

FUJITSU SERVICES

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20 February 2004

Keith Baines
Contract Manager (FS)
Post Office Limited
Change & IS
Calthorpe House
15-20 Phoenix Place
London WC1 ODA

Our Ref: CLS/jla/528

Dear Keith

Re: Post Office Counters Ltd. v Mrs Julie Wolstenholme

I am writing in response to your letter of 6 February 2004 and note Post Office's concern in respect of the Expert's opinion that the Horizon system installed at Cleveleys branch was defective and that the HSH was more concerned with closing call than preventing recurrence of faults.

An Appendix is attached which sets out Fujitsu Services' view of and responses to the main points in the Expert's report.

In respect of the earlier correspondence between Jan Holmes (Fujitsu Services) and Jim Cruise (Post Office Ltd), we would be prepared to discuss this further if this would help progress the situation.

Yours sincerely,

Colin Lenton-Smith
Director, Commercial and Finance

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Appendix

Response to Expert's Opinion

Re: Post Office Counters Ltd v Mrs Julie Wolstenholme: Claim number CR101947

Basis Of Response

Before addressing individual points from the Expert's report there are two key areas of understanding to be established; the first is the function and objectives of the Fujitsu Services Horizon System Helpdesk (HSH), the second is the way that the Horizon system handles transactions should a reboot be required part way through a customer session.

Horizon System Helpdesk

The HSH represents the 1st line of support to Post Masters. It operates under strict contractual Service Level Agreements (SLA) covering aspects such as pick-up time, first time fix, and time to close. These measures designed to ensure that Post Masters receive a quick response to their call and, to the extent possible over the 'phone, a timely return to normal business operations.

Depending on the nature of the call the HSH operator would work with the Post Master to solve the problem and return the Outlet to normal operation as soon as possible, in line with the prevailing SLAs. If this could not be achieved the call would be escalated up the support channel to 2nd, 3rd or 4th line depending on the severity of problem. Whilst the primary objective of the HSH is to return the Outlet to normal operation as soon as possible, and rebooting the Counter often meets that objective, this does not mean that a problem is closed at that point in time, as a detailed scrutiny of overall problem management process would reveal.

Transaction Handling on Reboot

The primary interface between the Post Office Clerk and the external customer is the Customer Session. Any transactions that are undertaken within a Customer Session are stored on a Session Stack pending a Settlement transaction whereby goods and services provided by Post Office to the customer are paid for. Only after the Settlement has been confirmed and a receipt printed, will the totality of transactions on the stack be transferred from the Session Stack to the transaction log (TMS Journal) and a record maintained of the Stock Unit movements. Once the Stock Unit is 'rolled over' (balanced) the various pending movements will be finalised and reflected in new Stock Unit balances.

It is at this point that any discrepancies and imbalances between Stock Units are identified and handled through reconciliation and Post Master manual intervention. In this context a discrepancy is in fact a balancing entry to ensure the Cash Accounts receipts and payments tables agree. A discrepancy could occur, for example, if the Post Master incorrectly declared the cash or stock position to the system against which the system compares its own record.

If a Session is interrupted pre-Settlement, perhaps through a fault that requires a reboot, the Session – and consequently the Session Stack - is not maintained and has to be re-started once the system has been returned to the Post Master. In 2000 the only exception to this

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were Automated Payment (AP) transactions where a smart device may have already been charged before the payment was made. In this instance the system will, on reboot, prompt the Post Master to complete the transaction through to Settlement. All other transactions that may have been on the Session Stack will be lost.

Simply put, the design of the system precludes the possibility of a Session Stack being partially, or doubly committed and thus accounting errors cannot be introduced through a system crash or forced reboot.

The Expert’s Opinion

‘Reasonableness’ of calls to HSH

The Expert was unable to make direct comparisons between similar Outlets due to the absence of records. While this was true of audit data formally available to Post Office Ltd, Fujitsu Services (Post Office Account) are able to review an unregulated archive of records of the other installed 6 Counter Outlets over a comparable period. The table below shows the output from that analysis:

FAD	PO Name	Install Date	Total Calls	A	F	H	I	K	M	N	O	S	T	X	Y	Z	%Non A&G	% Soft
005323	Headingly	06/10/99	74	20		5		7			3	27	4	6		2	73%	36%
005715	Dungannon	18/10/99	25	8		2				1	1	10		3			68%	40%
009116	Halstead	28/09/99	16	3		1				1	1	7	1	2			81%	44%
013613	Haverfordwest	04/11/99	48	7		8	4			2	2	22		3			85%	46%
153405	Cleveleys [1]	09/02/00	101	15	1	6		5	1	5	1	35	2	14	16		85%	35%
153405	Cleveleys [2]	09/02/00	85	15	1	6		5	1	5	1	35	2	14			82%	41%
176323	Amley	13/10/99	87	23		8	2	4			7	29	1	12			74%	33%
185611	Penarth	08/10/99	58	15		5		1			3	15	2	14			74%	26%
250704	Yorkgate	24/09/99	32	5				4			3	16	1	3			84%	50%
292323	Otley	07/10/99	34	10		1	2	5			1	11	2	2			71%	32%
333427	Darwen	21/10/99	55	13		8	6	2		1	5	13	3	3			76%	24%
345432	Wilmslow	25/10/99	29	4		2		6			4	7		6			86%	24%
431614	Colwyn Bay	05/11/99	89	19		2	7	3			2	38	5	13			79%	43%

Call Type	Legend
A	Advice and Guidance
F	Reference Data
H	Hardware
I	Implementation
K	Cash Account
M	Customer Complaint
N	Network
O	Operational
S	Software
T	Training

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X	Other
Y	Rollout Helpdesk
Z	Security

[1] Cleveleys complete HSH call count including Rollout calls

[2] Cleveleys HSH call count without Rollout calls and the basis for comparison.

Analysis of the comparable Outlets shows that in terms of total calls made (3rd from highest out of 12), the %ge that were non Advice & Guidance (4th from highest) and the %ge that were Software based (5th from highest), Cleveleys numbers are broadly comparable with the group of Outlets.

It is worth noting that Fujitsu Services is not aware of similar complaints or claims being made from the other Outlets in the above list, some of which have higher call profiles than Cleveleys.

Operator advice to 'Reboot'

In this context the opinion of the Expert, that “this instruction treats the effect and not the cause” is correct.

However, it would be incorrect to assume that no further work is carried out by Fujitsu Services to address the various blue screen/system freeze/screen lock problems. Regular maintenance updates are made to address these problems within the normal Release programme.

Summary: Defective Equipment

The criticism that the technology installed at Cleveleys was ‘clearly defective’ is subjective and based on the raising of 70 HSH calls over a 10-month period. There is no attempt to substantiate the claim nor to draw any comparisons with external benchmarks.

Summary: Closing Calls

As already stated the HSH is targeted at returning Outlets to normal working as fast as possible and is not in a position to analyse system error messages displayed on screens. This is governed by contractual SLAs which are monitored by Post Office Ltd. So while the Expert’s statement is fact it does not take into account the objectives of the HSH or the manner in which it operates.

Summary: Worrying Discrepancies

It is difficult to comment on the statement made by the Expert in this part of the Summary although he is alluding to the fact that system errors may be responsible for this. I have explained why this cannot happen earlier in this report. The argument has been put forward by a number of Post Masters in the past when challenged by Post Office Limited for unacceptable losses and each time it has fallen when confronted by transaction data that demonstrates that the system was operating normally during the disputed time period.

Unfortunately Fujitsu Services is unable to provide archived transaction data in respect of Cleveleys for the disputed period as, under the terms of the contract in force with Post Office Ltd at that time, it would have been deleted from the archive 18 months after it was

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originally stored. Thus transactions written up to 20th November 2000 would have been deleted on or just after 20th May 2002.

Conclusion

The report presented by the Expert is based on a simple analysis of HSH records and not a detailed understanding of how the Horizon system works, or even the prime objectives of the Horizon System Helpdesk. Consequently the opinions expressed in the report, while not always incorrect, do not present the whole story and are presented from a single perspective.

We have identified where we could not argue against an opinion or where the opinion is correct as a statement of fact but lacking in context. We have also identified where we disagree with the opinion expressed.

20 February 2004