 36% | 37% | 38% | 39% | 37% | 37% | 1% |
| Business and Application Services | 36% | 37% | 37% | 39% | 37% | 30% | 7% |
| Managed Infrastructure Services | 38% | 38% | 42% | 42% | 40% | 47% | -8% |

3h. Finance: 2015-16 Risks & Opps (Total)

| po_contract1 (Risks) and Opportunities (£m) | £m | | | | | | | | |
|---|--------------|--------------|---------------------------|--------------|--------------|---------------------------|--------------|--------------|---------------------------|
| | FY15/16 - Q1 | | | FY15/16 - Q2 | | | FY15/16 1H | | |
| | Orders | Revenue | Operating Profit / (Loss) | Orders | Revenue | Operating Profit / (Loss) | Orders | Revenue | Operating Profit / (Loss) |
| Q1Budget_15 | 2.1 | 13.8 | 5.0 | 1.3 | 13.0 | 4.8 | 3.4 | 26.8 | 9.8 |
| Latest View | 1.6 | 14.4 | 5.2 | 1.3 | 13.0 | 4.8 | 3.0 | 27.3 | 10.0 |
| Opportunities: | | | | | | | | | |
| New Business: | | | | | | | | | |
| POLSAP extension (1 year to Mar17) | | | | 0.5 | | | 0.5 | - | - |
| Credence extension (1 year to Mar17) | | | | 0.5 | | | 0.5 | - | - |
| POLSAP applications support (1 year to Mar17) | | | | 1.5 | | | 1.5 | - | - |
| Belfast Refresh - completion CT | 0.8 | 0.6 | 0.2 | | 0.2 | - | 0.8 | 0.8 | 0.2 |
| TSS Extension (1 year to Mar18) | 25.0 | | | | | | 25.0 | | |
| Belfast Refresh 2 | | | | 20.0 | 8.0 | 6.0 | 20.0 | 8.0 | 6.0 |
| New Business sub-total: | 25.8 | 0.6 | 0.2 | 22.5 | 8.2 | 6.0 | 48.3 | 8.8 | 6.2 |
| Operational: | | | | | | | | | |
| Headcount movements | | | 0.1 | | | 0.1 | - | - | 0.2 |
| Potential for additional PODG activity | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 |
| E&Y audit costs not contractual | | | 0.0 | | | 0.0 | - | - | 0.0 |
| Operational sub-total: | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 |
| Total Opportunities | 25.8 | 0.7 | 0.3 | 22.6 | 8.3 | 6.1 | 48.4 | 8.9 | 6.5 |
| (Risks): | | | | | | | | | |
| New Business: | | | | | | | | | |
| £2m operational efficiency | (2.0) | (0.5) | (0.5) | | (0.5) | (0.5) | (2.0) | (1.0) | (1.0) |
| Contractual obligations | | | (0.1) | | | (0.1) | - | - | (0.2) |
| Stranded costs | | | (0.1) | | | | - | - | (0.1) |
| New Business sub-total: | (2.0) | (0.5) | (0.7) | - | (0.5) | (0.6) | (2.0) | (1.0) | (1.3) |
| Operational: | | | | | | | | | |
| TSS - Towers ramp down accelerated | (0.5) | (0.1) | (0.0) | | (0.1) | (0.0) | (0.5) | (0.1) | (0.0) |
| Operational sub-total: | (0.5) | (0.1) | (0.0) | - | (0.1) | (0.0) | (0.5) | (0.1) | (0.0) |
| Total Risks | (2.5) | (0.6) | (0.7) | 0.0 | (0.6) | (0.6) | (2.5) | (1.1) | (1.4) |
| Net New Business Risks & Opportunities | 23.8 | 0.1 | (0.5) | 22.5 | 7.7 | 5.4 | 46.3 | 7.8 | 4.9 |
| Net Operational Risks & Opportunities | (0.5) | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | (0.4) | 0.0 | 0.2 |
| Net Risks & Opportunities | 23.3 | 0.1 | (0.4) | 22.6 | 7.7 | 5.5 | 45.9 | 7.8 | 5.1 |

3i. Finance: 2015-16 Risks & Opps (BAS only)

| po_contract1 | £m | | | | | | | | |
|---|--------------|--------------|---------------------------|--------------|--------------|---------------------------|--------------|--------------|---------------------------|
| | FY15/16 - Q1 | | | FY15/16 - Q2 | | | FY15/16 1H | | |
| (Risks) and Opportunities (£m) | Orders | Revenue | Operating Profit / (Loss) | Orders | Revenue | Operating Profit / (Loss) | Orders | Revenue | Operating Profit / (Loss) |
| Q1Budget_15 | 0.8 | 6.9 | 2.5 | 0.8 | 5.7 | 2.1 | 1.6 | 12.6 | 4.6 |
| Latest View | 0.5 | 7.4 | 2.7 | 0.8 | 5.7 | 2.1 | 1.3 | 13.1 | 4.8 |
| Opportunities: | | | | | | | | | |
| <u>New Business:</u> | | | | | | | | | |
| POLSAP applications support (1 year to Mar17) | | | | 1.5 | | | 1.5 | - | - |
| Belfast Refresh - completion CT | 0.8 | 0.6 | 0.2 | | 0.2 | - | 0.8 | 0.8 | 0.2 |
| TSS Extension (1 year to Mar18) | 12.0 | | | | | | 12.0 | - | - |
| Belfast Refresh 2 | | | | 20.0 | 8.0 | 6.0 | 20.0 | 8.0 | 6.0 |
| New Business sub-total: | 12.8 | 0.6 | 0.2 | 21.5 | 8.2 | 6.0 | 34.3 | 8.8 | 6.2 |
| <u>Operational:</u> | | | | | | | | | |
| Headcount movements | | | 0.1 | | | 0.1 | - | - | 0.2 |
| Potential for additional PODG activity | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 |
| E&Y audit costs not contractual | | | 0.0 | | | 0.0 | - | - | 0.0 |
| Operational sub-total: | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 |
| Total Opportunities | 12.8 | 0.7 | 0.3 | 21.6 | 8.3 | 6.1 | 34.4 | 8.9 | 6.5 |
| <u>(Risks):</u> | | | | | | | | | |
| <u>New Business:</u> | | | | | | | | | |
| £2m operational efficiency | (0.7) | (0.2) | (0.2) | | (0.2) | (0.2) | (0.7) | (0.3) | (0.3) |
| Contractual obligations | | | (0.1) | | | (0.1) | - | - | (0.2) |
| New Business sub-total: | (0.7) | (0.2) | (0.3) | - | (0.2) | (0.3) | (0.7) | (0.3) | (0.5) |
| <u>Operational:</u> | | | | | | | | | |
| TSS - Towers ramp down accelerated | (0.5) | (0.1) | (0.0) | | (0.1) | (0.0) | (0.5) | (0.1) | (0.0) |
| Operational sub-total: | (0.5) | (0.1) | (0.0) | - | (0.1) | (0.0) | (0.5) | (0.1) | (0.0) |
| Total Risks | (1.2) | (0.2) | (0.3) | 0.0 | (0.2) | (0.3) | (1.2) | (0.4) | (0.6) |
| Net New Business Risks & Opportunities | 12.1 | 0.4 | (0.1) | 21.5 | 8.0 | 5.7 | 33.6 | 8.5 | 5.7 |
| Net Operational Risks & Opportunities | (0.5) | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | (0.4) | 0.0 | 0.2 |
| Net Risks & Opportunities | 11.6 | 0.4 | 0.0 | 21.6 | 8.0 | 5.8 | 33.2 | 8.5 | 5.9 |

3j. Finance: 2015-16 Risks & Opps (MIS only)

| po_contract1 | £m | | | | | | | | |
|---|--------------|--------------|---------------------------|--------------|--------------|---------------------------|--------------|--------------|---------------------------|
| | FY15/16 - Q1 | | | FY15/16 - Q2 | | | FY15/16 1H | | |
| (Risks) and Opportunities (£m) | Orders | Revenue | Operating Profit / (Loss) | Orders | Revenue | Operating Profit / (Loss) | Orders | Revenue | Operating Profit / (Loss) |
| Q1Budget_15 | 0.7 | 4.4 | 1.7 | 0.3 | 4.7 | 1.8 | 1.1 | 9.1 | 3.5 |
| Latest View | 0.7 | 4.6 | 1.7 | 0.3 | 4.7 | 1.8 | 1.1 | 9.3 | 3.5 |
| Opportunities: | | | | | | | | | |
| <u>New Business:</u> | | | | | | | | | |
| POLSAP extension (1 year to Mar17) | | | | 0.5 | | | 0.5 | - | - |
| Credence extension (1 year to Mar17) | | | | 0.5 | | | 0.5 | - | - |
| TSS Extension (1 year to Mar18) | 11.0 | | | | | | 11.0 | - | - |
| New Business sub-total: | 11.0 | - | - | 1.0 | - | - | 12.0 | - | - |
| <u>Operational:</u> | | | | | | | | | |
| Operational sub-total: | - | - | - | - | - | - | - | - | - |
| Total Opportunities | 11.0 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 | 12.0 | 0.0 | 0.0 |
| <u>(Risks):</u> | | | | | | | | | |
| <u>New Business:</u> | | | | | | | | | |
| £2m operational efficiency | (0.7) | (0.2) | (0.2) | | (0.2) | (0.2) | (0.7) | (0.3) | (0.3) |
| Stranded costs | | | (0.1) | | | | - | - | (0.1) |
| New Business sub-total: | (0.7) | (0.2) | (0.3) | - | (0.2) | (0.2) | (0.7) | (0.3) | (0.5) |
| <u>Operational:</u> | | | | | | | | | |
| Operational sub-total: | - | - | - | - | - | - | - | - | - |
| Total Risks | (0.7) | (0.2) | (0.3) | 0.0 | (0.2) | (0.2) | (0.7) | (0.3) | (0.5) |
| Net New Business Risks & Opportunities | 10.3 | (0.2) | (0.3) | 1.0 | (0.2) | (0.2) | 11.3 | (0.3) | (0.5) |
| Net Operational Risks & Opportunities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Risks & Opportunities | 10.3 | (0.2) | (0.3) | 1.0 | (0.2) | (0.2) | 11.3 | (0.3) | (0.5) |

3k. Finance: FY15/16 1H Range

1H Range (FY15/16)

| £'m | Total Account | | | BAS Only | | | MIS Only | | |
|---------------------------------|---------------|---------|--------|----------|---------|--------|----------|---------|--------|
| | Orders | Revenue | Margin | Orders | Revenue | Margin | Orders | Revenue | Margin |
| Best | 51.3 | 36.2 | 16.5 | 35.7 | 22.0 | 11.2 | 13.1 | 9.3 | 3.5 |
| TSS Extension (1 year to Mar18) | 25.0 | 0.0 | 0.0 | 12.0 | 0.0 | 0.0 | 11.0 | 0.0 | 0.0 |
| Belfast Refresh 2 | 20.0 | 8.0 | 6.0 | 20.0 | 8.0 | 6.0 | 0.0 | 0.0 | 0.0 |
| New business opportunities won | 3.4 | 0.9 | 0.5 | 2.4 | 0.9 | 0.5 | 1.0 | 0.0 | 0.0 |
| Latest View | 3.0 | 27.3 | 10.0 | 1.3 | 13.1 | 4.8 | 1.1 | 9.3 | 3.5 |
| £2m operational efficiency | (2.0) | (1.0) | (1.0) | (0.7) | (0.3) | (0.3) | (0.7) | (0.3) | (0.3) |
| Net judged risk materialize | (0.5) | (0.1) | (0.4) | (0.5) | (0.1) | (0.2) | 0.0 | 0.0 | (0.1) |
| Worst | 0.5 | 26.2 | 8.7 | 0.2 | 12.6 | 4.2 | 0.4 | 9.0 | 3.1 |



3I. Finance: Phasing Opps & Judgements

Phasing Opportunities

- Accelerate plans to reduce people related costs
- Project activity – HA, Credence, POLSAP, TR's

Judgement Fulfilment

- £2.0m revenue & £1.1m margin
- Offshoring
- Potential further extensions
- IRRELEVANT support team moved to Post Office Account – shared service
- Extension/ IPR/ Extension Option moved past September 2015

4a. MTP Track and Cost Efficiencies

■ Growth Strategy update against plan

- Secure Potential 1 years extension and then explore other events depending on FO Tower successor.
- Credence and POLSAP extensions beyond 2016
- Horizon Anywhere fixed price proposal signed

■ Delivery Strategy update against plan

- Evolution of the service operating model underway reflecting new service landscape driven by Towers Model - Release/Patch/Asset Management
- Hardening of service to contract and reduction of contract overs
- Hard line on CRs and CTs before work / go live can commence
- Discretionary investments removed from P&L

■ Workforce Plan update

- FMAP complete for POA LT
- Resource efficiency plan continues for savings identified in Q1RF
- Staff Engagement Plan complete for new year to be published in March
- Wellbeing Plan to be established, prioritised and built into CSR approach

■ MTP Opportunities update

- Benefits of work to enhance Finance governance are now being realised
- Work continues to standardise and optimise process through SIP/Lean/CI
- MTP updated following Front Office decision
- Overs, efficiencies and opportunity workshops in place

4b. Weekly Tracker - Exit & Transition Progress (1)

Agenda: Joint Weekly Tracker Status 13/04/15

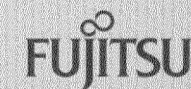
Exit & Transition Progress: Executive Summary Page

| ITEM | Topic | CT References | Summary Status | With POL/FJ | Target Approval Date | Deadline Approval Date | Consequences |
|------|----------------------------|--|--|-------------|------------------------------------|------------------------|--------------|
| 01 | POLSAP | CT1669a (Study), CT1702 & CT1739 | 27/2 CT Approved | POL | W/C 16 th Feb CLOSED | 27/2 | |
| 02 | POLSAP Oracle (Study) | CT 1746 | 25/03 Approved | POL | W/C 2 nd Feb CLOSED | 11/3 | |
| 02a | POLSAP Hosting CCN | CCN1418 | 20/03 Approved | POL | March CLOSED | 11/3 | |
| 03 | Credence | CT1654a (Study) CT1701 CT1778 | 11/03 Approved | FJ/POL | W/C 2 nd Mar CLOSED | 6/3 | |
| 03a | Credence Hosting CCN | CCN 1419 | 27/03 Approved | POL | 13/3 CLOSED | 13/3 | |
| 04 | Horizon Anywhere | CT1682 Updated with interim CT1735 | 17/03 Approval email received from Head of Procurement at POL: CLOSED | POL | W/C 27 th Feb CLOSED | 10/2 | |
| 05 | Test Rigs | CT1709b | Approved 06/02/15 | | CLOSED | | |
| 05a | Test Rigs Run CCN | BaCCN1420a CT1793 | 30/03 Approved pending CFO sign off expected today 31/03 | POL | March | 9/3 | |
| 06 | TSS2 R&R Study | CT1729 | CT with Post Office Ltd for approval (Approved 06/02/15) | | CLOSED | | |
| 07 | BNS Study 1&2 | CT1698 (upgrade1) CT1721 (Upgrade2) | 25/03 Approved | POL | W/C 16 th Feb CLOSED | 10/3 | |
| 08 | OBC Term Ext | Withdrawn | Closed | | CLOSED | | |
| 09 | Eng & OBC Exit make Good | CT1749 | CT approved 10/2/15 | | Part 1 CLOSED | | |
| 09a | OBC Exit & Make Good | CT1789 – CT1790 CCN1421 | 24/03: CT1789 Approved CT 1790 Still outstanding since 9 th March OBC Updated amendment sent and received: CT1421a With POL for Approval 25/03 Approved CT1421a | POL | 6/3 CLOSED | 18/3 | |
| 10 | CMT (6mths) Term Extension | CCN1414 | CCN Approved for (6mths) term extension | | Part 1 CLOSED | | |
| 11 | Atos Test Team move | CT1750a and CT1761 | 24/03 CT1761a With POL for approval 27/03 Approved | POL | w/c 16 th Feb CLOSED | 18/3 | |
| 12 | Salesforce Term Extension | CT1415 | CCN Approved | | CLOSED | | |
| 13 | Belfast Variations | CT1700 Issued 12th Nov 2014 | 14/2/17 CT approved | POL | CLOSED | | |
| 14 | OWA | CT1671 & CT 1672 | 04/03 Withdrawn | POL | Closed | | |

4b. Weekly Tracker - Exit & Transition Progress (2)

| | | | | | | | |
|----|--------------------------------|---------------|--|--------|------------------------------------|-------------------------------------|--------------------------------------|
| 15 | MPLS | CT1706/CT1806 | CT with Post Office Ltd for approval 17/2/15 No change 21/2/15 No change 26/2/15 No change 04/03 – POL request to downgrade solution received – will delay revised CT 10/03 New CT being raised with scaled back solution. 12/03 Waiting for supplier re-quotes from 3 rd parties 17/03 No change. Target to get reissued 23 rd 19/03 New supplier quotes expected this week. Target for reissue W/C 23 rd 24/03 Still waiting new quotes: Escalated within FJ procurement 27/03 Quotes being validated Target for issue Friday/Monday 30/03 With POL for Approval | FJ>POL | W/C 2 nd Mar | W/C 23 rd March | Second CT reflecting new requirement |
| 16 | IBM Data-stage | CT1792 | 27/03 Approved | POL | 9 th March CLOSED | Monday 23 rd March | |
| 17 | CMT (12mths) Term Extension | CCN1422 | 10/03 Alternative wording being produced to provide for 12mths CMT extension with no less advantage to Pol than 6months Terms: Action with Sarah & Liz to agree commercial wording. 12/03 POL requested this is extended to March 17 with a 6 month cap on LOP 19/03 Draft CCN wording being raised aim to issue this week. 24/03 CCN issued with POL for approval 30/03 No status change | FJ | W/C 23 rd March | | POL request for CMT extension |
| 18 | Global cloud support | CT1788 | Covers monthly use of Fujitsu Global cloud. Current funding has expired, but service not turned off | POL | w/c 13 th April | | Monthly funding for cloud required |
| 19 | OBC Make good | CT1790 | CT 1790 Still outstanding since 9 th March | POL | W/c 15 th April | | |
| 20 | Eng Contact Change | CCN 1423 | CCN covers amendments to remaining service lines in contract following Engineering exit. | POL | 30 th April | | This triggers savings to POL |

4c. Demand: FY15 Orders Outlook Top Level



| Q1RF | Overall | Q1 | Q2 | Q3 | Q4 |
|--|--------------|-------|------|-----|-----|
| | £k | £k | £k | £k | £k |
| RPI | 1,200 | 1,200 | | | |
| PCI 3 | 500 | 500 | | | |
| POLSAP Oracle – (Covers £1.3m Judgement in Q1RF) | 1,300 | | 1300 | | |
| Judgement - (PCI Task in Q1RF)) | 500 | | | 500 | |
| Judgement | 200 | | | | 200 |
| Contract | 300 | 75 | 75 | 75 | 75 |
| Project | 1,800 | 450 | 450 | 450 | 450 |
| Total | 5,800 | | | | |
| Service Extensions: | | | | | |
| CMT (Covers Service Judgement +170) | 670 | 670 | | | |
| Total | 670 | | | | |
| Transitions | | | | | |
| Transition Churn (Network, FO, BO, EUC) | 675 | 375 | 300 | | |
| Total | 675 | | | | |
| Total | 7,145 | | | | |
| Other Opportunities: | | | | | |
| HORice | 300 | | | | |
| Hotel Sierra | 300 | | | | |
| POLSAP ECC6 and PI Upgrade | 2,000 | | | | |
| POLSAP Apps and Hosting Extension | 1,000 | | | | |
| Credence Hosting Extension | 500 | | | | |
| Contract Extension | 30,000 | | | | |
| R+R | 20,000 | | | | |
| Belfast Refresh True-up | 500 | | | | |
| IAS 11 | | | | | |
| Horizon Anywhere (Implementation) | 500 | 500 | | | |
| Payments Gateway/Pin Pad Firmware | 600 | | | 600 | |
| Judgement/projects | 700 | | 700 | | |
| IAS 11 Churn | 500 | 125 | 125 | 125 | 125 |
| Total | 2,300 | | | | |

4d. Demand & Supply: Mobilisation

■ YTD deals closed £28.7m and £6.1m IAS11

- Operational Business Change (Branch Change) for application and network changes extended to 31 March 2017
- Communication Management Team extended to 31 March 2016
- POLSAP Hosting extended to 31 March 2016
- Credence (Management Information Service) hosting extended to 31 March 2016
- Salesforce Perspecsys Service extended to 31 March 2016
- Test Rig Service (enabling continued application development and churn) to 31 March 2017
- Fujitsu First upgrades for POLSAP, Credence and Test Rigs sees all EMC systems replaced by Eternus.
- Horizon Anywhere

■ Q1 and in flight deals

- SAP and Credence Hosting extensions
- TSS and Belfast Refresh 2 initiated
- Churn

4e. Account Defend & Grow

■ FY14 Achievements and Progress

- £28.7mTCV signed

■ FY15-16 Plans for Defend & Grow

- TSS extension and Belfast Refresh
- Sale of service/ assets or licences to Towers providers of POL
- Creation of Catalogue
- Growth of small scale churn below POL Governance radar

■ FY15-16 Operational Priorities

- transition and exit plan strategy
- Delivery of Belfast Refresh
- People plan

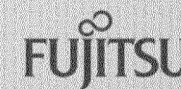
■ Key Risks, Assumptions and Dependencies

- £2m Operational efficiency
- Atos and POL new operating model for change impacting pipeline
- Aggressive migration of work to new Towers providers drives risk and revenue pipeline – need business change below radar
- IBM Strategy could be challenge to outer year service revenues

5. Programme & Project Performance



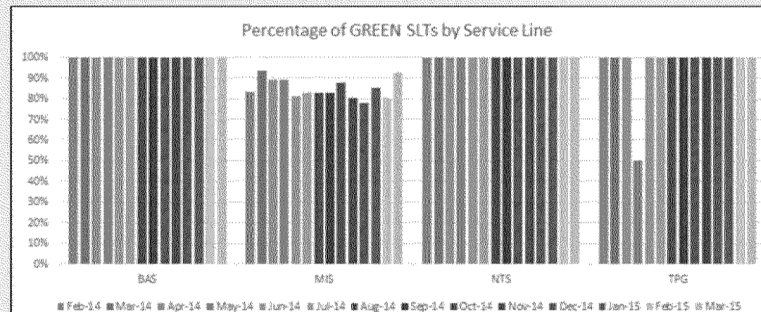
| Project | Activity | Baseline Date | RAG | Comment: |
|-------------------------------------|----------------------------|------------------|-----|--|
| Belfast Refresh | Design/ Build/ Deploy | (May '15) | | New plan agreed with Atos/PO reflecting delays in CT1700 sign-off and delays in LST (Oracle issues), majority of migration to be complete by End May, variations CT being drafted to reflect new plans. Amber status reflects need for plan to be baselined and variations agreed with PO/ Atos. LST continuing with 50% of FAD# migrations complete. SV&I downsizing completed. |
| Client Connection Services (CCS) | Specification - Deployment | Various | | Click & Collect – further issues with the interface (FRES), deployment now scheduled for 7/5 (13/4). Travel Money Card – PO/Atos end to end testing and LST completed. Deployed in Model Office 14/4. on track for Live 14/4. |
| Transition | Transition | June 14 | | Engineering and OBC services transitioned, although the majority of OBC services remain with Fujitsu. Continuing to work with and support Atos / Computacenter post transition, and service being closely monitored with twice daily meetings to address issues. CCN for Engineering Service awaiting sign off. Atos testers moved out of BRA01 on 31/3. Study underway on overall solution in terms of Atos access to evidence etc, in meantime SV&I providing service agreed in the CT. |
| Mails Online | Design/ Build | Nov 14 | | Project closed down following receipt of OWA from Atos. |
| Horizon Anywhere | Design | tbc | | CT approved and work progressing on track. Initial payment milestone achieved 13/3. Development progressing well on schedule for 2 nd Milestone 8/6. Sessions held with Atos & Computacenter and CR now being impacted. |
| Mails Reporting/ PO & Camelot/ Amex | Design/ Build | Oct 14 Feb 15 | | Amex - deployed across the full estate 24/3, and project in closedown. |
| MoneyGram & Cheque Rem Out | Design/ Build | Jul '15 | | SV&I testing progressing on track, Live deployment planned for 11/6. |
| POLSAP & Credence Refreshes | Design | tbc | | POLSAP Storage Refresh plans agreed with Atos, as have the outline testing and migration strategies. Initial hardware received. Credence/MDM CT approved and mobilisation progressing, initial hardware delivered and remainder expected in next month. Detailed planning progressing ready for agreement with Atos/ PO. Working closely with TPG to address risks associated with their late change to the switch solution. |
| Test Rigs Refresh | Design | tbc | | Initial draft detailed plans established and being reviewed with Atos/PO and against the overall programme plans. Initial hardware delivered. |
| Branch Network Refresh | Design | tbc | | CTs approved for BNS Refresh and mobilisation underway. |



6a. Service Performance SLA

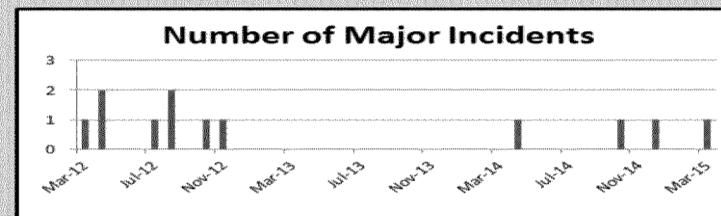
| Branch Availability (NTS) | Jan-15 | Feb-15 | Mar-15 |
|--------------------------------------|---------|---------|---------|
| Post Office Core Day - target 99.56% | 99.87% | 99.79% | 99.89% |
| SLT Performance (BAS) | | | |
| Percentage of SLTs (SLAs) passed | 100.00% | 100.00% | 100.00% |
| SLT Performance (MIS) | | | |
| Percentage of SLTs (SLAs) passed | 85.40% | 82.90% | 92.70% |

A good increase in MIS SLTs passed with Engineering achieving 5 green targets out of 7 in the last month before Service Exit. Better numbers are expected next month when we lose Engineering.



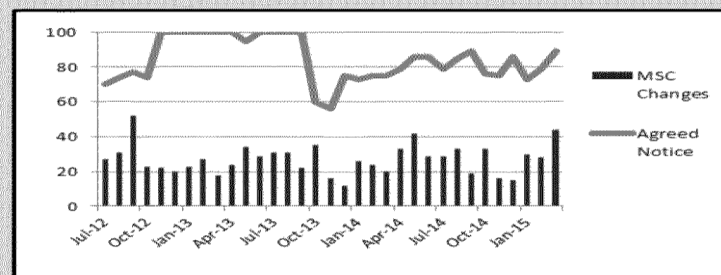
| Incident Management - Major Incidents | Jan-15 | Feb-15 | Mar-15 |
|---------------------------------------|--------|--------|--------|
| Number of Major Incidents in Month | 0 | 0 | 1 |

All branches unable to contact DC for Banking type transactions only on Sunday morning 15th March. Due to planned changes to upgrade software on Firewall Services Modules. Regression took place at approx 11:30.



| Operational Change | Jan-15 | Feb-15 | Feb-15 |
|-------------------------------------|--------|--------|--------|
| No. of BAU MSC Changes in Month | 30 | 28 | 44 |
| % of MSC Changes with Agreed Notice | 73.0% | 79.0% | 89.0% |

22 of the 28 changes sent to Atos in February had > 7 days notice.

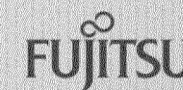


| Capacity Management | Jan-15 | Feb-15 | Mar-15 |
|--|--------|--------|--------|
| Peak Day Volume for Period (EPOSS & Settlements) | 7.1m | 7.1m | 7.7m |

The Peak Day Contracted Volume is 19.7 million with a Design Limit of 23.6m. Full details in PA/PER/033.

| Operations - Service Credits | Jan-15 | Feb-15 | Mar-15 |
|------------------------------|--------|--------|--------|
| Value of Credits Paid | 0 | 0 | 0 |

6b. Service Performance QRT/POA Scorecard



| | | Q1 13 | Q2 13 | Q3 13 | Q4 13 | Q1 14 | Mar 14 | Apr 14 | May 14 | Jun 14 | Jul 14 | Aug 14 | Sept 14 | Oct-14 | Nov-14 | Dec-14 |
|---|---|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|
| End User Services (Engineering and CMT) | M | 8.1 | 8.8 | 8.3 | 8.5 | 8.3 | 8.3 | 8.3 | 8.3 | 7 | 7 | 7 | 8 | 7 | 8 | 8 |
| OBC | L | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Capacity | M | 7.3 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Release & Change | M | 7.3 | 8 | 8 | 8.3 | 8.3 | 9 | 7 | 8 | 8 | 8 | 8 | 8 | 7 | 8 | 8 |
| IT Security | L | N/S | N/S | N/S | 4.7 | 5 | 5 | | | | | | | | | |
| HNG Availability / Customer Experience | H | 9 | 10 | 9 | 9.3 | 9 | 9 | 9 | 10 | 10 | 9 | 9 | 9 | 10 | 10 | 9 |
| IT Service Continuity | M | 9 | 9 | 9.7 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 9 |
| Problem | M | 9.2 | 9.6 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Online - POLSAP | M | 9 | 9.3 | 8 | 8.7 | 9 | 9.5 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Online - Salesforce | L | N/A | N/A | N/A | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Online - Credence/MDM | L | 8.3 | 8 | 8.5 | 7.8 | 8.3 | 9 | 9 | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 |
| Overall Operational Service | | 8.6 | 8.9 | 8.9 | 8.5 | 8.8 | 8.8 | 8.9 | 8.9 | 8.8 | 8.9 | 8.9 | 9.0 | 8.9 | 9.2 | 9.0 |
| Weighted Measure | | | 9.1 | 8.9 | 8.8 | 8.8 | 8.9 | 8.8 | 9.0 | 8.7 | 8.7 | 8.7 | 8.9 | 8.8 | 9.2 | 8.9 |

- Next QRT/POA Scorecard scheduled for April 2015.

7a. Resourcing Update



| | Apr 15 | May 15 | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 | Dec 15 | Jan 16 | Feb 16 | Mar 16 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Contractors Started | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractors Exited | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractors with Exit Plans | 100% | 100% | 100% | 100% | 100% | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Contractors 18mths+ | 0% | 0% | 0% | 0% | 0% | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Contractors Extended 4+ | 0% | 0% | 0% | 0% | 0% | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total Contractors | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Gareth Jenkins – Horizon SME

| | Apr 15 | May 15 | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 | Dec 15 | Jan 16 | Feb 16 | Mar 16 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| RARs Raised | | | | | | | | | | | | |
| RARs Approved | | | | | | | | | | | | |
| RARs Fulfilled | 3 | | | | | | | | | | | |
| RARs No Long Required | | | | | | | | | | | | |

Contractors:

- Improvements: n/a
- Reduction Plan: **James Davidson** left end March 2015 as planned
- Variance from forecast for month: n/a
- Changes during month: n/a
- Asks: n/a

RARs:

- Improvements: n/a
- Variance from forecast for month: n/a
- Changes during month: 3 x IPs interviewed and confirmed for June intake
- Asks: n/a

Bench:

- Current Bench: n/a
- Bench Movements: n/a

7b. Resourcing Update

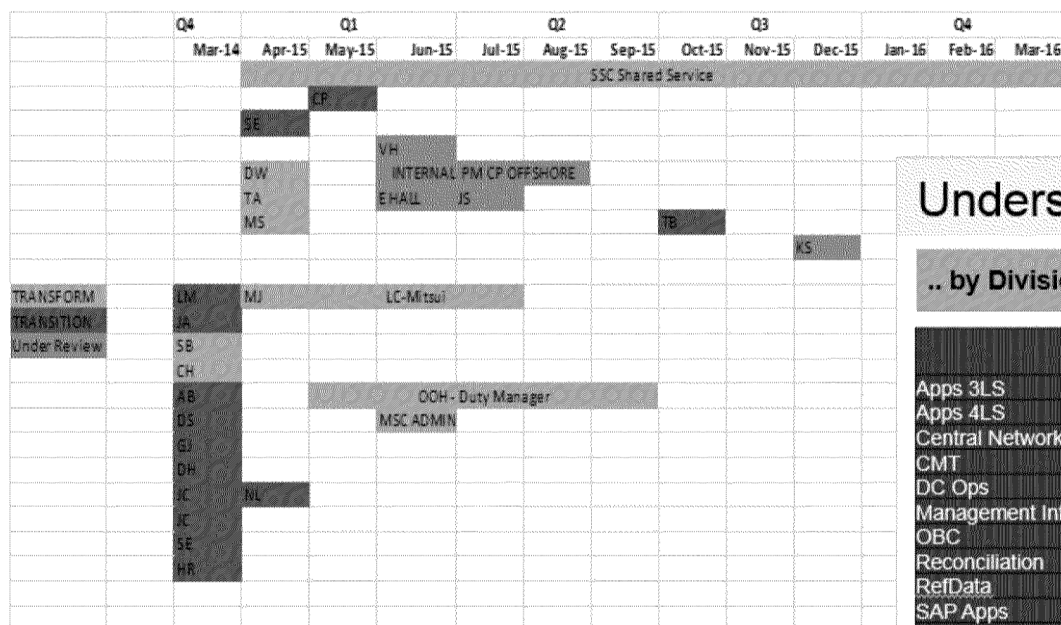
- **Critical Vacancies**
 - None
- **Key resource concerns to be resolved within in the next month**
 - Exit activities driving increased demand within Commercial. Uplift in resources required to manage additional workload.
- **Top 5 focus areas for training investment in 2014/15**
 - Management Accreditation (FMAP)
 - Commercial Awareness
 - Finance Awareness
 - Lean and Continuous Improvement
 - Mandated Corporate E-Learning
- **Local employee engagement activity planned/underway**
 - Face to Face Briefings and Road shows
 - Fujitsu Values & Behaviours Workshops
 - Social media (Blog, Portal, Web Casts etc)
 - POA Monthly Continuous Improvement Forum
 - POA Quarterly Corporate Social Responsibility Forum
 - Regular communication via Red Tops, Portal etc
 - New Joiner Induction Process
 - POA Bi-Weekly Newsletter



7c. Resourcing Update

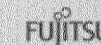
Joiner, Mover, Leaver/Potential Leaver Account Profile

People – Optimisation Plan



| Risk | Release | Retain | Replace | Comments |
|--------|---------|--------|---------|----------------|
| High | | Y | | Need to retain |
| Medium | Y | | Y | Backfill from |

Understanding the spread of roles



.. by Division

| | BAS | HQ | MIS | N&T | TPG | Total |
|--------------------|------------|-----------|-----------|-----------|----------|------------|
| Apps 3LS | 21 | | | | | 21 |
| Apps 4LS | 56 | 1 | 11 | | | 68 |
| Central Network | | | | 9 | | 9 |
| CMT | | | 7 | | | 7 |
| DC Ops | | | 25 | | | 25 |
| Management Info | | 2 | | | | 2 |
| OBC | | | 5 | | | 5 |
| Reconciliation | | 2 | | | | 2 |
| RefData | 2 | | | | | 2 |
| SAP Apps | 16 | | | | | 16 |
| Security | | 5 | 1 | 1 | 2 | 9 |
| Service Management | 12 | 2 | 13 | | | 27 |
| Systems Management | | | 7 | | | 7 |
| Test | | | 10 | | | 10 |
| Grand Total | 107 | 12 | 79 | 10 | 2 | 210 |

.. by Tower (approx.)

| SISD | FO | NT | BO | EUC | STRNDED |
|------|-----|----|----|-----|---------|
| 16 | 123 | 26 | 23 | 12 | 10 |

FUJITSU RESTRICTED

| Programme | | |
|-----------|--|--|
| Programme | | |
| Programme | | |
| Programme | | |
| Programme | | |

12

FUJITSU RESTRICTED - UK & IRELAND EYES ONLY

POA LT Strategy Workshop was held on 15th April to review Operating Model, Retention, JML and other Resource issues.

8a. Employee Engagement - Survey

■ What is working well and how can we leverage

- Face to Face briefings and Roadshows continue alongside Walking the Floor activities to engage the wider Account Team
- Regular communications to the Account Team through social media (POA Portal and Blog) alongside POA Newsletter and Red Tops to inform and update staff
- POA Monthly Face to Face Inductions with the POA Leadership Team for all new joiners to Account
- Reward and Recognition activities continue utilising Star Awards, POA Newsletter, social media, the POA Poster (all staff to sign across all sites), Account of the Year Celebration etc
- Responsible Business and Continuous Improvement Forums continue drive opportunities for staff to do & try different and interesting things.

■ Key Issues to be addressed

- Ensure that our strategic direction is understood, communicated and aligned to Account, Team and Individual objectives
- We need to ensure that our Managers are FMAP Accredited to raise overall management standards and enhance our capability
- Improve general awareness and understanding of the Towers Procurement Process and help staff appreciate/understand the impact of the change and highlight the opportunities it creates.
- Ensure staff have meaningful Personal Development Plans aligned to existing roles and supporting future career aspirations
- We need to continually assess the Wellbeing of our employees and seek to address Wellbeing issues promptly.

8b. Employee Engagement – Ongoing Actions



| Survey Question / Category | Issue/Problem statement | Targeted improvements | Owner | Target Date | Outcome | Review Notes |
|----------------------------|--|---|-------------|-------------|---|--|
| Engagement Plan 2015/16 | We need to enhance, update and reissue the 2015/16 Plan | Agree the in scope activities for all areas incl. engaging, empowering, enabling and exciting staff. | Mark Arnold | May 2015 | A meaningful plan and improvement activities for the 4 E areas. | Workshop scheduled for 15 th April 2015 to drive activity |
| Management Capability | Not all Line Managers are FMAP Accredited | Ensure that all Line Managers are FMAP Accredited | Mark Arnold | May 2015 | All Line Managers are FMAP Accredited | FMAP Tracker developed and plan to complete training in progress. Near Completion with 3 outstanding. |
| UK&I Employee Survey | Identify levels of staff satisfaction and create action plan to address issues | Review post survey in Q2 | Mark Arnold | July 2015 | Review post survey | |
| Development Plans | Staff feedback has highlighted that PDP are not always robust or meaningful | Ensure that staff have a PDP that is aligned to their existing role and where possible it supports career aspirations | Mark Arnold | July 2015 | Individual PDP for all staff that support current and future needs | Action plan with POA LT now underway. Survey conducted Jan 2015 and approximately 50% of POA HC did not have a PDP for the 2014/15 period. Issue escalated for attention during 2015/16. Survey will be re-issued 2 nd Quarter 2015 and action taken to ensure staff have a PDP for period. |
| POA Wellbeing Survey | Need to establish POA Wellbeing score | Conduct the POA Wellbeing Survey and resolve any Wellbeing issues | Mark Arnold | July 2015 | Increase in scores for Wellbeing on POA and develop Action Plan to resolve any Wellbeing issues | Approach UK&I Wellbeing Team & BAS to discuss and agree best approach. Launch post UK&I Employee Survey |

Complete

On Track

Delayed

8b. Employee Engagement – Completed Actions



| Survey Question / Category | Issue/Problem statement | Targeted improvements | Owner | Target Date | Outcome | Review Notes |
|-----------------------------|---|--|-------------|-------------|--|--|
| Strategy & Plan | Align BAS & POA objectives Clarify Strategy for POA Integrate/align with Team & Individual objectives | Create and Publish the POA SOAP Clear link between SOAP and Team/Individual objectives | Gavin Bell | Nov 2014 | BAS & POA objectives aligned POA SOAP published via Portal Team and individual objectives aligned | COMPLETE COMPLETE COMPLETE |
| Communication (Towers) | Not all staff aware of Towers strategy and procurement process | Ensure that our staff are better informed regarding the Towers strategy/procurement process and have the opportunities to raise questions and concerns during transition | Gavin Bell | Dec 2014 | Make POA Staff more aware of the Towers strategy/ Procurement Process Reinforce messages through communication vehicles | Towers Explained pack released. Using Blog, Roadshows, Newsletter and other media to reinforce messages. |
| Reward and Recognition | Dissatisfaction relating to the uplift awarded during recent annual Pay Awards | NA | BAS LoS | NA | | Feedback passed to BAS |
| Engagement Plan 2015/16 | Need a formalised plan for engaging Account staff for 2015 | Create & publish the engagement plan for 2015 to include all engagement activities | Mark Arnold | Jan 2015 | Publish a meaningful plan that enables the POA LT to inform Account Team and solicit feedback | Engagement Pan attached – see next slide |
| Fujitsu Values & Behaviours | Need to embed the core Fujitsu values | Run a series of workshops to highlight Fujitsu values and capture examples of behavioural change | Gavin Bell | May 2015 | Ensure that the Fujitsu values are understood and embedded driving our behaviours | Completed all Fujitsu Values & Behaviours Workshops at POA locations |

Complete

On Track

Delayed

8c. Employee Engagement – Engagement Plan



| Engagement Activity | Jan to Mar | Apr to Jun | Jul to Sep | Oct to Dec |
|-----------------------------|------------|------------|------------|------------|
| F-2-F Induction | Monthly | Monthly | Monthly | Monthly |
| Newsletter | Bi-Weekly | Bi-Weekly | Bi-Weekly | Bi-Weekly |
| R/Show F2F | One-Off | | One-Off | |
| R/Show Webcast | | One-Off | | One-Off |
| Lean In/Value Workshops | One-Off | One-Off | | |
| Wellbeing Survey | | One-Off | | |
| Portal, Social Media & Blog | Continuous | Continuous | Continuous | Continuous |
| Red Top & Updates | Continuous | Continuous | Continuous | Continuous |
| End of Year Celebrations | | | | One-Off |

9a. Risks, Challenges and Asks

■ Key Risks

- TCV and revenue slippage due to ATOS/ POL new commissioning process and aggressive migration of work to Towers

■ Challenges

■ Resources:

- POL frequently changing prioritisation & timing of deliverables
- Stretch on operational teams to support increased BAU/Sales
- Reviewing Resource profile to meet current and future demand

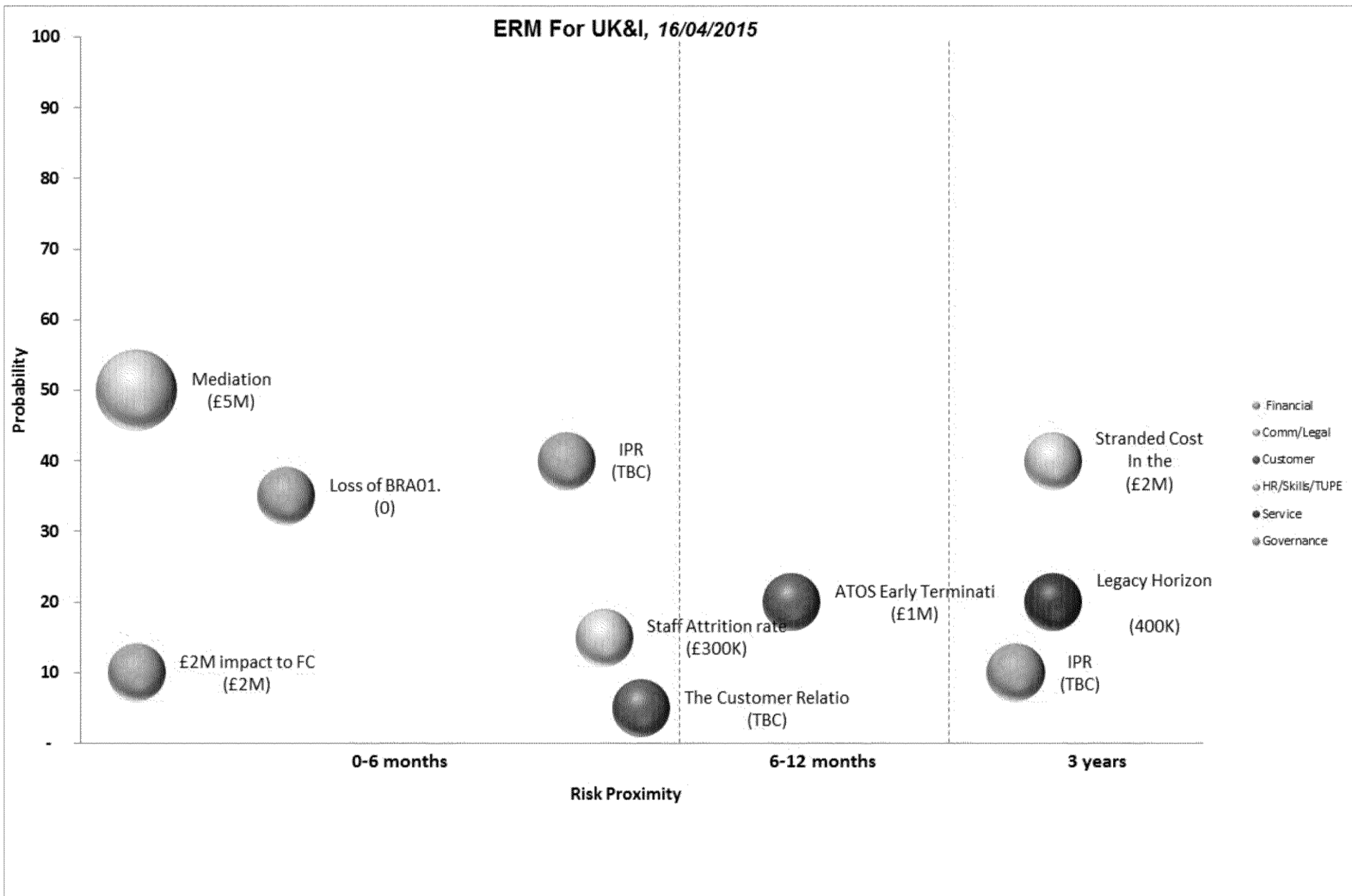
■ Exit of services terminating in March 2015

- Proactively managed by the Transition Office & SDM Community. Focus on OBC & Engineering with Front Office and Networks next.

■ Asks

- Approval required to increase Commercial resources in response to increased demand from Exit/Transition activities
- Dedicated HR Resource to manage Exit/Extensions

9b. Enterprise Risks



9c. Enterprise Risks



| Cause/ Area of Risk | Description of Risk | Owner of Risk | Containment | Fallback | Prob ability | Impact Code | Max Business Impact | Proximity of Risk | RAG | RAG (Last Period) |
|---------------------------|---|------------------------|---|--|-----------------|----------------|---------------------------|----------------------|-----|-------------------------|
| Financial | £2M impact to FC £2M impact to forecast over the remainder of the contract. | Gavin Bell | 16.04.15 YS Following update from GB Postion being closed as part of HPPB being signed in May. 11.03.15 YS Following update from GB: as per update in January. 12.01.15 YS Following update from GB: Corporate position remains the same. However, an offer to treat the POLSAP Oracle upgrade using some of these funds has been approved in principle. | 21.10.13 YS Following update from GB: No fallback action - it will be a direct hit on revenue/margin. | 60 | Moderate | £2M | 0 - 6 months | | |
| Governance | Documentation | Pete Thompson | 16.04.15 YS Following ELT Review: Review of documentation is progressing. 12.03.15 YS Following review with PT: Significant focus in BAS Service Line. Document Sets being reviewed. Document Management producing reports proposed archiving of old documents plan to take place in due course. | | 40 | Moderate | TBC | ~ | | |
| Comm/Legal | Mediation Forensic audit - Mediation That the POL forensic audit may find issues with the legacy Horizon system related to fraud prosecutions that have previously taken place (unlimited liability). That we may need to provide this Service 7 years post termination. | Gavin Bell | 16.04.15 YS Following update from GB: Clarified as part of the one year contract extension. 11.03.15 YS Following update from GB: probability reduced. 19.12.14 YS Following update from GB: Discussion on-going. 31.10.14 YS Following ELT: GB to engage with Commercial & Legal and clarify the potential commitment in terms of the 7 years period. | Reputational Damages. Financial implications. Risk is unquantifiable. | 2 | High | £5M | 0 - 6 months | | |
| Customer | ATOS Early Termination of Services This is an on-going risk to contract end. Containment needs to be reviewed on a monthly basis to address any emerging threats. | Muhunda Satchithananda | 16.04.15 YS Following ELT Review: Currently no view of Early Termination. This risk can be put on hold until the Front Office & Network Tower Solutions are reviewed. | 19.02.13 YS Following update from GB: Mitigation is via Exit plans to migrate remaining services to other service lines and retain work share wherever possible. | 20 | Moderate | £1M | 6 - 12 months | | |

9c. Enterprise Risks



| Cause/ Area of Risk | Description of Risk | Owner of Risk | Containment | Fallback | Prob ability | Impact Code | Max Business Impact | Proximity of Risk | RAG | RAG (Last Period) |
|---------------------------|---|-------------------------------|--|---|-----------------|----------------|---------------------------|----------------------|-----|-------------------------|
| HR/Skills/T UPE | Stranded Cost In the event we are unsuccessful to towers align people with costs. | Muhunda Satchitha nanda | 16.04.15 YS Following review with MS: As per previous update. 18.03.15 YS Following review with MS: Baseline containment activities identified. 19.02.15 YS Following review with MS: Containment strategy for remaining Towers under development. | | 20 | Moderate | £2M | 1 - 3 years | | |
| Technical | Delivery of Service on Unsupported Technology (H/W & S/W)). | Torstein Godeseth | 14.10.14 YS Following update from TG: The agreed position with POA is to offer to support Post Office system only with supported technology. | The risk for unsupported s/w has been communicated to POL i.e. Windows 2003, PVCS, NT4, Utimaco VPN, RHEL4 and Netbackup before TSS sign- off. This list is under review HIAM presently with Customer as part of the proposed technology refresh post March 17. Engineering support for specific items until March 17 underpinning TSS extension. | 20 | Moderate | | ~ | | |
| HR/Skills/T UPE | Staff Attrition rates Voluntary resource feels there is no role for them in the towers or Fujitsu does not win the Towers. Inability to recruit resource as POA comes to an end. | Gavin Bell | 16.04.15 YS Following update from GB: as per update in December. 19.12.14 YS Following update from GB: POL engaging with extension discussion which would give staff confidence over longevity of roles. Regular communications in place outlining project work, term of contract and progress with the Customer to give staff confidence of vitality of the Account. Will continue to monitor stuff. | Possible retention packages (?) | 15 | Moderate | £300K | 6 - 12 months | | |
| Service | Legacy Horizon Supportability of the Legacy Horizon Platforms/Storage. Transfer to Torstein - monthly report required as part of the TSS agreement. | Torstein Godeseth | 14.10.14 YS Following update from TG: The agreed position with POA is to offer to support Post Office systems only with supported technology. 21.10.13 YS Following update from AK: All pro-active actions to contain the risk are included in the Belfast Refresh Programme and Branch Network Study. This is now a placeholder for the remaining approximately one third (1/3) of the solution that is run beyond vendor support. | 21.10.13 YS Following update from AK: There is a commercial mechanism for agreeing additional refresh items if a requirement becomes apparent during the TSS period. | 10 | Moderate | 400K | 1 - 3 years | | |

9c. Enterprise Risks



| Cause/ Area of Risk | Description of Risk | Owner of Risk | Containment | Fallback | Prob ability | Impact Code | Max Business Impact | Proximity of Risk | RAG | RAG (Last Period) |
|---------------------------|--|------------------|--|---|-----------------|----------------|---------------------------|----------------------|-----|-------------------------|
| Financial | Loss of BRA01. | Alex Kemp | 11.03.15 YS AK confirmed this is now a BAU Enterprise Risk. 19.02.15 YS Following review with MS: SVM/SDM/PLA/0034 (BRA01 DR Plan) has been approved. Risk remains as a BAU risk. DR is only for critical Services not for everything. The moved to STE04 will taken place for critical DR only. | | 10 | Moderate | | 0 - 6 months | | |
| Governance | IPR IPR and knowelde transfer - staff teking information with them as they exit the Account. This is an on-going risk. | Keith Smith | 16.09.14 YS Following update from KS: the communication went out on 1st Sep as planned. 19.08.14 YS Following update from KS: Initiate communication targeting the POA on 'copy right information'. 1st Sep communication to go out. Newletter entry on copy right information. For senior staff exiting to a competitor ad hoc decicion on exit strategy will be taken. | 19.08.14 YS Following updte with KS: No quantitative impact is forecast. Unauthorised disclosure of a document to a competitor would yield a copy right legal case. | 10 | Moderate | TBC | 6 - 12 months | | |
| Customer | The Customer Relationship deteriorates irretrievably -e.g. the relationship between the different Customer parties. | Gavin Bell | As per previous update. 17.12.14 YS Following update from HJ: The level of scrutiny around the relationship continues and in actual fact our relationship is both constructive and open with a very healthy and regular exchnage of views on all sides. Recent engagement at CEO level early in December reaffirms this assessment. The structure of the relationship has now become a matter of intense focus following both the EUC decision and our decision to withdraw from the front office tower. Operationally we continue to delkiver good to excellent service. From a commercial perspective the relationship pressures within the Account are being monitored almost daily. 14.10.14 YS Following review with HJ: Quality of relationship between ourselves and the Customer is under constant review in light of the EUC decision. 16.09.14 YS Following updatd from HJ: Relationship with the Customer is good. | | 5 | Moderate | TBC | 6 - 12 months | | |

9c. Enterprise Risks



| Cause/ Area of Risk | Description of Risk | Owner of Risk | Containment | Fallback | Prob ability | Impact Code | Max Business Impact | Proximity of Risk | RAG | RAG (Last Period) |
|---------------------------|--|------------------|--|---|-----------------|----------------|---------------------------|----------------------|-----|-------------------------|
| 3rd Parties | Belfast Lease extension beyond TSS - 2018. | Alex Kemp | <p>11.03.15 YS AK confirmed this is now a BAU Enterprise Risk.</p> <p>19.02.15 YS Following review with AK: October update current. Risk to be reviewed periodically.</p> <p>14.10.14 YS Following update from AK: information provided. A 'watching brief' at this stage is required.</p> | Cost forecast is nil as it is beyond the scope of our current contract we have no obligations yet. | 0 | Moderate | | 1 - 3 years | | |
| Proj&Progm | <p>IAS 11 Revenue</p> <p>Life time model current loss £12m. There is a revenue debtor in the Post Office balance sheet which needs to be recovered of 3m plus, and needs to be unwound with future margin before any future profit can be recognised in the P&L of the Account. The value will need to be W/O if no profit can be allocated before contract end.</p> <p>Future business may not be realised. Forecast needs to be debooked .</p> | Martin Cornell | <p>16.04.15 YS Following update with MC: There is an unbilled receivable of £2m on the Post Office balance sheet, this needs to be unwound against future margin. It is fully expected that the £2m unbilled will be cleared by contract end in Mar17 although any remaining balance will need to be written off if no profit can be allocated before contract end.</p> <p>Next Review date: June 2015</p> | Debook profit element for which there is no forecast work. | 5 | Low | 3000 | 1 - 3 years | | |
| Governance | <p>IPR</p> <p>IPR and knowelde transfer - staff teking information with them as they exit the Account.</p> <p>This is an on-going risk.</p> | Keith Smith | <p>16.09.14 YS Following update from KS: the communication went out on 1st Sep as planned.</p> <p>19.08.14 YS Following update from KS: Initiate communication targeting the POA on 'copy right information'. 1st Sep communication to go out. Newsletter entry on copy right information.</p> <p>For senior staff exiting to a competitor ad hoc decision on exit strategy will be taken.</p> | 19.08.14 YS Following updte with KS: No quantitative impact is forecast. Unauthorised disclosure of a document to a competitor would yield a copy right legal case. | 10 | Moderate | TBC | 6 - 12 months | | |

9c. Enterprise Risks



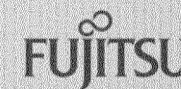
| Cause/ Area of Risk | Description of Risk | Owner of Risk | Containment | Fallback | Prob ability | Impact Code | Max Business Impact | Proximity of Risk | RAG | RAG (Last Period) |
|---------------------------|--|------------------|---|--|-----------------|----------------|---------------------------|----------------------|-----|-------------------------|
| 3rd Parties | Belfast Lease extension beyond TSS - 2018. | Alex Kemp | <p>11.03.15 YS AK confirmed this is now a BAU Enterprise Risk.</p> <p>19.02.15 YS Following review with AK: October update current. Risk to be reviewed periodically.</p> <p>14.10.14 YS Following update from AK: information provided. A 'watching brief' at this stage is required.</p> | Cost forecast is nil as it is beyond the scope of our current contract we have no obligations yet. | 0 | Moderate | | 1 - 3 years | | |
| Proj&Prog | <p>IAS 11 Revenue</p> <p>Life time model current loss £12m. There is a revenue debtor in the Post Office balance sheet which needs to be recovered of 3m plus, and needs to be unwound with future margin before any future profit can be recognised in the P&L of the Account. The value will need to be W/O if no profit can be allocated before contract end.</p> <p>Future business may not be realised. Forecast needs to be debooked .</p> | Martin Cornell | <p>21.11.14 YS Following update with MC: There is an unbilled receivable of £3m on the Post Office balance sheet, this needs to be unwound against future margin. It is fully expected that the £3m unbilled will be cleared by contract end in Mar17 although any remaining balance will need to be written off if no profit can be allocated before contract end.</p> <p>Next Review date: March 2015</p> | Debook profit element for which there is no forecast work. | 5 | Low | 3000 | 1 - 3 years | | |

9c. Enterprise Risks



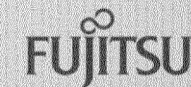
| Cause/ Area of Risk | Description of Risk | Owner of Risk | Containment | Fallback | Prob ability | Impact Code | Max Business Impact | Proximity of Risk | RAG | RAG (Last Period) |
|---------------------------|---|------------------|---|--|-----------------|----------------|---------------------------|----------------------|-----|-------------------------|
| Customer | <p>The PCI 3 compliance in general terms presents a material risk to POL in a broad range of areas including the PIN Pads.</p> <p>16.04.015 YS Following ELT review: this is not a Fujitsu risk. This is a POL risk. Risk can now close.</p> | Keith Smith | <p>16.04.015 YS Following ELT review: this is not a Fujitsu risk. This is a POL risk. Risk can now close. It will be captured in a separate list with POL risks and be presented to the Customer.</p> <p>12.03.15 YS Following update from KS A meeting has been arranged on 16.03.15 between Jim Murray, POL, and Bill Membery, FJ, to discuss the fine detail of the implications of moving from the PCI V.2 to PCI V.3</p> | | 0 | ~ | | 0 - 6 months | | |
| Customer | <p>End of Windows 2003 Server support. Risk to Service.</p> <p>16.04.15 YS Following ELT Review: This risk can now close. Part of the overall 'Legacy' Risk.</p> | Alex Kemp | <p>11.03.15 YS AK confirmed this is now a BAU Enterprise Risk.</p> <p>19.02.15 YS Following update from AK: On the Customer estate this is an accepted risk CT1250b, on the FJ ITG estate a plan is being implemented for the POA servers.</p> <p>12.01.15 YS Following update from GB: Awaiting change from POL. Change of ownership to AK.</p> | | 0 | ~ | | | | |
| Technical | <p>PVCS end of support</p> <p>PVCS going out of support. (initially RMGA1249 Risk)</p> <p>16.04.15 YS Following ELT Review: This risk can now close. Part of the overall 'Legacy' Risk.</p> | Pete Newsome | <p>11.03.15 YS Following review with PN: PN was advised that upgrade is due in April -no dates have been confirmed.</p> <p>17.12.14 YS following review with PT: Change of ownership to PN. Awaiting confirmation of timescales from ITG.</p> | | 0 | ~ | | | | |
| Customer | <p>Change:Volume/Value</p> <p>Volume and Value of Change</p> <p>The volatility of change now Atos have the role of Service Integrator has increased significantly. The average value of the change packages has also declined. The volatility may challenge the capacity of the administrative and SME resources to impact and deliver change to agreed service levels.</p> | Pete Newsome | <p>16.04.15 YS Following ELT Review: The risk can close. The MTP reflects the diminished change volumes.</p> <p>11.03.15 YS Following review with PN: Meeting held with both POL and ATOS to improve the situation. PN meeting Nick McGeorge, ATOS, and Steve Hayes, POL, to discuss way forward.</p> <p>30.01.15 YS Following ELT: Change of ownership.</p> <p>12.01.15 YS Following review with MS: The Post Office have appointed Bill White (Head of Fujitsu Transition) to review and uncock the backlog of unaddressed Change Requests. Pete Newsome meeting POL on 13.01.15 to further expedite.</p> | Impact in terms of orders and revenue. | 0 | ~ | | | | |

9c. Enterprise Risks

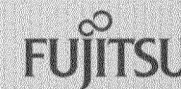


| Cause/ Area of Risk | Description of Risk | Owner of Risk | Containment | Fallback | Prob ability | Impact Code | Max Business Impact | Proximity of Risk | RAG | RAG (Last Period) |
|---------------------------|--|-------------------------|---|---|-----------------|----------------|---------------------------|----------------------|-----|-------------------------|
| External | <p>Political Climate -new election changing policy on POL.</p> <p>16.04.15 YS Following update from GB:: This risk can close. It is not an ERM.</p> | Gavin Bell | <p>16.04.15 YS Following update from GB:: This risk can close. It is not an ERM.</p> <p>11.03.15 YS Following update from GB: as per update in January.</p> <p>12.01.15 YS Following update from GB: Monitoring position and impact of any decisions required within the perder period.</p> | | 0 | ~ | | | | |
| Customer | <p>Concurrent Exits</p> <p>Volume of concurrent Exit, Modifications, Extensions activity.</p> <p>From April 2015 and assuming the extension have been signed off, this risk must be reviewed on a six-monthly basis.</p> | Muhunda Satchitha nanda | <p>16.04.15 YS Following ELT Review: Risk can close: Concurrent exits were seen as an issue of resource. The concurency can be seen as an opportunity which can be resource via the larger Fujitsu organisation.</p> <p>18.03.15 YS Following review with MS: Currently OBC and Engineering Exits operating concurrently, however, Account Resourcing has been flexed to cope. Future Transitions relating to NT and FO will need to be impacted to ensure they do not cause any Service deterioration.</p> <p>19.02.15 YS Following review with MS: On-going review.</p> <p>12.01.15 YS Following review with MS: Of the six (6) Services that are expiring March 2015 5 of these Services are planned to be extended. The concurency risk will not be encountered in the near term.</p> | 19.08.14 YS Following updte with MS: Impact based on stranded cost. | 0 | ~ | | | | |
| Governance | <p>ATOS testers breach security. Impact on FJ ability to test.</p> | Muhunda Satchitha nanda | <p>18.03.15 YS Following review with MS: ATOS testers are moving off-site physically 1st April 2015. Then risk can close.</p> <p>23.02.15 YS Following review with MS: Manual work-rounds being identified to enable Atos staff to exit site on 31/03 to cap Fujitsu's security risk. Evaluation required to fully identify timescale and charge impacts to projects in progress and future change requests.</p> <p>19.02.15 YS Following review with MS: Change request to address situation is considered by POL.</p> | 19.08.14 YS Following updte with MS: Impact based on worst case scenario to rectify potential damage to the test environment. | 0 | ~ | | | | |

10. Actions from Previous Meetings



- Business Review Actions Tracker



11a. Quality & Compliance

- **PCI** – Request for information sent back to POL. Fujitsu Operations and Commercial Directors raised issues with POL around timescales for delivery.
- **ISAE 3402** – CP raised for costings and CT to be sent to POL for approval of 2015/16 audit.
- **BV** - The CAPs and evidence for the closure of these have been submitted to the QaaS team and are awaiting final review and closure (John Wright).
- **Health Checks** - Further Health Checks planned for Document Management and Service Descriptions.

| Type of Finding | BV | | | | | Business Assurance | | | | | E&Y | | | | | Health Checks | | | | | Total Outstanding | | | | | | | | |
|-----------------------|--|----------|----------|----------|----------|--------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------------|----------|----------|----------|--------|-------------------|---|-------------------------------------|---|---|---|-----------------------------------|---|--|
| | Open | overdue | Closed | Total | Status | Open | Overdue | Closed | Total | Status | Open | Overdue | Closed | Total | Status | Open | Overdue | Closed | Total | Status | | | | | | | | | |
| Major Non-Conformance | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | | 0 | | | | | | | | |
| Non-Conformance | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | | 0 | | | | | | | | |
| Observation | 3 | 0 | 0 | 3 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | | 3 | | | | | | | | |
| Good Practice | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | | 0 | | | | | | | | |
| TOTAL | 3 | 0 | 0 | 3 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | G | 0 | 0 | 0 | 0 | | 3 | | | | | | | | |
| Status | <table border="0"> <tr> <td>R</td> <td>Some Corrective Actions are Overdue</td> </tr> <tr> <td>A</td> <td>Some Corrective Actions are Open but none are Overdue</td> </tr> <tr> <td>G</td> <td>All Corrective Actions are Closed</td> </tr> <tr> <td>T</td> <td>Total number of outstanding observations</td> </tr> </table> | | | | | | | | | | | | | | | | | | | | | R | Some Corrective Actions are Overdue | A | Some Corrective Actions are Open but none are Overdue | G | All Corrective Actions are Closed | T | Total number of outstanding observations |
| R | Some Corrective Actions are Overdue | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A | Some Corrective Actions are Open but none are Overdue | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G | All Corrective Actions are Closed | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| T | Total number of outstanding observations | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

11b. Security

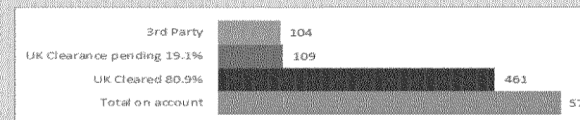


Security Incidents

| | Jan-15 | Feb-15 | Mar-15 |
|--|--------|--------|--------|
| Security Incidents reported during the month | 0 | 0 | 0 |

Clearances

| | Jan-15 | Feb-15 | Mar-15 |
|--|--------|--------|--------|
| Fujitsu personnel with UK Clearance (3rd party not included) | 87.2% | 86.1% | 80.9% |



Anti Virus

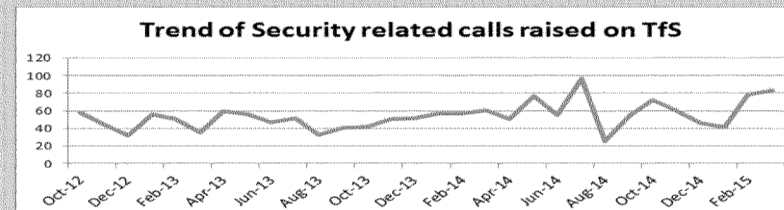
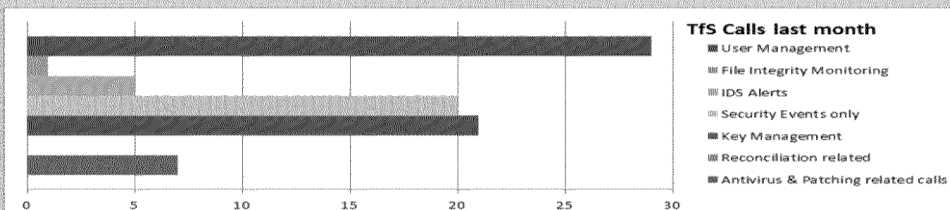
| | Jan-15 | Feb-15 | Mar-15 |
|---|--------|--------|--------|
| % AV clients connected during period | 100% | 100% | 100% |
| % AV clients with current definition file | 99.3% | 99.6% | 99.6% |

Total number of clients: 259
1 Client with protection status Critical

TfS Calls

| | Jan-15 | Feb-15 | Mar-15 |
|---|--------|--------|--------|
| Security related calls raised on TfS during the month | 42 | 79 | 83 |

Calls raised by members of the Security team



Reconciliation

| | Jan-15 | Feb-15 | Mar-15 |
|--|--------|--------|--------|
| Banking & Related Services Priority Exceptions resolved in 8 hours or less | 100.0% | 100.0% | 100.0% |
| BIM report issued within 5 working days | 100.0% | 100.0% | 100.0% |

POA Induction Attendance

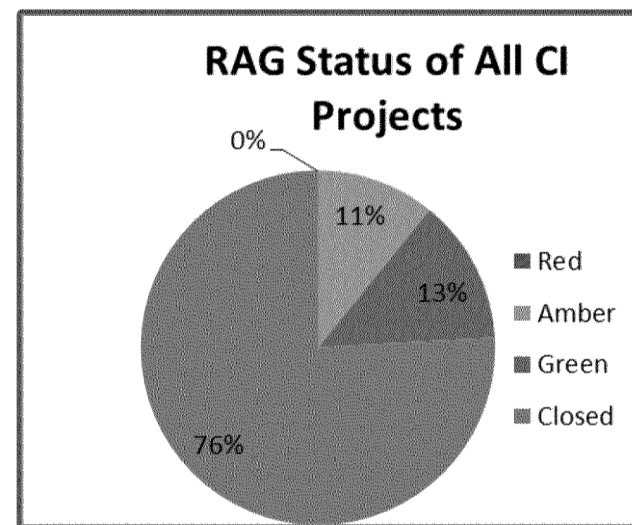
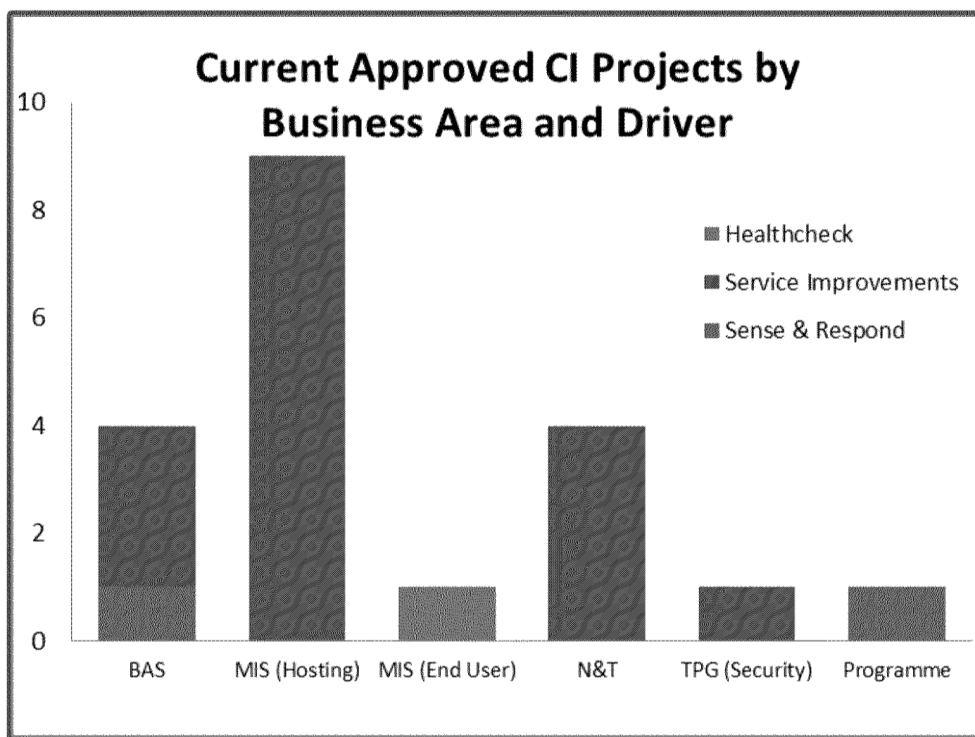
| | Jul-Sep 14 | Oct-Dec 14 | Jan-Mar 15 |
|--|------------|------------|------------|
| Percentage of people inducted within 90 day period - 100% conformance target | 91.67% | 100.0% | 50.0% |

Currently we have a red for the period Jan-Mar due to the 3 month induction windows incomplete for February and March. We have a 100% conformance for January. We cancelled the induction for March due to end of year commitments hence the reason none of the March joiners have attended. As those who joined in February still have the April induction to attend and those who joined in March can still attend in April and May this is not an issue and the expectation is that when the 3 month induction period is over for the March joiners, this will be green.

| Percentage of Joiners Receiving an Induction within 90 Days of Joining the Account | | | | |
|--|-------------|--|------------------------------|------------|
| | New Joiners | Number of People Inducted Within 90 Day Period | Number of Security Incidents | Percentage |
| January | 4 | 4 | 0 | 100% |
| February | 10 | 5 | 0 | 50% |
| March | 6 | 0 | 0 | 0% |

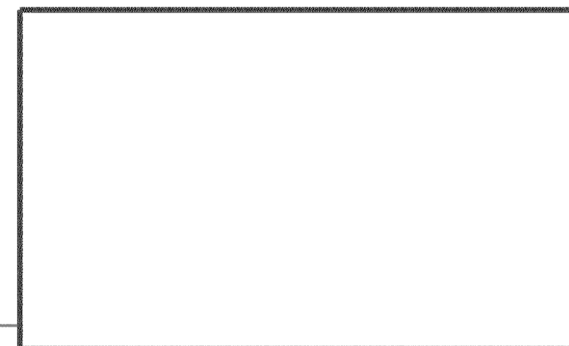
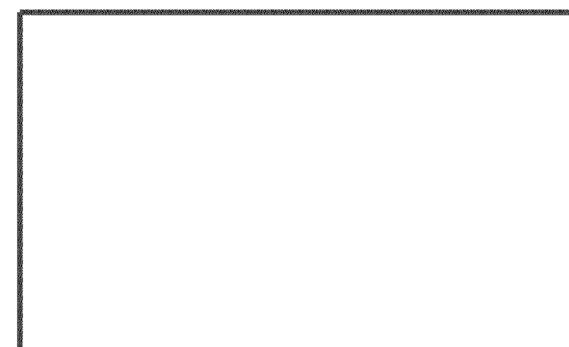
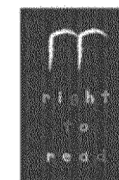
11c. Continuous Improvement


- As of the start of April, we have closed 63 improvement initiatives and are currently tracking 20 approved and open projects within the POA CI Tracker. The spread of approved and open projects is shown in the graph below.
- Atos have decided to close down the monthly CI progress call; they will instead contact us by exception due to the decreasing number of initiatives in the pipeline.
- Working with POA Operations team to support POA Planning Challenges initiatives.
- Working alongside the BAS Business Operations/CI Team to review, simplify and rationalise central reporting.



11d. Responsible Business

- Supporting variety of Corporate and Local initiatives including Action for Children, Scouts, Prince's Trust, Business Disability Forum etc.
- We have begun the process of changing the scope of the existing POA RB Forum. It will now include a number of other BAS Private Sector Accounts and be renamed BAS Private Sector Responsible Business Forum.
 - BAS PS RB will include - POA, Mitsui, UK Atom Energy (UKAE) and CITB.
- Collaborating with the Post Office on Digital Inclusion including Spring Online and Get Online Week.
 - Identified a possible revenue opportunity to provide digital training for Postmasters in support of the Digital Inclusion Agenda. Proposal to be worked up and issued provided to POL.





FUJITSU

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Business & Application Services Business Review

Post Office Account

Offshore Study

12a. Offshore Position

■ Background

- Overall 58.5 FTE's underpinning account from GDC locations
- 30.5 FTE's BAS Service Line GDC resources
 - 23.5 FTE's 4LS
 - 6 FTE's SAP
 - 1 Architect

■ Offshore Principals

- Align to Fujitsu Globalisation Strategy – Embassy strategy
- Identify & Transition capability as a blended service offering
- Ensure Security Compliance, data protection and audit compliance can be achieved, PCI, IS027001
- No security functionality will be offshored
- Enter into new markets, leverage talent currently unavailable domestically
- Drive Operational costs down
- Provide capability to leverage and support shared service offerings – Integration as a Service.

12b. Progress Tracker

| Capability | ROM –FTE | Transition Period | Cost of Transition – ROM | Indicative Benefit -ROM | Completion of Business Case | Status of Activity |
|-------------------------------------|--------------------------------|-------------------|---|---|-----------------------------|---|
| Third Line Application Support | Being Reviewed | 3-6 months | TBD | | End of May 15 | Under review - awaiting quote for tooling AMO/GDC |
| Fourth Line Application Support | 16-20 (likely yield 8 FTE) | 6-9 months | £1.8m – awaiting completion of cost model | £500K Opex saving per annum –subject to assumptions being achieved. | End of May 15 | In discussion with AMO cost model being updated |
| Release Management - Planning | 3 | 3 months | £175k – significant ratex | Subject to redeployment – Ratex high | End of May 15 | ROI- prohibited by ratex costs |
| Project Management | 2-3 | 1-3months | 12k | 55% savings against term of engagement v UK resource | End of Jan 15 | Closed |
| Operational Change Admin | Transition of a shared service | 3 months | | | End of May 15 | Under review – |
| Architects | 1-2 | 2 month | 12k | 55% Savings against UK rate cars | End of Jan 15 | Closed |
| New Business change administration | 2 | 1-3 months | | | End of Mar 15 | Under Review |
| IS20000 admin e.g. asset management | 2 | 1-3 months | £18k | 35k per annum | End of Feb 15 | Closed - Live |
| ROM Total | @34 | @6-9 months | | | | |

12c. Candidate Status

- Indicative Transition Costs/Timescales
 - Assumptions – GDC Resources
 - Architects to start work on account from Apr 15 – subject to pipeline
 - Project resources to commence to manage internal CP's
 - Asset Management service commences Mar-15
 - Business Case Approval/Investment Decision
 - Fourth Line Application Service - Awaiting finalisation of tooling/ratex
 - Third Line Application Service – awaiting finalisation of tooling /ratex
 - Release Planners – awaiting finalisation of tooling/ratex cost – doesn't look viable at this stage.
 - MSC Administration – Awaiting discussions with shared team
-

12d. Offshore – Candidate Plan



| | | | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Mar-16 |
|-------------------------------------|--------------------------------|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Capability | ROM ~FTE | Transition Period | | | | | | | | | | | | |
| Third Line Application Support | Being Reviewed | 6-9 months | DRAFT | | | | | | | | | | | |
| Fourth Line Application Support | 16-20 likely yield 8 FTE | 6-9 months | | | | | | | | | | | | |
| Release Management - Planning | 3 | 3 months | | | | | | | | | | | | |
| Project Management | 02-Mar | 1-3months | | | | | | | | | | | | |
| Operational Change Admin | Transition of a shared service | 1 month | | | | | | | | | | | | |
| Architects | 01-Feb | 2 month | | | | | | | | | | | | |
| New Business change administration | 2 | 1-3 months | | | | | | | | | | | | |
| IS20000 admin e.g. asset management | 2 | 1-3 months | | | | | | | | | | | | |
| Out of Hours DM | 2 | 2-3 months | | | | | | | | | | | | |

Business Case Approval
 Implementation
 GDC Go Live

NOTE: Formalisation and agreement of Offshore Approach and Candidate Plan following POA LT Strategy Workshop