

Witness Name: Duncan Tait

Statement No.: WITN03570100

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POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF DUNCAN ANDREW TAIT

I, Duncan Tait, will say as follows:

INTRODUCTION

1. I held the positions of Managing Director of Private Sector Division between October 2009 and March 2011, Chief Executive Office (“CEO”) for UK and Ireland between April 2011 and March 2014, and CEO for Europe Middle-East India and Africa (“EMEIA”) between April 2014 and July 2019 at Fujitsu Services Limited. I was appointed to the board of the parent company, Fujitsu Limited, in June 2015, and I became responsible for the Americas in February 2016.
2. I make this witness statement to assist the Post Office Horizon IT Inquiry (the “Inquiry”) with the matters set out in the Rule 9 Request addressed to me on 16 April 2024 (the “Request”). I have received legal assistance in the preparation

of this statement, and I have reviewed the documents disclosed to me by the Inquiry as part of the Request. Where helpful to address the Inquiry's questions, I have referred to these documents by their Unique Reference Numbers ("URNs"). I have also had sight of some contemporaneous Fujitsu documents which were provided to me by Fujitsu's legal representatives before the start of the Inquiry's evidential hearings.

3. I have structured my statement to mirror the sections of the Request:

- Background
- My Role as Managing Director - Private Sector Division
- My Knowledge of Horizon (2009-2011)
- The HNG-X Programme
- Subpostmasters' Claims about Horizon Integrity
- My Role as CEO of Fujitsu – UK & Ireland
- My Knowledge of Horizon (2011-2014)
- Investigation by Second Sight
- My Role as CEO of Fujitsu – EMEA
- Group Litigation against Post Office
- Fujitsu Governance and Compliance
- My Reflections

4. I have answered the Inquiry's questions to the best of my knowledge and recollection. However, I have a limited recollection of some of the matters I have been asked to address, which took place five to fifteen years ago.
5. Before I turn to the Inquiry's questions, I would like to express my heartfelt sympathies to the subpostmasters and subpostmistresses who have been affected by the scandal, and to their friends and families. I was shocked and saddened to hear their stories. I hope that by writing this statement, and giving oral evidence, I can assist the Inquiry's important work in understanding what has happened, and in drawing lessons for the future.

BACKGROUND

6. I worked in the information technology ("IT") sector for over 34 years.
7. I started work as a computer apprentice with BAE Systems ("BAE") in 1985, immediately after my A-levels. During this time, I achieved a Higher National Certificate and Higher National Diploma in computer science.
8. I left BAE in 1988 to join Mercedes as a systems programmer. In 1990, I joined IMI Computing ("IMI") as a technical consultant and led major IT projects. In 1992, I switched careers from technical to business management in the same company. In the business management role, I was responsible for defining the services that IMI's infrastructure management business took to market and supporting the sales force with customer engagement. I was mentored by a member of the IMI executive committee as I transitioned into this new role.

9. In late 1992, I joined Granada Computer Services as a consultant before being appointed Head of the NetCare business. NetCare provided managed services and consulting for small and medium customers. In 1996, I became Business Development Head of Managed Services at the Digital Equipment Corporation ("Digital"). Digital was acquired by Compaq in 1998.
10. In 1999, I became Director of Managed Services at Compaq. In 2002, Compaq was acquired by Hewlett-Packard ("HP"), and in June 2004, I was appointed Director and General Manager of Managed Services for HP Services.
11. In January 2006, I joined Unisys as Managing Director for the UK, Middle East, and Africa regions. Unisys provided technology, services and software and the majority of the business was in the financial services sector. I stayed in that role for just over three and half years.

MY ROLE AS MANAGING DIRECTOR - PRIVATE SECTOR DIVISION

Role and responsibilities

12. I joined Fujitsu Services Limited ("Fujitsu" or "Fujitsu UK&I") as Managing Director of the Private Sector Division in October 2009. Fujitsu is the UK and Ireland subsidiary of Fujitsu Services Holdings Plc, itself a subsidiary of Fujitsu Limited, a large multinational IT company based in Japan ("Fujitsu Japan"). At the time of my arrival, Fujitsu was organised into four major divisions: CORE, the Applications Division ("Applications"), the Private Sector Division ("Private Sector"), and the Public Sector Division ("Public Sector"). CORE and

Applications designed, developed, modified, and monitored information technology services, software and products, which were in turn delivered to customers across Private Sector and Public Sector.

13. In my capacity as Managing Director of Private Sector, I oversaw all Private Sector business. Private Sector was responsible for hundreds of customers and was organised into business units (collections of small and medium accounts within similar business sectors) and large accounts. As I recall, business units included Financial Services, Retail & Manufacturing and Utilities, and large accounts included PwC, Reuters, Lloyds Bank, Royal Bank of Scotland (“RBS”, now NatWest) and Post Office Limited (“Post Office”), among others. Each business unit and large account was managed by a Business Unit Director (“BUD”) who was responsible for the performance of the business. Two large accounts reported directly to me: Reuters and Post Office.
14. I reported to Roger Gilbert, who was then CEO of Fujitsu and, as such, responsible for CORE, Applications, Private Sector, and Public Sector. I had monthly business reviews with him, which I prepared with assistance from the Private Sector leadership team, including Finance Director Gareth Pugh.
15. My objectives were broad-based and included growing revenue and profitability, and achieving high levels of both customer satisfaction and employee engagement. At the time, the business was showing declining financial performance and five large customers – PwC, Reuters, Lloyds Bank, RBS and Post Office – faced significant problems with their transformation programmes. “Transformation” refers to the process of implementing a new solution to

enhance business performance for a customer. Enhanced business performance could include reduced costs, faster time to market, or growth. If Fujitsu failed to deliver a solution on time, or delivered one that lacked functionality, Fujitsu could become liable for any contractual penalties or for the cost-saving the customer was due to make from the solution for the period of the delay. Resolving these transformations was essential to turn around customer satisfaction and profitability. I led changes to people, processes, and governance to enable this.

16. My time was split between overseeing the account teams and restoring Private Sector to profitable growth. I would estimate that I spent about half-a-day a week working on Post Office, one to two days on Reuters, and the remainder of my time on other customers and general governance work.

The Post Office Account

Structure of the Account

17. When I joined Fujitsu, Post Office was one of Private Sector's largest customers. I understood that the Post Office Account was managed by Private Sector because Post Office's parent company, the Royal Mail Group, was heading towards privatisation. Post Office was a subsidiary of the Royal Mail Group at the time but separated from its parent in 2012.
18. Within Private Sector, the Post Office Account was managed by a team comprising:
 - a. A BUD (also known as "Client Executive"), who was responsible for the account's financials, performance for the customer and the management

of the Post Office relationship, and reported to the Managing Director of Private Sector.

- b. A Delivery Executive, who was responsible for the quality of the services delivered to Post Office, and reported to the BUD.
 - c. A Finance Director who was accountable for the balance sheet and reporting profit and losses for the account. The Finance Director reported to both the Private Sector Finance Director and the BUD.
 - d. A Programme Director who was responsible for the implementation of the account's programmes. The Programme Director reported to the Private Sector Programme Director and the BUD.
 - e. A business development team responsible for winning new business and renewing contracts for the account.
19. Within Fujitsu, Post Office Account solutions were developed by a dedicated team comprising project managers, solution leads, service architects, etc. This team included employees of both CORE and Private Sector, who sat in Bracknell and Baker Street respectively. Private Sector employees in the Post Office Account team would liaise directly with the customer's teams to specify and agree solutions, including costs. Large or complex solutions had more resources assigned to them and received supervision from more senior employees than other solutions.
20. One of the solutions developed by Fujitsu for Post Office was the Horizon IT system ("Horizon" or the "Horizon system"). Horizon is a complex IT system that supports multiple services across Post Office branches. It processes and

records hundreds of millions of transactions every year. The first iteration of Horizon (which became known as “Legacy Horizon”) was designed in the late 1990s, more than ten years before my arrival at Fujitsu. From 2009 to 2010, Legacy Horizon was progressively replaced by Horizon Next Generation (“HNG-X”), although the programme had been initiated years earlier. HNG-X is, essentially, an online version of Legacy Horizon. The transition to HNG-X involved a fundamental change in the architecture of the system: whereas with Legacy Horizon transactions were uploaded to the Horizon database in batches overnight, with HNG-X transactions were applied to the database in real-time.

Challenges faced by the account

21. By the time I arrived at Fujitsu in October 2009, the deployment of HNG-X was underway but already well behind schedule. Fujitsu had underestimated the complexity of the transition, the time it would take to develop and deploy HNG-X, and the need for the programme to be proactively managed by a dedicated and more senior executive. Fujitsu agreed that Post Office would pay the lower run-costs of HNG-X, rather than the higher run-costs of Legacy Horizon that they were due to save thanks to the transformation, during the delay period. Fujitsu also paid penalties to Post Office for late delivery, which I believe were contractual penalties. At the same time, Fujitsu was bearing both the higher costs of continuing to operate Legacy Horizon, and the significant cost of the programme to deploy HNG-X. The account was losing money.

Changes to the management of the account

22. Around September 2009, the Post Office Account BUD resigned to join a competitor IT company. I appointed Gavin Bounds as his replacement. Mr. Bounds and I knew each other from HP, where he had a strong delivery reputation from both the disaster recovery business and the managed services business. He had then joined me at Unisys, where he continued to deliver for his customers and employer. Mr. Bounds was a highly experienced and solution-oriented person, and I was confident he would grip the programme and manage the account well. He actually joined Fujitsu shortly before I did.

Oversight of the account

23. I held monthly reviews of the Post Office Account with Mr. Bounds. These reviews covered all facets of Fujitsu's relationship with the Post Office, including the transition to HNG-X, customer satisfaction and financial performance. I was also available to Mr. Bounds whenever he needed me to assist, to consult me, or to report major issues or improvements with the customer. I reported, in turn, on the account generally and the HNG-X transition in particular to Mr. Gilbert, who was then CEO of Fujitsu, and to Richard Christou, who then headed the Global Business Division and was a member of Fujitsu Japan's Executive Committee. The Global Business Division encompassed all of Fujitsu's business outside of Japan. Mr. Gilbert reported to Mr. Christou. The transition was a major project for Fujitsu and was therefore given a lot of scrutiny. I also attended some bid approval review and contract approval review meetings on related projects, such as POL SAP, which consisted in the introduction of a SAP system for Post Office. I discuss bid and contract approval reviews in the Governance and Compliance section below.

24. Given the complexity and importance of the HNG-X transition, I was also involved in overseeing the Post Office Account team's work on this programme. I believe HNG-X was piloted and progressively rolled-out from September 2009 to September 2010. From the time of my arrival, I received regular email updates on the progress of the transition, including the HNG-X pilots, datacentre migrations, and related issues. I believe that Post Office had set rigorous acceptance criteria which Fujitsu had to comply with before the HNG-X programme was accepted into service at the end of the deployment. My understanding is that Post Office accepted that HNG-X was working as required save for a "snagging" list that was due to be resolved in business as usual.
25. Mr. Gilbert set my objectives and for the Post Office Account he wanted me to successfully deploy HNG-X, drive high levels of customer satisfaction, bring the account back to profitability and set a path to grow our business with Post Office.

Relationship and Interactions with Post Office

During the HNG-X deployment

26. Fujitsu's relationship with Post Office was strained during the HNG-X transition due to the delays in delivering the programme, which I discussed above. I recall that Post Office's Chief Operating Officer ("COO") Mike Young had threatened to cancel the HNG-X programme if it did not get back on track in a meeting with Mr. Bounds before my arrival. I discuss Mr. Bounds's notes of this meeting below (**FUJ00174180**).
27. I remember having an introductory meeting with Mr. Young shortly after joining Fujitsu, which Mr. Bounds's notes indicate was scheduled for 16 October 2009.

I knew Mr. Young from when we were both in previous roles. He had been UK or Europe Chief Information Officer (“CIO”) for a USA telecommunications company and I met him when I was HP’s Managed Services leader. Thereafter, I had regular meetings with him. I recall that he was frustrated with the slow progress of the transition, and concerned about service issues arising during the transition. I assured him that Fujitsu would address these issues and deliver the programme successfully. I vaguely recall negotiating some aspects of the transition with him, including a period during which Fujitsu’s payments compensating to Post Office for the delays were suspended.

28. I also vaguely recall attending a meeting with Mr. Christou, Mr. Young and Alan Cook, then CEO of Post Office, in early 2010. The meeting was very friendly. I subsequently had contacts with David Smith, who succeeded Mr. Cook as CEO of Post Office, although I do not recall the details of these contacts.

Following the HNG-X deployment

29. Following the deployment of HNG-X, Fujitsu’s relationship with Post Office improved and the two companies began to discuss the future of Horizon. In early 2011, Fujitsu approached Post Office with a proposition to evolve the system in line with Post Office’s business strategy and at a lower cost, called Project Shadow. The purpose of the project was to modernise Horizon to enable Post Office to become the Front Office of government (for instance, to receive passport applications and deliver driving licences) and to compete with new market players like eBay and Amazon. I understand from a document disclosed to me by the Inquiry that I might have contacted Paula Vennells, who was then

Managing Director of Post Office, for the first time in that context. It appears that a draft letter from me to Ms. Vennells (**FUJ00174419**), and a document on the future of Fujitsu and Post Office (**FUJ00117327**), were prepared in that context. I do vaguely recall sending that document to her.

MY KNOWLEDGE OF HORIZON (2009 – 2011)

My understanding of Horizon in the early days

30. I outline my understanding of Horizon below.
31. I joined Fujitsu as Managing Director of Private Sector in early October 2009. Within days of my appointment, I attended handover sessions with David Roberts, who was acting as interim Managing Director of Private Sector at the time, and later headed the Legal, Commercial and Assurance functions reporting to Mr. Gilbert. It is Mr. Roberts who first outlined the HNG-X Programme to me. I was not aware of Horizon before joining Fujitsu. I do not recall any issues regarding Horizon or any concerns over Horizon data integrity being raised at these sessions.
32. Around the same time, I began to receive briefings and updates on the HNG-X deployment from Mr. Bounds and his team. I see from an email exchange disclosed to me by the Inquiry (**FUJ00174180**) that on 29 September 2009, around a week before my arrival at Fujitsu, Mr. Bounds and Mike Wood attended a meeting with Mr. Young. I believe Mr. Wood was then the Programme Manager for HNG-X. Mr. Bounds emailed Mr. Roberts and me with his notes of this meeting on 2 October 2009.

33. His notes read: "Mike Y[oung] commented that he would rather scrap HNG-X than see it screw up his operations, that Horizon was great, stable and the users had nothing but praise [...]" I believe this would have been the first feedback on Horizon that I received from Post Office. While I do not recall this email specifically, I do recall that Mr. Young threatened to cancel the HNG-X programme and that he was generally very positive about the Legacy system.
34. Mr. Bounds's notes also indicated that one of Mr. Young's "key priority areas" was to "reduce his costs now". This is consistent with my recollection that costs were always a priority for Post Office.
35. As explained above, Mr. Bounds and I began to have regular meetings with Mr. Young to discuss the HNG-X deployment thereafter, and I had meetings or contacts with Mr. Cook and later Mr. Smith. I do not recall any of them raising any concerns over Horizon data integrity.
36. I have been provided with a document titled "Horizon Data Integrity" dated 2 October 2009 (**FUJ00080526**). I do not recall receiving this document or being briefed about its contents. I note that the purpose of the document was to provide "a technical description of the measures that are built into Horizon to ensure data integrity" to Post Office. Its contents are very technical and documents providing that level of technical detail would not normally have come to me. I am unable to comment on its contents.

Issues Affecting Horizon during the HNG-X Rollout

37. I was not aware of any specific issues affecting Horizon before the deployment of HNG-X. I generally understood that a system of that scale would have had some bugs, but believed their number was relatively small.
38. I recall that several technical issues arose during the pilot and rollout of HNG-X, including service issues caused by (i) a fault in the Oracle database (the “Oracle issue”), and (ii) an outage at the Belfast datacentre (the “Belfast outage”), around March and April 2010. The purpose of a pilot is to test a system in actual operation, providing an opportunity to identify and resolve any issues affecting it before the completion of its deployment. Some technical issues were therefore likely to arise during the HNG-X pilot.

The Oracle Issue

39. The HNG-X system comprised a hardware system, which supported an operating system, which supported several layers of software, including a database supplied by an IT company called Oracle. The Oracle database supported, in turn, the HNG-X code. It was one of the three main databases available in the market at the time: SAP, IBM and Oracle.
40. A fault in the Oracle database software caused service interruptions during the HNG-X pilot in or around March 2010. While the fault was technically an Oracle issue, it was contractually a Fujitsu issue, as Fujitsu was accountable to Post Office for the performance of HNG-X, including the performance of the database. Fujitsu contacted Oracle to ask its engineering team to investigate the fault. Initially Oracle was reluctant to investigate as it believed that the fault was not Oracle’s, and Fujitsu had to repeatedly push its local team to escalate to the

global engineering team and investigate. It took Oracle a long time to identify the root cause of the issue and fix it, but once it did Fujitsu was able to resume the pilot.

41. I have been provided with an email from Mr. Bounds to me dated 6 April 2010 which includes a briefing on the progress of the HNG-X rollout, for the attention of Mr. Christou (the "Rollout Briefing") (**FUJ00174290**). The briefing summarises several issues which occurred following the deployment of HNG-X to 208 branches on 25 March 2010. I do not recall receiving this briefing nor delivering it to Mr. Christou, but understand from reading it today that the first two issues summarised were caused by the Oracle fault.

42. My understanding was that the Oracle issue caused service interruptions rather than affected the integrity of Horizon data. In other words, my understanding was that subpostmasters in branches impacted by this issue were unable to process transactions and therefore to trade for periods of time.

Belfast Datacentre Outage

43. The Belfast datacentre is the centre to which the Horizon system was migrated in anticipation of the HNG-X deployment. In late March 2010, an outage affected the datacentre, which resulted in service issues.

44. I vaguely recall that the outage was caused by a power surge. Power surges can be caused by lightning or a mechanical engineering fault, for instance. I do not recall what caused the power surge in this instance. I generally recall that the damage was extensive, and that Fujitsu had to replace many servers and technologies. I recall conversations around whether the Belfast datacentre had

to be resilient to power surges under Fujitsu's contract with Post Office, but I do not recall the conclusion.

45. I believe that the third issue summarised in the Rollout Briefing is the Belfast datacentre outage. The fourth and fifth issues listed were caused by the power surge that caused the Belfast datacentre outage. Power surges are complicated issues to address because the damage they cause may not be detected immediately. I note that the briefing refers to "PCI transactions failures" and "MoneyGram transactions failing." This is generally consistent with my recollection that the outage caused service interruptions and issues, meaning that subpostmasters were unable to trade and were losing business.

Suspension of the HNG-X Pilot

46. I note that the Rollout Briefing indicates that Post Office "would not allow High Volume Pilot to move ahead until [...] they had seen the findings of an independent report on our CS operations – giving them assurance that we were correctly resourced and had our events reporting under control" and until the Oracle issues had been resolved. A status update then indicates: "we now have this underway and led by Rachel Daka, PSD Ops Director of Retail, supported by Business Assurance [...]"
47. As I recall, Fujitsu also wanted to pause the pilot until these issues were resolved, and it was suspended for approximately three months to do so, which I believed was sensible. Fujitsu did arrange an internal independent review of the HNG-X programme, which was led by Rachel Daka, who was Head of Operations in the Retail business unit. One of the recommendations was to bolster the service desk

during the rollout as it was expected to receive more calls following the introduction of the new system. I believe this recommendation was implemented.

48. I do not recall being aware of any further issues affecting the operation of HNG-X from the completion of the rollout until the end of my tenure as Managing Director of Private Sector.

Concerns over Horizon Data Integrity

49. I was not concerned that any of the issues that had occurred during the HNG-X rollout could affect the integrity of Horizon data or result in discrepancies in branch accounts. Again, my understanding was that these issues resulted in service interruptions which prevented Post Office branches from trading.
50. I had several ways of becoming aware of any concerns regarding Horizon integrity: through internal reports from the Fujitsu teams; through Fujitsu's governance processes; through external reports from Post Office; and through media reports of the subpostmasters' claims.
51. I do not recall the Fujitsu teams reporting any data integrity issues to me. Any issues affecting data integrity would have been very serious, and I would have expected the Post Office Account team to raise them with me immediately. They could have done so by email, telephone, or in person, by tapping me on the shoulder or at review meetings. However, I do not recall any issues with the system being raised with me during this period.
52. By contrast, I recall one occasion when one inaccurate customer account balance was identified in a system supplied by Fujitsu to another customer, a UK bank. It was the first issue of that type identified since the system had been

rolled-out a decade earlier. The issue was escalated to me within hours, and we had weekly calls until the issue was resolved, which took a few weeks. The issue was in a segment of code that had been written around 2008 and, after investigation by the engineering team, the account team identified a very rare circumstance where such an error could occur. I would have expected any data integrity issue in the Horizon system to have been escalated to me as quickly as it was for that customer.

53. Nor did Post Office executives report any concerns over Horizon data integrity to me during my time as Managing Director of Private Sector.
54. I do not know if the Post Office teams working on the Horizon system reported any concerns over the reliability of Horizon data to the Fujitsu teams.
55. I was made aware of some of the subpostmasters' claims regarding Horizon data integrity shortly after starting my role as Managing Director of Private Sector. However, I received assurances that these claims were rare and unfounded. I discuss this below.

Processes to Rectify Faults in Horizon

56. I did not know precisely what processes were in place to monitor Horizon and rectify faults in the system during my tenure as Managing Director of Private Sector. I comment on some of the processes mentioned in the documents disclosed to me by the Inquiry below.

Testing

57. One of the documents disclosed to me by the Inquiry refers to a "test plan" for the "AEI Solution" (**FUJ00174291**).

58. I generally recall that Fujitsu used test rigs to test the Horizon system. Test rigs are separate environments used to test a system. For instance, issues encountered in the live system can be reproduced in test rigs to enable developers to identify and fix the root cause of the issues. Test rigs provided a useful testing tool but could not simulate the full scale of the Horizon system.
59. I do not recall specifically what the “AEI Solution” was or what the test plan involved.

Auditing

60. Two of the documents disclosed to me by the Inquiry for the purposes of this section are internal assessments of the Royal Mail Group Account against international certification standards ISO 27001 and ISO 9001 conducted by Business Assurance (**FUJ00080528, FUJ00080529**). At the time, Post Office was still a subsidiary of Royal Mail, and the audit covered the management of the Post Office Account, including the HNG-X programme. I discuss the Assurance function in the Governance and Compliance section below.
61. I generally recall that Fujitsu’s management of the Post Office Account was assessed regularly against international certification standards, by internal and external auditors. I do not recall these reports specifically, but I would have had sight of most assurance reports for Private Sector. I would usually read the management summary of these reports, and only if I was concerned about anything in the management summary, read the relevant parts of the report.
62. I note that the internal assessment against ISO 9001, mentioned above, was conducted “at the request of the RMG Account management”, which I assume

means Mr. Bounds. As I recall, Mr. Bounds was very committed to having the management of the account reviewed.

THE HNG-X PROGRAMME

Concerns over the Management of the HNG-X Programme

63. I understand from correspondence provided to me that Post Office made four requests in relation to Fujitsu's management of the HNG-X programme: a request for an independent review of the programme; a request for a board-level dialogue between Fujitsu and Post Office; a request for disclosure of the Post Office Account's financials; and a request for disclosure of Fujitsu's internal "executive correspondence" regarding recent issues. Mr. Bounds would have proposed a response to each of these requests, which I would have discussed and agreed with him before responding to Mr. Young.

Third-Party Review of the HNG-X Programme

64. I see from email correspondence that Mr. Young made this request to me at a meeting on 7 May 2010 (**FUJ00095628**). I also see that he repeated this request in a letter to me dated 10 May 2010 (**FUJ00095658**), which stated: "[...] we would like you to consider bringing in a qualified independent party and asking them to review and audit how the current programme is being run, as well as testing resource and skill levels both on the programme itself and other key initiatives that we have underway with Fujitsu."

65. I see that I responded to Mr. Young by email on 29 June (**FUJ00096312**), writing: "At this crucial phase of the programme, we can see no benefit and will not be

pursuing a 3rd party review.” Mr. Young responded the following day, expressing his frustration at my delay in responding. In relation to the independent review, he stated: “[...] On the issue of having a qualified independent party audit to evaluate Fujitsu Programme execution, along with staffing levels and skills base, I had been briefed that you had spoken to several entities to pursue this endeavour. Indeed, I was told you were close to agreeing terms with one of these. Additionally, in our calls you will recall I had asked whether there was a possibility of the Post Office 'owning' the Terms of Reference and again, this was something you were going to strongly consider. [...]” I do not recall why there was a delay in responding to him, although I vaguely recall that Fujitsu and Post Office could not jointly agree the details of the third-party independent review. Any contacts with third parties for a potential review would have been handled by Mr. Bounds.

66. As mentioned, I vaguely recall that Fujitsu had arranged an independent review of the delivery of the HNG-X programme, led by Ms. Daka. That review would have been internal to Fujitsu but independent from the programme as Ms. Daka headed another part of the business. An additional, third-party independent review was arguably unnecessary.

Board-level dialogue

67. I see from my email to Mr. Gilbert that at our meeting on 7 May 2010 Mr. Young requested “some dialogue” between Mr. Smith and Mr. Christou to “test the Japanese board's commitment to the account and programme” (**FUJ00095628**). I indicated that I would arrange that call. I see from Mr. Young's letter of 10 May

2010 (**FUJ00095658**) that he stressed a call between Mr. Smith, Mr. Christou, him, and me was “imperative” to maintain “executive relations [...] Board to Board”. I note from my email response of 29 June 2010 (**FUJ00096312**) that Fujitsu agreed to this request, and I seem to recall that contacts between Fujitsu and Post Office executives increased after that.

Other requests

68. I vaguely recall that Fujitsu refused Post Office’s requests to see the Account’s financials and executive correspondence regarding the Red Alert for two main reasons: because we had resolved the issues affecting the HNG-X pilot, which caused Post Office’s concerns in the first place, and because we wanted the HNG-X programme resources to focus on the rollout, which had resumed. Mr. Bounds and I were also concerned that Post Office would use the Account’s financials to negotiate Fujitsu’s fees down again.
69. My recollection is consistent with my response to Mr. Young: “The cause of the issues that delayed High Volume Pilot was deficiencies within the Oracle product code. Oracle has confirmed this and that the issue has been resolved. I am sure this conclusion will have restored your confidence in Fujitsu and both our teams ability to deliver this programme. As a result, I think it makes sense to allow our teams to maintain focus on the remainder of the pilot and the full roll-out phase, as you appreciate with all complex major programmes there will always be issues to deal with. At this crucial phase of the programme, we can see no benefit and will not be pursuing a 3rd party review. // You will have seen a tremendous effort from the Fujitsu team and business in getting the issue resolved, it should serve

as assurance to you that Fujitsu is committed to POL and this programme. Our finances are under control and acceptable to me and so in turn to the Fujitsu Executive, we can see no benefit in sharing our financial status at this time. // Thank you for your offer of assistance over our Red Alert, as you will have been made aware the Red Alert has now been lowered and so no action here is needed.”

70. Generally, I remember thinking that through these requests, Mr. Young was trying to apply pressure on Fujitsu to resolve the issues which had occurred during the rollout, rather than really seeking disclosure of the account’s financials and Red Alert correspondence. It would have been very unusual to share such information and correspondence with a customer.

Fujitsu’s attitude towards Subpostmasters

71. I see from an email exchange disclosed to me by the Inquiry (**FUJ00096238**) that Andy McClean told Mr. Bounds that Mr. Young and I had “come to a verbal agreement that Fujitsu would 'help out' with a goodwill payment for subpostmasters involved in the pilot.” Mr. Bounds sent me a draft response to Mr. McClean’s email, which explained that there had been “no such agreement”.
72. I do vaguely recall Mr. Young raising this issue with me at a meeting, and me subsequently discussing it with Mr. Bounds. At the time Fujitsu was already paying penalties to Post Office for late delivery of HNG-X, and Post Office was paying the substantially lower operating costs for HNG-X. Post Office was aware that service issues could arise during the HNG-X pilot and had selected the branches for the pilot. For these reasons, we concluded that any compensation

to the subpostmasters affected by the issues arising during the pilot should have been paid by Post Office rather than Fujitsu.

SUBPOSTMASTERS' CLAIMS ABOUT HORIZON INTEGRITY

73. I recall being made aware of subpostmasters' claims regarding Horizon's lack of data integrity shortly after joining Fujitsu. My understanding at the time was that these claims were unfounded, that Post Office had been involved in some proceedings against subpostmasters, and that Fujitsu had assisted Post Office with these proceedings on occasion. I did not know the details of these proceedings.
74. I can see from documents disclosed to me by the Inquiry that I started to receive email correspondence regarding media coverage of the subpostmasters' claims months later, in the summer of 2010:
- a. On 22 July 2010, I received an email from Mr. Bounds informing me, Mr. Gilbert, and Ms. Sinclair that Post Office was preparing comments in response to a Channel 4 documentary about subpostmasters' allegations against Horizon, scheduled to air the following week (**FUJ00174378**). Mr. Bounds specified that the allegations related to Legacy Horizon rather than to HNG-X, and had no connection with the service issues experienced in March and April 2010, during the HNG-X rollout. Importantly, he also stated that Post Office was aware of the allegations and "[saw] no cause for concern." I do not recall reading this email or watching the documentary.

- b. On 5 August 2010, Kamata Akihisa emailed Brian Harris and Eiichi Matsuzawa, copying Mr. Gilbert, Mr. Christou, and others, forwarding an Accountancy Age article titled "Post Office faces legal action over accounts IT" (**FUJ00156195**). Mr. Gilbert forwarded the email to me and Mr. Bounds, asking us "to provide a brief".

Mr. Bounds responded with a briefing addressed to me and Mr. Gilbert, which started with the "summary": "no cause for immediate concern, this is the latest in a long line (even preceding automation) of articles and/or challenges to POL re its accounting systems". He then outlined Fujitsu's "position": "[...] Post Office takes a fairly firm stance with any accounting discrepancies to prevent fraud but there is a steady stream of court cases [...] // Fujitsu is obligated to support Post Office, where requested to do so, by either providing system information to support the cases or, in some cases, expert witnesses to testify as to the measures within the systems to ensure that the data being relied on is as originally entered. [...] POL's position (validated yesterday and today) is that they are not going to respond to this article [...] Post Office also stated that they are confident that the integrity of the Horizon system is secure. They will always investigate every case that is raised by the Sub Postmasters and to date they have never found the system to be flawed. If necessary, Post Office will fight each individual case through the courts. [...]"

Mr. Bounds then indicated that Post Office had provided a statement on the issue to Channel 4, which led it to "withdr[a]w a programme [...]". Finally, Mr. Bounds commented, "It is also worth noting that Horizon is due to be

retired and replaced by HNG-X in the next month or so – this is primarily for cost saving reasons and was not driven by any technical problems with Horizon. [...]” I only vaguely recall this email, which is consistent with my recollection that I received repeated assurances that the subpostmasters’ claims were unsubstantiated.

- c. On 8 February 2011, Mr. Young emailed me and Stephen Long (**FUJ00174417**), providing a link to a BBC1 Inside Out South programme, and noting, “[...] Undoubtedly, Horizon integrity remains a core [sic] to our safe operation and to date, nothing has surfaced that suggests there is any evidence that the system is flawed in anyway [sic]. Can we briefly just talk through these latest developments.” Mr. Young knew the background to these claims and I had no reason to doubt what he was telling me. I do not recall reading this email or watching this programme, but I do generally recall that I understood Post Office was confident that there were no issues with the system.
- d. On 21 June 2012, I emailed Simon Carter, Fujitsu Head of Marketing, and others, with one of the first articles to mention the Second Sight review (**FUJ00168523**). I wrote, “Simon, there's an article on BBC regarding Post Office and concerns over the Horizon system. It is an old allegation which I believe is totally false, however, it is on the news.” This is consistent with my recollection that I was confident at the time, based on the information I was receiving internally and from Post Office, that there were no data integrity issues with Horizon.

- e. On 3 January 2013, I received a news summary from Fujitsu Press Office (**FUJ00174576**), which read (among other news items): "Wednesday 2 January – Years of struggle from campaign groups has forced the Post Office to look again at a computer system which has been blamed for sub-postmasters being wrongly accused of false accounting. Despite numerous complaints the Post Office has consistently stated that there is no fault with the Horizon system. But postmasters claim problems with the technology could be generating unexplained losses. Thousands of Post Offices use the Horizon IT system for their accounts." I forwarded the email and summary to Helen Lamb, who as Director of Applications was responsible for all of Fujitsu's applications business including HNG-X, and David Roberts, who headed the Legal, Commercial, and Assurance function, asking, "Helen, what's the POL stuff about please?" I do not recall sending this email.
75. While I became aware of subpostmasters' claims shortly after joining Fujitsu, I did not understand that Fujitsu was assisting Post Office in proceedings against its subpostmasters on a regular basis until later. Indeed, I do not recall being aware that Post Office was being assisted by Fujitsu until at a meeting Ms. Vennells asked me to thank my team for its assistance with the prosecutions. I did not reveal that I was not aware of this assistance. I do not recall the date of this meeting.
76. I see that Mr. Bounds's briefing of 6 August 2010 to me and Mr. Gilbert (**FUJ00156195**), which I summarised above, mentioned Post Office's prosecutions of the subpostmasters, and that Fujitsu was assisting Post Office by providing Horizon data or witness assistance. I do not recall registering these

references to prosecutions or to Fujitsu's assistance. If I did, I had forgotten by the time I met with Ms. Vennells.

77. I thought it was appropriate for Fujitsu to assist a customer in proceedings involving a Fujitsu-developed system. I subsequently learned that there were contractual provisions governing this assistance, which as I now understand were common in IT supplier contracts. I did not know the details of these provisions, or what Fujitsu's assistance involved.
78. Since leaving Fujitsu, I have learned from listening to the Radio 4 series "The Great Post Office Trial", which was released in May 2020, and reviewing media coverage of the Inquiry, that Fujitsu's assistance to Post Office included the provision of Horizon data in response to data requests, and the provision of witness assistance. Before this, I did not know specifically what type of assistance Fujitsu was providing.

MY ROLE AS CEO OF FUJITSU - UK & IRELAND

Role and Responsibilities

79. In March 2011, I was promoted to the role of CEO of Fujitsu, replacing Mr. Gilbert. As CEO, I became responsible for both Private Sector and Public Sector, and for CORE and Applications. The Managing Directors of the four divisions reported directly to me.
80. Ron Tuttle and later Stephen Long, who succeeded me in the role of Managing Director of Private Sector, reported on the performance of the division, and any

significant issues with the business, to me at monthly business reviews. I reported in turn to Rod Vawdrey, who headed the International Business Group of Fujitsu Japan. I also held monthly UK & Ireland business reviews with Fujitsu's Chief Financial Officer ("CFO") Steve Clayton. These reviews focused on the financial performance of the divisions but also provided him with a 360-degree view of the business.

81. Around 2012, following the introduction of a Towers procurement model outsourcing different IT needs to expert IT suppliers by several Fujitsu customers, Fujitsu was re-organised into a Towers-like structure. CORE was split into several expert service lines such as Business and Applications Services ("BAS"), Hosting and Network Services ("HNS") and End-User Services ("EUS"). A lead service line was nominated for customer solutions involving multiple towers. Private Sector and Public Sector continued to oversee the customer relationships and Fujitsu's growth plans. Following the Towers reorganisation, the Managing Directors of Private Sector and Public Sector, and of the different service lines, reported directly to me.

Oversight of Post Office Account

82. In this role, I was not directly involved in the management of the Post Office Account. However, the Managing Director of Private Sector and the Post Office Account BUD would report any significant events with the account to me. I also had some involvement in maintaining the relationship with Post Office at executive level.

Relationship with Post Office

Interactions with Post Office senior executive team

83. I occasionally met with Ms. Vennells, who was appointed CEO of Post Office in April 2012, as well as with Post Office CIO Lesley Sewell, and Post Office Strategy Director Sue Barton. I was generally accompanied to these meetings by appropriate Fujitsu executives. These meetings focused on the future of Horizon (the evolution of the system and the extension of the Horizon support contract), the future of Post Office's IT framework following the introduction of a Towers model, and the Home Phone and Broadband contract ("HPBB"). I received briefings from the Post Office Account team for each of these meetings, and I debriefed the team following each meeting, often by telephone or in person. As part of these debriefs, I communicated any questions raised by Ms. Vennells with the team for investigation, before reporting back to her. Although I do not specifically recall meeting with Ms. Vennells on 10 June or 4 July 2013, the documents disclosed to me in relation to this are consistent with my recollection that I obtained answers from my team to any questions that she raised with me, and reported back to her (**FUJ00168649, FUJ00174708, FUJ00174721, FUJ00174724**).

Project Shadow

84. As explained, Project Shadow was Fujitsu's proactive approach to helping Post Office accelerate delivery of its business strategy by evolving Horizon. It became clear around summer of 2011 that the project team had failed to convince Post Office that it was worth pursuing, and Post Office adopted the Towers model as

a way forward. Fujitsu had invested hundreds of thousands of pounds in Shadow and when it became clear it would not succeed the project was closed down.

85. However, Fujitsu and Post Office continued to discuss ways to evolve Horizon during my tenure as CEO of Fujitsu UK&I. I recall attending a dinner with Ms. Vennells and Post Office Chair Alice Perkins, which Ms. Vennells had initiated, in this context. They believed that Horizon was too slow to change and that Post Office needed a system which would enable it to compete and thrive into the future. I explained that Fujitsu had been working with their teams and had proposed a way forward for Horizon. This was a discussion about functionality, not integrity. Ms. Vennells became CEO of Post Office shortly after this dinner, which appears to have taken place on 22 March 2012 (**FUJ00117228**). As I vaguely recall, it is following that dinner that I sent the document about the future of Fujitsu and Post Office to Ms. Vennells.

Home Phone and Broadband

86. In May 2012, Fujitsu signed the HPBB contract with Post Office. Under the HPBB contract, Fujitsu was to provide an integrated broadband and telephony solution to Post Office, by overseeing and combining broadband services provided by TalkTalk, and customer contact services provided by Capita, and customer billing services provided by MDS Global. The HPBB solution was rolled out to Post Office in 2013.
87. I recall Ms. Vennells raising several issues regarding HPBB directly with me in 2012 and 2013. She would forward to me complaints that she received from HPBB customers, and contact me out of hours to report service issues to me.

For instance, I recall receiving a text message from her during a weekend family dinner, and calling her to discuss the issue. Ms. Vennells was a demanding customer who was very clear when an issue had arisen which she wanted fixed.

88. One issue was that Capita had not ramped up resources for the customer service centre, causing a massive customer service queue to build-up. I raised the issue with Fujitsu's Head of HNS Andy Stevenson, and I rang Capita's CEO Paul Pindar. As Capita took no action, I decided to send all the apprentices and graduates that Fujitsu had just recruited, which was around 150 to 200 people, to the customer centre based in Solihull, until the customer requests in the queue had been addressed. I was committed to resolving this issue as quickly as possible for Post Office, like I was for any issue that a customer brought to my attention.

Towers Model

89. At the time of Legacy Horizon, large companies like Post Office often outsourced all their IT needs to one supplier under a comprehensive IT contract. In the early 2010s, the UK Government encouraged companies to split these contracts into "towers" for different IT services. Large companies began to adopt a tower procurement model (the "Towers Model") outsourcing each of their IT needs to an expert supplier.
90. In 2012, Post Office followed the trend and announced that it would split its IT services into several towers, including: the Data Centre Tower, the Application & Integration (A&I) Tower, the End User Computing Tower, the Networks Tower. The A&I Tower was later split into a Back Office Tower and Front Office Tower.

Each tower was to be managed and serviced by one supplier under a Services Integration and Service Desk contract (“SI & SD”). Post Office initiated procurement processes for these towers between 2013 and 2015.

91. Before the introduction of the Towers Model, Fujitsu both provided and coordinated the services covered by each of the towers for Post Office. After the introduction of the model, Fujitsu’s business with Post Office started to decline. Fujitsu created a “bid team” for each bid, and each team was dissolved following the relevant bid. The team carefully assessed the risks and rewards associated with each of the Tower contracts before deciding which contracts it was prepared to bid for. For instance, Fujitsu decided to not bid for the SI & SD contract. In theory, the SI & SD supplier would have received calls from all IT service users and either fixed the issue or redirected it to the relevant supplier. In practice, Fujitsu anticipated that the different Towers suppliers would point at each other whenever a service issue arose. As a result, the root cause of the issue would be more difficult to identify and address. Fujitsu assessed that the risks associated with this contract outweighed the rewards. ATOS won the SI & SD contract and, in June 2014, the service desk services provided by Fujitsu were transferred to ATOS. By contrast, Fujitsu bid for and won the Data Centre Tower.
92. My view was that the Towers Model was inadequate for a company like Post Office. Any transition to a Towers Model should have been motivated by a commitment to sourcing specialist expertise, rather than a hope to reduce costs, which I saw as the real motivation behind the UK Government’s recommendation. Additionally, unlike private companies, public sector companies did not have the inhouse expertise to supervise each of the Tower

contracts. I shared this view with Ms. Vennells, who did not take it seriously, perhaps because she assumed I was trying to safeguard Fujitsu's business with Post Office.

93. Before the introduction of the Towers Model, Fujitsu managed the entire Horizon system, which spanned several Towers. Under the model, Fujitsu would manage, depending on the outcome of the procurement processes, some parts of the system only, making it potentially more difficult to understand where service issues originated. The responsibility for managing the end-to-end service shifted to Post Office under this model.

Transitional Support Services

94. HNG-X services were provided to Post Office under a support contract due to expire in 2015. In 2012, Post Office approached Fujitsu to discuss the possibility of extending the contract for a further two years under a Transitional Support Service arrangement ("TSS"). The Towers Model was due to be finalised in 2014, which would not leave the Post Office sufficient time to procure a replacement for HNG-X. I believe that the arrangement was intended to cover the Data Centre, Front Office and Back Office, and Networks Towers until 2017.
95. TSS was negotiated by a commercial team led by Gavin Bell, who was then Post Office Account BUD, on Fujitsu's side, and by Ms. Sewell on Post Office's side. The details of the arrangement were negotiated by a team with a hybrid legal-commercial expertise led by Ian O'Driscoll, then Vice-President of Legal, Commercial and Compliance. This hybrid team reported to Fujitsu's legal team.

96. As CEO, I was not directly involved in the negotiations but received regular updates on their progress from Mr. Bell and others. I do not recall any concerns about the performance of the HNG-X system, or the integrity of HNG-X data, being raised in this context. The TSS contract was finalised in or around September 2013.

IPR Licence

97. In the context of the transition to the Towers Model, Fujitsu and Post Office started to negotiate an agreement for an Intellectual Property Rights (“IPR”) license for the part of Horizon that Fujitsu owned. In Horizon, all transactions were ultimately processed through a core system. These transactions would be from different businesses (retail, banking, DVLA, foreign exchange, etc.). The code for the core system was considered Fujitsu’s property. Fujitsu had developed it at its own risk. As I understood, the code for the different business elements, which were progressively added as the Horizon system developed, were Post Office’s property.

98. With the introduction of the Towers Model, Post Office had to anticipate the possibility that another company would win the A&I Tower which encompassed the Horizon software. Post Office wanted to give that company the option to either evolve or replace Horizon. To evolve Horizon, that company would require access to and use of the core code.

99. Post Office therefore approached Fujitsu to negotiate a license allowing them and the winning company to use the code. Mr. O’Driscoll led the negotiations for Fujitsu. I recall that the negotiations were protracted. Ultimately, Post Office and

Fujitsu agreed that if the Front Office Tower was awarded to another company, it could exercise an option for an IPR licence for £20 million.

Relationship with the UK Government

100. Around 2005, the UK Government attempted to modernise the NHS' IT systems.

A major procurement exercise followed and several large IT companies were appointed by the NHS to deliver the programme in discreet geographic areas. These companies included DXC, Accenture, BT and Fujitsu. Nearly all of these programmes were considered to have failed. Fujitsu's contract was terminated by the NHS and in early 2008 the NHS sued Fujitsu for damages and Fujitsu counter sued. In around 2011, as the arbitration hearing dates approached, the Cabinet Office started to put pressure on Fujitsu to settle the dispute.

101. When I was appointed CEO in April 2011, I sought support from Fujitsu Japan to engage in a dialogue with Cabinet Office to resolve the dispute. Cabinet Office's view was that the dispute could only be settled to Fujitsu's significant disadvantage. This was unacceptable and the dialogue ended. Cabinet Office then wrongly classified Fujitsu as a high-risk supplier, despite Fujitsu being one of the Government's best suppliers, and briefed the media. While Fujitsu's relationship with individual Government departments was strong and collaborative, the relationship with certain ministers and civil servants in Cabinet Office was not. I believe that senior Cabinet Office officials had meetings with all of Fujitsu's public sector customers, including Post Office, during that time to convince them not to do business with Fujitsu.

MY KNOWLEDGE OF HORIZON (2011 – 2014)

Privileged Access Rights

102. During my time at Fujitsu, I had a general understanding that a small team of Fujitsu employees had privileged access rights which enabled them to access the Horizon system. I knew that such rights were necessary to maintain the system; for instance, to amend the HNG-X code to implement changes to the system or resolve system issues. I did not know precisely what these rights involved.

103. I have been provided with an email from Stephen Long, then Royal Mail Group Account BUD, to me and Mr. Bounds, dated 1 June 2011, summarizing the findings of an audit conducted by Ernst & Young on Post Office in March 2011 (**FUJ00174422**). In relation to access to HNG-X, the email stated: "In general, Ernst & Young were satisfied with the robust user management processes for HNG-X system access. However, observations were made of the user management processes, specifically with regard to the segregation of duties between developer and system administrator roles. It was also recommended that a review of privilege access is undertaken and that the processes around user management are strengthened." The recommendation summary then included, "Segregation of duties within the manage change process", among other high priority recommendations.

104. I do not recall reading this email, but I do recall Ms. Vennells telling me at a meeting that Fujitsu needed to resolve the issues identified by Ernst & Young before the next board meeting of Post Office. She referred to these issues

generally, without referring to any of the specific recommendations made in the report. I see from a Major Account Review document disclosed to me by the Inquiry (**FUJ00174428**) that Mr. Bounds and I met with Ms. Vennells to discuss the Ernst & Young audit on 18 August 2011. I assume that it is at this meeting that this discussion took place. I recall telling Mr. Bounds that Fujitsu needed to ensure that these issues were resolved in time for the Post Office board meeting.

105. I also recall the “segregation of duties” issue. I was unhappy with Mr. Bounds because I had previously asked him to address this issue in 2010. I had become aware from a conversation with Mr. Bounds regarding issues arising during the HNG-X rollout that developers were allowed to work in the live HNG-X system. In other words, developers could deploy new code while HNG-X was operating. They should not have been allowed to do so, as working in the live system increased the risk of errors. In my experience, it was unusual for those who wrote the code (“developers”) to also be implementing it live. Implementing changes to the code would usually be done by a separate team (“administrators”) under rigorous change controls.

106. I recall asking Mr. Bounds to suspend the developers’ access to the live system, and to instruct developers to work on the development systems only. I had no reason to believe that he had not done so: Mr. Bounds would normally report back to me if anything I had asked could not be implemented, but he had not done so regarding the suspension. Mr. Bounds had a reputation as someone who got things done. I was therefore surprised to find that this remained an issue in 2011. I ensured that the Post Office Account team fixed it as soon as possible, and before Post Office’s next board meeting.

107. I do not recall the other issues and recommendations listed in Mr. Long's email.
108. I have been provided with a briefing that I received from Haydn Jones, who was Post Office Account BUD at the time, on 7 June 2013 in advance of a meeting with Ms. Vennells scheduled for 10 June 2013 (**FUJ00174662**). The briefing focuses on "operational performance", "new initiatives" such as TSS and the Data Centre Tower, and CSR. In a section on miscellaneous points that may arise in the meeting, the briefing states: "Second Sight forensic due diligence: A number of queries have been raised, all of which have been answered and no irregularities identified. One allegation is proving more challenging relating to a suggestion that alterations to the branch database holding sub-postmaster balances could be made on Fujitsu premises." I have no recollection of this meeting with Ms. Vennells, though I have no reason to doubt that it took place. I do not remember ever discussing the issue of "alterations to the branch database" with Ms. Vennells or anyone else. I note that, according to the briefing, Fujitsu was providing information regarding "systems controls/access and audit records for balance corrections" to Second Sight.
109. I am aware that Ms. Vennells stated in a letter to Parliament's Business Select Committee in June 2020 that she had been told by a former CEO of Fujitsu that the Horizon system was "like Fort Knox". Her exact statement was: "[...] Indeed, I remember being told by Fujitsu's then CEO when I raised it with him that the system was 'like Fort Knox'. He had been a trusted outsource partner and had the reputation of a highly competent technology sector CEO. His word was important to me." I am the "Fujitsu's then CEO" to whom Ms. Vennells is referring.

110. I do recall making that comment to Ms. Vennells in a one-to-one meeting, although I cannot recall when that meeting took place. Contrary to what she says in her letter, my comment was not about remote access to transaction data but about physical access to the HNG-X developers' area in Bracknell and the cyber security of the system. As I recall, Ms. Vennells referred to the sixth floor in Bracknell – the area where the HNG-X software development team was located – and asked if the system was secure. I immediately thought of physical and cyber security, and understood her question to be whether anyone outside of the Fujitsu's Post Office Account team could physically enter the sixth floor and access the system, and notwithstanding what she says in her letter I remain of the view that this is what she was asking. My answer to that question was that it was secure. Indeed, only some members of the Post Office Account team working on Horizon had a pass to access the sixth floor. Even I, as the then CEO of Fujitsu, could not access that floor with my security pass. I had also been assured by my team that the system had strong cyber security controls. When Ms. Vennells asked me if the system was secure, I responded that it was "like Fort Knox" on that basis.

111. I also recall that Michael Keegan referred to privileged access in a conversation we had in 2015. He was CEO of Fujitsu UK&I at the time. As I recall from our conversation, he explained that Fujitsu could not make any changes to the system without Post Office's authorisation. The process for making such changes had been summarised by Fujitsu's Head of BAS Nigel Shaw for Mr. Keegan in advance of a meeting with Post Office. I do not recall when these processes were introduced or how long they had then been in place. Following

this conversation, I would have assumed that Post Office senior executives were well aware that remote access was possible and governed by these processes.

Issues affecting Horizon Online in 2011-2014

Concerns over Horizon data integrity

112. I had no concerns over the integrity of HNG-X data during my tenure as CEO of Fujitsu UK&I. I knew that a system of the scale of Horizon would have had some bugs. However, my understanding was that the number of bugs was relatively small for a system of that size and did not cause integrity issues.

113. As explained, I was told that the subpostmasters' claims regarding Horizon Integrity were unfounded. When these claims became more widely publicised, they were investigated by forensic accountants Second Sight, who concluded that the system was working well. I discuss the Second Sight investigation below.

114. I understand from the documents provided to me by the Inquiry that several issues affected the operation of HNG-X in 2012. I do not recall these issues specifically, but I vaguely recall that, following the 2010 Belfast datacentre power surge, hardware failures occurred more frequently.

115. These documents include email communications from Corporate Alerts to me and other Fujitsu employees regarding incidents which resulted in the "loss of banking transactions across the whole Post Office estate" in March (**FUJ00174433**) and April 2012 (**FUJ00174434**; **FUJ00174446**). I do not recall these incidents. Reading the alert reports today, I understand that subpostmasters were temporarily unable to process banking transactions as a

result of these incidents. I see no suggestion in the reports that the incidents could have resulted in discrepancies in branch accounts.

116. One of these communications (**FUJ00174434**) encloses an alert report, which refers to a Cisco issue and indicates that a blade was sent to Cisco for analysis. Under "Other items of interest", it states: "There has been a further Major Incident this week. [...] This resulted in around 1,200 (of 30,000) counters being unable to trade for several hours on Monday 2nd April. [...]" I do recall this issue although not in any detail. Again, my understanding was that it resulted in service interruptions and loss of business for Post Office branches.

117. A document titled "Local Suspense Problem" dated 15 May 2013 contains "a management level summary of the "Local Suspense" problem" (**FUJ00083375**). I did not receive this document and do not recall being made aware of its contents. It indicates that Post Office first became aware of the issue in "2011 / 12" but did not report it to Fujitsu until "2012 / 13". As explained, Fujitsu relied on its customer to report any problems with the operation of the system for resolution. I note that Fujitsu determined the root cause of the problem and sent a preliminary report on the issue to Post Office on 28 February 2013 – three days after the issue was reported to them. This accords with my recollection that Fujitsu swiftly resolved any issues with the Horizon system which Post Office brought to its attention.

118. A draft document titled "Horizon data Lepton SPSO 191320" dated 12 June 2013 (**FUJ00086811**) describes a problem related to the reversal of a transaction at a

Post Office branch in Lepton. I never saw this report and was never made aware of the problem it describes.

Processes to rectify faults in Horizon

119. I believed that the processes in place to identify and rectify faults in Horizon were working well. As explained, I do not recall exactly what these processes involved, but I knew that they were subject to scrutiny through internal and external audits, and various assurance processes.

120. Several of the documents disclosed to me refer to a Corporate Alert system (**FUJ00174433, FUJ00174434, FUJ00174446**). The Corporate Alert system enabled account teams to escalate issues to a higher management level than other processes for the resolution of issues. It generally resulted in better coordination across divisions or additional resources being made available to the account.

121. In one email disclosed to me by the Inquiry (**FUJ00168511**) Mr. Bell mentions a “reconciliation service” which “catches any issues.” I do not recall being aware of that service, but Mr. Bell’s email is consistent with my recollection that Fujitsu had various processes in place to identify and resolve issues.

Assurance of the integrity of Horizon data

122. I understand from documents disclosed to me by the Inquiry that Fujitsu conducted some review of Horizon following the issues that affected the system in 2012. I have also seen references to a review of Horizon that may have been conducted by KPMG. I do not recall either review.

123. As I had no concerns over Horizon data integrity, and was not directly involved in the management of the Post Office Account, I did not take any steps to review the integrity of Horizon data. Although I became aware of the subpostmasters' claims regarding Horizon data integrity, I knew that these claims were being independently investigated by Second Sight.

INVESTIGATION BY SECOND SIGHT

124. I recall that around June 2012 Ms. Vennells informed me at a meeting that concerns had been raised regarding the integrity of Horizon and that Post Office had retained a third-party firm to review the system. I believe that she was referring to the Second Sight investigation. I responded that she could count on the assistance of Fujitsu's Post Office Account team with the review and that I was available to discuss if needed. I do not recall discussing Fujitsu's assistance with her on any further occasions.

125. I see from an email disclosed to me by the Inquiry (**FUJ00168511**) that Ms. Vennells had raised concerns regarding Horizon integrity with Mr. Bell in April 2012, when they met by chance during their commute. I vaguely recall a conversation with Mr. Bell about his chat with Ms. Vennells, but I do not recall the details of our conversation or reading this email.

126. I considered that it was appropriate for Post Office to arrange an independent investigation into these concerns. The Horizon system was designed for the Post Office network, and Post Office was therefore best placed to know whether the system was working for its people. At the time, Post Office also owned most of

the IPR in Horizon. I trusted that Post Office would take the investigation very seriously.

127. I do not know why Second Sight was chosen to conduct this investigation.

128. My understanding was that Fujitsu was cooperating fully with the investigation by providing relevant information as requested. I was not involved in Fujitsu's cooperation or any disclosure provided to Second Sight by Fujitsu, which would have been the responsibility of the Post Office Account BUD. I assumed that Fujitsu provided Second Sight with all information requested by them, but I do not know if that information was provided to Second Sight directly or through Post Office. Neither Post Office nor Second Sight ever raised any issues or concerns regarding Fujitsu's cooperation with me. Nor did Fujitsu's Post Office Account team report any issues or concerns to me. The message I was receiving internally was that Fujitsu was cooperating fully and that Post Office was happy with Fujitsu's engagement with Second Sight.

129. I see from email correspondence disclosed to me by the Inquiry that on 28 November 2012, Paul Patterson and I received a briefing from Mr. Bell in advance of a meeting with Ms. Barton and Ms. Sewell, scheduled for the following day (**FUJ00174530**). The briefing stated, among other things: "A 3rd party commercial organisation (called 'Second Sight') have been carrying out a forensic audit (mainly on PO processes) as part of Paula's attempt to quash (once and for all) the class action being taken by about 70 sub-postmasters. We have been impacted by various media reports quoting sub-postmasters, some of whom are blaming Horizon for their financial irregularities. POL should be

pleased with the way we have supported them through this difficult challenge.” I do not recall receiving this briefing or meeting with Ms. Barton or Ms. Sewell on this occasion. However, it accords with my understanding that Fujitsu was cooperating fully with Second Sight.

130. I understand that Second Sight published its interim report on or around 8 July 2013. I never received or read the interim report, though I received several emails summarising its conclusions. My understanding was that the investigation had identified no systemic issues with Horizon.

131. I see from email correspondence disclosed to me by the Inquiry that on 28 June 2013, for instance, James Davidson, then Post Office Delivery Executive, informed me that a provisional Second Sight report was due to be published on 8 July, and might be leaked before that date (**FUJ00168654**). Mr. Davidson indicated that the report would conclude that “no specific issues of a systemic nature have been identified with Horizon / HNGx”, and that while “a couple of system bugs [...] were examined in the audit”, there was “nothing that links these to any specific cases so nothing to corroborate any allegations made.” This is consistent with my recollection that the conclusions of the report were generally positive.

132. Similarly, I see that on 3 July 2013, Ms. Lamb informed me, Mr. Bounds, and others, that the interim Second Sight report would be released to Post Office on 5 July (**FUJ00174701**). Like Mr. Davidson, Ms. Lamb believed that the report would confirm that “no specific issues of a systemic nature have been identified with Horizon / HNGx [emphasis original]” although “some noise [...] on a couple

of system bugs (identified in 2010 shortly after the new system went live & subsequently resolved)” was possible. Again, Ms. Lamb noted that her team had found no connection between these bugs and “specific cases”, so that there was “**nothing** to corroborate any allegations made [emphasis original].” I do not recall being aware of these bugs or discussing these bugs in the context of the interim report.

133. Ms. Lamb also added that the report would identify issues with “the level of support provided to Sub-Postmasters when business issues occur, training and, [sic] end user issues”, which was Post Office’s responsibility.

134. I see that on the day of the interim report’s publication I received an email from Mr. Carter outlining two media “stories” regarding the report (**FUJ00168661**). Mr. Carter mentioned that Fujitsu had agreed with Post Office that Fujitsu would not comment on these “stories” without permission from Post Office. I have seen other references to this agreement in documents disclosed to me by the Inquiry, including in an email from Andrea Clatworthy, Fujitsu Head of Client Marketing for UK and Ireland, to all client facing executives in the region on 9 July 2013 (**FUJ00174743**) and in an email from Mr. Carter forwarding a Computer Weekly article on 29 October 2013 (**FUJ00156916**). I recall being aware of this agreement and understand from an email exchange I had with Mr. Carter in June 2012 (**FUJ00168523**) that Post Office had asked Fujitsu to refer all media enquiries to them. I note that it would not have been unusual for Fujitsu to agree not to comment on one of its customers in the press.

135. The following day, Mr. Carter informed us that the Business Minister, Jo Swinson, would make a statement on the Horizon system (**FUJ00168661**). The statement, which was later forwarded to me, was consistent with the message I was receiving internally: there were no systemic issues with the Horizon system (**FUJ00174760**).
136. I see that Ms. Vennells had emailed Simon Blagden (**POL00145321**) to inform him that Ms. Swinson was going to make a statement. Mr. Blagden was acting as a political affairs consultant for Fujitsu. Ms. Vennells mentioned that she and I had had a call earlier that day but were “cut off”. I do not recall that call but assume she wanted to inform me about the prospective publicity following the publication of the interim report.
137. I recall that I swiftly informed members of the Executive Committee of Fujitsu Japan of the publication of the interim report. I see from a document disclosed to me that I did so by forwarding Ms. Clatworthy’s email of 9 July 2013 to Rod Vawdrey, Akihisa Kamata and Hideyo Hirata (**FUJ00174743**). I wished to ensure that Mr. Vawdrey, Mr. Kamata and Mr. Hirata were each aware of the report, because they all reported to the then CEO of Fujitsu Japan, Masami Yamamoto. I was therefore confident that the existence of the report would be brought to Mr. Yamamoto’s attention.
138. I see that I was the recipient of a Webex Conference invitation for a Fujitsu internal Second Sight follow-up call on 9 July 2013 (**FUJ00174753**). If I did join it, I do not recall this call. Nor do I recall attending any other internal Fujitsu debrief call after the publication of the interim report.

139. It appears that I continued to receive updates or information on the progress of the Second Sight investigation following the publication of the interim report. For instance, I see that a briefing prepared for me for the purposes of a meeting with Ms. Vennells, Mr. Jones, and Mr. Phillips on 16 September 2014 (**FUJ00168842**) indicated: "Version 2 of the Second Sight report has been published to the Joint Federation of Subpostmasters and Subpostmasters that have raised a case." The briefing described this version as "a cleaned up version of the original document we saw last year". It added that there was "no material issue with Horizon" although "the same inferences and unfounded points [we]re raised mostly pointing to Post Office." The section of the briefing on Second Sight ended with a "General Question" for Ms. Vennells: "Is there more you need from Fujitsu? Otherwise teams have been cooperating well [...]" While I have no recollection of this specific meeting with Ms. Vennells, this briefing is consistent with my recollection that the Second Sight investigation had identified no systemic issue with the Horizon system, and that I believed Fujitsu had been cooperating fully with the investigation.

MY ROLE AS CEO OF FUJITSU - EMEA

Role and Responsibilities

140. When I arrived at Fujitsu, its parent company Fujitsu Japan was treating its subsidiaries outside of Japan like separate companies with their own CEO and board, in which it held shares and which reported to the Executive Committee. Fujitsu and Fujitsu Japan had an arms-length relationship. Fujitsu Japan had

executives implanted in the global businesses, but there were no globally structured functions across the two companies. Around 2011 or 2012, a process of globalisation began. In 2014, Fujitsu Japan created three major regions and globalised the Finance, Legal and Human Resources (“HR”) functions, so they had hard line reports into the headquarter functions.

141. In April 2014, I was promoted to CEO of the EMEIA regions at which point I was responsible for over thirty countries, c.£5B revenue and over 20,000 employees. In June 2015, I was appointed to the board of Fujitsu Japan, which required monthly travel to Tokyo. In February 2016, the Americas were added to the list of regions for which I was responsible. As I recall, at this point I was responsible for over 30,000 employees and revenues of c.£8B.

142. In mid-2017, I had an opportunity to leave Fujitsu to join a UK PLC as CEO. I mentioned this to a member of the global HR function in Tokyo in September 2017. He reported this to Fujitsu Japan who indicated they did not want me to leave the company. Following some discussion, I signed a contract under which I agreed to stay with the company for a three-year transition period, until mid-2020. The end of my tenure under the contract aligned with the end of Tatsuya Tanaka’s customary five-year term as CEO of Fujitsu Japan. However, Mr. Tanaka stepped down a year earlier than planned. He was replaced by Takahito Tokita in late June 2019. I was later told that Mr. Tokita wanted his own team in place, and that I would not be part of it. We agreed that we would part as friends.

Oversight of Post Office Account

143. From April 2014 to the first half of 2018, as I took on more responsibilities, I became less and less involved in helping to manage the relationship with Post Office. I had confidence in the work of the Post Office Account team, the Private Sector team, and the UK CEOs. I was kept informed of significant events on the Post Office Account by Mr. Keegan, who succeeded me as CEO of Fujitsu in May 2014, and then by Regina Moran, who succeeded him in June 2015.

144. During 2018, Fujitsu Japan and I steadily moved areas of my responsibility to others. For instance, after restoring the Americas to profit it was moved to report to Tokyo, as was the European Hardware business. After this, I brought Northern Europe's largest accounts to report to me. These included MoD, HMRC and Post Office. I wanted to ensure Fujitsu's long-term success following my departure.

Relationship with Post Office

Project Trinity

145. In October 2014, Fujitsu decided to withdraw from the Front Office Tower procurement process. I recall Mr. Keegan explaining at a meeting that Post Office had asked Fujitsu to re-write HNG-X as part of the Front Office Tower. Fujitsu had considered this possibility and decided against it, given the complexity of the system, the uncertainty to winning the bid, and the costs involved. Fujitsu had assessed the risks involved in re-writing Horizon after the losses the company had incurred on both Legacy Horizon and HNG-X. The meeting was a large meeting attended by the team engaged with the customer, the BAS service line, and Mr. Keegan as CEO of Fujitsu UK&I. After hearing the views and

recommendations of the teams, I agreed to support their recommendation to withdraw.

146. In May 2015, Post Office announced that IBM had won the tender to write a replacement for HNG-X after the two-year procurement process for the Front Office Tower. However, in late 2015 Ms. Vennells and Alisdair Cameron, then CFO of Post Office, approached Ms. Moran to ask Fujitsu to make a proposal to extend the HNG-X contract in place of the IBM contract. Fujitsu accepted, and Post Office terminated the contract with IBM. This project was called Project Trinity. As I recall Post Office requested a further cost reduction as part of the process.

147. In March 2016, Post Office and Fujitsu signed an extension to the Horizon contract.

Other projects

148. In parallel, Fujitsu and Post Office continued to work together on several Horizon-related projects, one of which was Horizon Anywhere. As I recall, the purpose of Horizon Anywhere was to enable Post Office to offer its services at Horizon counters in other retail companies as well as Post Office branches. I vaguely recall that Post Office had partnered with Spar for this project. Other projects were called HNG-T and Project Everest, but I do not recall what they involved.

149. These projects required both the Fujitsu and Post Office teams to transition from a waterfall model, under which an IT system is developed from start to end over a long period of time before it is deployed, to an agile model, under which a specific IT solution is developed and deployed in much shorter timeframes.

Interactions with Post Office Senior Executive Team

150. I had little or no interactions with the Post Office senior executive team between April 2014 and December 2015. The relationship with Ms. Vennells was managed first by Mr. Keegan and then by Ms. Moran during that period. I began to reengage in the relationship with Post Office in late 2015 or early 2016, as Post Office terminated the Front Office Tower contract with IBM. Following the signature of the Trinity contract, Ms. Vennells asked me to become involved in rebuilding the relationship with Post Office, which I agreed to do.

151. In that context, I asked Nigel Naylor-Smith, then Client Executive on the Post Office Account, to escalate to me any issues on the Account that could not be easily solved. For instance, in or around 2018, Mr. Naylor-Smith informed me that Post Office had concerns over Fujitsu's ability to operate an agile development model. The transition from a waterfall model to an agile model was creating significant tensions within and between the Fujitsu and Post Office teams working on a new iteration of Horizon called HNG-T.

152. To address these issues, Wendy Warham and I began to attend regular meetings with Ms. Vennells and Rob Houghton to work on addressing these issues together. I had to explain to Ms. Vennells and Mr. Houghton the implications of deploying a project in weeks instead of years. I was having weekly calls with the Fujitsu team to ensure the project was given the right level of resourcing and priority. I also recall attending a joint Fujitsu - Post Office event that had been organised to encourage our teams to work together, and featuring in a video-

recorded conversation with Ms. Vennells on the history between our two companies for the same purpose.

GROUP LITIGATION AGAINST THE POST OFFICE

My understanding of the Group Litigation

153. I believe that I first became aware of the Group Litigation from the press digests that I received from Fujitsu's press office in 2016 or 2017. I did not read these digests in detail, but I often scanned them. For instance, one digest dated 2 August 2017, disclosed to me by the Inquiry, includes a summary of a Financial Times article titled "Post Office faces class action over 'faulty' IT system" (**FUJ00207483**). I also recall Ms. Vennells mentioning this at around the same time.

154. Fujitsu's Legal and Commercial function had oversight of the Group Litigation in conjunction with the BUD for the Post Office Account. Legal oversight was exercised by Rob Putland, Fujitsu's in-house counsel for all regions outside of Japan, and Rachel Roberts, Head of Legal and Commercial for the UK. The Fujitsu BUDs for the Post Office Account, as I recall, were Mr. Naylor-Smith until late 2018 and then Ms. Warham during 2019. I was confident that these senior leaders would manage Fujitsu's involvement in the litigation very competently. I believe that Pinsent Masons, Fujitsu's external counsel for the litigation, reported to Ms. Roberts.

155. Around December 2018, I began to receive regular updates on the progress of the Group Litigation from Ms. Warham and her team (see for instance **FUJ00175780, FUJ00175854**). I understood from these updates that there were broadly two phases to the litigation: a first phase which concerned the contractual relationship between Post Office and its subpostmasters, and a second phase which concerned the Horizon system (the “Horizon Trial”).
156. Around March 2019, as the first phase of the trial concluded and the second phase started, I began to receive regular updates from Ms. Roberts. One of these updates for instance summarised the outcome of the first trial and mentioned Post Office’s recusal application (**FUJ00201581**). I understood that the outcome of the first phase of the trial was not favourable to Post Office.

My Perception of Fujitsu’s Exposure

157. As I recall, I had no concerns over Fujitsu’s exposure in the litigation, although I was concerned about the reputational impact that publicity around the Horizon Trial could have on the company.
158. I see that on 7 May 2019 Ms. Warham emailed Vicky Sheppard, Mr. Patterson, and others in customer-facing roles at Fujitsu, summarising the Group Litigation, and explaining that Mr. Bounds and I were conscious that customers may ask questions about it (**FUJ00176005**). I do recall that I wanted those copied to be prepared for customers’ questions.
159. As the Horizon Trial approached, I briefed Fujitsu Japan’s board about the litigation, through monthly business review meetings I had with Hidehiro Tsukano, Fujitsu Japan’s CFO. I see that a summary of the EMEIA Region 1

business review meeting we had on 24 May 2019 (**FUJ00176011**) states: “Post Office: Fujitsu may receive negative publicity July onwards related to past class action taken against POL by its postmasters where Fujitsu s/w was in use. DT confident no direct exposure to Fujitsu.” This accords with my recollection that I had no concerns over Fujitsu’s potential exposure arising from the litigation. I believe that this statement was based upon legal advice I had received about the litigation at the time, although I cannot recall the details of the advice or if it was internal or external legal advice.

160. More generally, I was confident that the outcome of the Horizon trial would be favourable to Post Office, as I had been told consistently by Fujitsu’s Post Office Account team that there were no systemic issues with Horizon and that there was no connection between the bugs identified by Second Sight and the subpostmasters’ claims. As explained, I believed that the number of bugs was relatively low for a system of that size and complexity. I believed that Post Office had a strong case, and that they would not be fighting the litigation otherwise.

161. Fujitsu was not a party to the Group Litigation, but was supporting an important customer, which was standard practice and entirely reasonable.

Fujitsu’s Support to Post Office

162. I understood that Fujitsu was providing relevant material and information to Post Office, as well as some witness assistance. I did discuss the litigation with Ms. Warham at Fujitsu, and with Mr. Cameron and Ms. Vennells at Post Office from time to time as they requested, although I cannot now recall specifics. My involvement was limited to these discussions.

163. I did not consider it necessary to be more involved because I knew that Ms. Warham was very competent and experienced, and that she, as the senior executive managing the Post Office Account, was best placed to oversee Fujitsu's support to Post Office, in collaboration with the Fujitsu in-house legal team and its external counsel. I believed that the Fujitsu in-house legal team was also very competent, and Fujitsu had previously instructed Pinsent Masons as external counsel and was satisfied with their services. Additionally, as explained, I had no concerns over Fujitsu's exposure in the litigation.
164. I see from a document disclosed to me by the Inquiry that on 15 June 2018 Mr. Naylor-Smith informed me that Post Office "may comment (or even thank) Fujitsu for ongoing support" with the litigation (**FUJ00175613**). This is consistent with my recollection.
165. I see from further documents that in February 2019 I had some contacts with Ms. Vennells regarding the litigation.
166. On 8 February 2019, I messaged Ms. Vennells (**PVEN00000384**), writing: "Wendy has updated me on the legal case. We have a team marshalled to help prepare the response." I assume that Ms. Warham's update concerned the claimants' expert report, which was mentioned in an email that she forwarded to me on the same day (**FUJ00175854**). I was not involved in setting up this team, but wanted Ms. Vennells to know that Fujitsu was helping.
167. On 11 February 2019, Fujitsu senior counsel Christopher Jay emailed Ms. Roberts (**FUJ00192728**), explaining that I had received a call from Ms. Vennells "expressing concerns around FJ support re GLO claims and late changes to

Witness Statements.” I do not recall this call or Ms. Vennells’s concerns. However, this supports my general recollection that I had several conversations with her during this period, and that I would have communicated any concerns to Ms. Warham and her team.

168. On the same day, Ms. Vennells emailed her legal team (**POL00176667**) to summarise our conversation. I do not recall any of the “areas” that she lists in her email.

Disclosure Failures

169. I do not recall being made aware of any late disclosure by Fujitsu in the Group Litigation. One internal Post Office email exchange disclosed to me describes a “disclosure incident” (**POL00285904**). I understand from this email exchange that this incident was identified by Fujitsu in October 2019, months after I left the company.

My reaction to the Horizon Trial Judgment

170. I left Fujitsu in July 2019 before the publication of the judgment. I was shocked to read in the media that Mr. Justice Fraser had found that Horizon could and did cause discrepancies in branch accounts. This was inconsistent with what I had always understood from Fujitsu’s Post Office Account team and Post Office.

171. At some point, I also learnt from media coverage that two Fujitsu witnesses had been referred to the Director of Public Prosecutions and were being investigated for perjury. I was also shocked to read this.

FUJITSU GOVERNANCE AND COMPLIANCE

172. During my time at Fujitsu, the company had an extensive governance system in place to ensure it delivered its obligations to its stakeholders. I describe this system below.

Governing Business Opportunities with Customers

173. Fujitsu's business consisted of multiple contracts with many individual customers. The governance system was designed to manage each contract through its lifecycle, from the original business opportunity to the expiry of the contract.

174. Fujitsu managed each opportunity according to its financial value. Large opportunities required approval further up the organisational hierarchy with very large deals reaching either the CEO of Fujitsu or the CEO of the International Business Division (also known as Global Business Group before 2011) or the CEO of the relevant region after 2014.

175. The first step in the process was known as **bid/no bid**. The purpose of the bid/no bid process was to assess if Fujitsu had the technical abilities and resources to win the bid and deliver a solution, and if the opportunity was worth pursuing both strategically and financially. The opportunity owner would set out the details of the opportunity and the decision maker would approve or reject allocating resources to design the customer solution. For the Post Office Account, the BUD would present to the Managing Director of Private Sector or to the CEO of Fujitsu, depending on the value of the opportunity.

176. Once the resourcing was approved, a bid team would be assembled comprising Private Sector or Public Sector and CORE personnel. This team would develop a technical solution, delivery model, financial structure, and contract. The opportunity owner would then ask for approval to submit a proposal to the customer. This step was known as **Bid Approval and Review** (“BAR”). The opportunity owner or team would present all facets of the deal, including service solution, technical architecture, key contract terms, risks and mitigations and financials, to a panel including representatives from the Finance, Technical, Human Resources and Legal and Commercial functions (the “Approval Panel”). For large opportunities, an independent assurance team, known as the Gold Team, performed a comprehensive review of all aspects of the deal before the BAR meeting for the Approval Panel to consider in its decision process. At the end of the BAR, the bid proposal would either be approved for submission to the customer, or sent back to the opportunity owner for revision and reconsidered at a subsequent BAR meeting, until approved for submission. The same process was repeated after submission, if revisions to the proposal were requested by the customer.
177. The final stage was known as the **Contract Approval Review** (“CAR”) and was requested by the opportunity owner when the contract was ready to be signed by Fujitsu and the customer. This step involved the Approval Panel, supported by the Gold Team for large opportunities, looking at all facets of the deal in detail.
178. After the contract signature, as the deal moved to delivery for the customer, Fujitsu’s Delivery Assurance team would review progress. Where appropriate, management would schedule reviews to assist teams deliver their objectives.

179. All BAR and CAR meetings were organised, attended, and minuted by a separate division within Fujitsu, called the Assurance Group. The Assurance Group was generally responsible for ensuring that the solutions delivered by Fujitsu met both the company's quality standards and the customer's requirements. The Gold Team, Delivery Assurance team, and Business Assurance team, were all part of the Assurance Group. The Assurance Group reported to Mr. Roberts.

180. I attended some BAR and CAR meetings for Post Office deals during my time at Fujitsu. When I was CEO of Fujitsu UK&I and EMEIA, my direct reports had authority to approve small or medium deals. However, my approval was required for large deals, such as the Trinity contract. When I was Managing Director of Private Sector, Mr. Gilbert's approval, and ultimately Mr. Christou's, were required for large deals.

181. In addition to the UK Assurance Group, Fujitsu Japan deployed an independent assurance team (the "Japan Assurance Team") into the UK, which had oversight of major programmes and performed an independent audit and service delivery quality assurance function. During my tenures as CEO of Fujitsu UK&I and then EMEIA, the Japan Assurance Team was headed by Mr. Hirata and later Toru Hanayama, who reported directly back to Fujitsu Japan's CEO. Before my appointment as Fujitsu CEO, the function was headed by Hisashi Kojima. Their team would review Fujitsu's solution delivery and make recommendations when appropriate.

Governing Customer Engagement

182. Fujitsu put in place **account plans** for its major customers. The account plan was the responsibility of the account team and would be presented to senior management: BUDs, the Managing Director of Private Sector or Public Sector, or the CEO of Fujitsu UK&I, depending on the sector and size of the customer. The objective of the account planning process was to align Fujitsu's services and resources to enable the customer to achieve its business strategy. Account reviews were held at least once a year and took a multi-year view of the evolution of Fujitsu's engagement with the customer.

183. **Monthly business reviews** were scheduled for each business unit and large account. For instance, the CEO of Fujitsu would review Private Sector business, and the Managing Director of Private Sector would review each of the business units that he or she was responsible for, including Post Office. The reviews would look at broad performance and were opportunities for the teams to raise issues or request help and for the reviewers to oversee progress.

184. Fujitsu put in place a system to assess **customer satisfaction**. Each account would establish a system directly with their customer. Fujitsu also established a separate system for each customer to provide feedback to Fujitsu management via a third-party company. Additionally, Fujitsu teams would have regular meetings with the customer hierarchy.

Governing Employee Engagement

185. Fujitsu had an employee forum called **Fujitsu Voice**. Around twenty representatives were elected by their colleagues to represent all areas of the business. I met with them every few months, giving all employees the opportunity to raise any issue that they wanted with me through their Voice representative,

without going through their reporting line. The forum was a safe place and received a university award for best practice.

Statutory Governance

Audit and Corporate Governance Committees

186. Fujitsu had an Audit Committee and a Corporate Governance Committee. The Audit Committee had oversight of financial reporting, compliance reporting, internal controls, whistleblowing, and internal and external audits, while the Corporate Governance Committee had oversight of corporate policies, compliance with applicable laws and regulations, risk processes, and directors' training and skills. I do not precisely recall the differences in the two committees' remits. Nor do I recall when I was appointed to these committees, but I assume it was after I became CEO of Fujitsu UK&I.

187. As I recall, issues would be escalated to the committees in two ways: bottom-up, as the assurance teams added all issues raised by the account teams to the risk register, and top-down, as members of the committees could raise issues for discussion at or in advance of committee meetings.

188. I see from minutes of meetings provided to me by the Inquiry that issues regarding the HPBB contract with Post Office were raised with both committees. However, issues relating to Horizon integrity do not appear to have been discussed at these meetings, whether through the risk-register, the whistleblowing line, or any other channel. I did not raise the subpostmasters' challenges to Horizon integrity with the committees, because I did not think that doing so was necessary due to the reassurances I had received. Initially, I did

not appreciate the scale of these challenges, or the risks arising from them. Following the publication of the Second Sight interim report, I believed that challenges to Horizon integrity had been independently investigated by forensic experts, who had found no systemic issues with the system. As mentioned, I emailed Mr. Kamata, Mr. Vawdrey, and Mr. Hirata, who were all members of both committees, to notify them of the report in July 2013 (**FUJ00174743**). I also briefed Fujitsu Japan's board about the Group Litigation in May 2019. If I had had any concerns over Horizon integrity, I would have raised them formally with the committees, which would have been appropriate forums for discussion.

Corporate Culture

189. Fujitsu and Fujitsu Japan had a shared culture. The companies both recognised that they had broader responsibilities than just to shareholders. The companies were concerned with their social impact, responsibilities to customers, and their employees. They valued long-term relationships with customers and were prepared to take near-term losses on long-term accounts, much more so than any other company I have worked for. They were intent on fixing any problems that arose, and would not abandon customers simply because they were not profitable. I adhered to these values throughout my time at Fujitsu.

MY REFLECTIONS

190. I believe that I exercised adequate oversight over the Post Office Account in my roles at Fujitsu. I took my responsibilities, to Fujitsu and all its stakeholders, very seriously. I also believe that Fujitsu had good governance processes in place, which I fully embraced. I have been reflecting on why, despite this oversight and

processes, I never became aware of the Horizon integrity issues which have surfaced since.

191. It is impossible for an IT supplier to test a system at real-life scale in the “lab” before its deployment to its whole user base. Following the system’s deployment, a supplier relies on both its own or contracted monitoring processes and on its customer’s meaningful engagement with its users to detect issues.

192. I have compared Post Office to other Fujitsu customers. When customers had issues with Fujitsu’s services, technologies, or software, they would raise these issues with the account teams and, if they remained unresolved, directly up the management line. I recall direct escalations to me from customers including MoD, HMRC, NatWest and Reuters. I have also mentioned above the example of a UK bank who had detected a once-in-a-decade incorrect customer account balance, which was flagged with the account team and reached my desk within hours.

193. Post Office behaved in a similar fashion, raising issues with the account team or directly with me, and Fujitsu responded as it would with any other customers, addressing these issues head-on. Post Office raised issues regarding service interruptions during the HNG-X deployment in 2010, various outages, and the HPBB contract. Post Office executives including Ms. Vennells did not hesitate to escalate issues to me 365 days of the year at all times of the day and night. I responded rapidly every time. But they never escalated to me any issues regarding Horizon integrity. Indeed, I heard repeatedly that the subpostmasters’

claims regarding Horizon integrity were unfounded and that the system was working well.

194. I do not think I could have been expected to question whether a long-term customer was telling the truth when it said that the system that we were supplying was working well.

195. I believe that I had an adequate level of understanding of the Horizon system, consistent with the seniority of my roles and the nature of my responsibilities. Post Office was one of many customer accounts I was overseeing, and Horizon was one of many IT solutions that Fujitsu was providing to these customers. I was necessarily reliant on the account teams, as well as the assurance teams, to flag with me any system issue which they thought I should be aware of. It seems to me that the Post Office Account team did so, for instance during the issues that affected the HNG-X rollout and the operation of the system in 2012, by email updates or through the Corporate Alert system. I believed that these teams were very competent and addressing system faults as required.

196. I do not know if opportunities were missed to review the integrity of Horizon during my time at Fujitsu. As explained, I have seen references to reviews of Horizon predating the Second Sight investigation in the documents provided to me, but I do not know if they were ever completed or if they would have provided an accurate assessment of Horizon integrity. I believed that Fujitsu cooperated fully with the Second Sight investigation and I would have expected any integrity issue to be identified as part of this independent investigation. I would have

assumed that Post Office, a long-term customer, also cooperated fully with the investigation that it had arranged.

I believe the content of this statement to be true.

Duncan Tait

21 | 5 | 24

URN	Document Description	Paragraphs	Control No
FUJ00174180	Email from Gavin Bounds to David Roberts and Duncan Tait, dated 2 October 2009	26, 32	POINQ0180361F
FUJ00174419	Draft letter from Duncan Tait to Paula Vennells, dated 11 February 2011	29	POINQ0180600F
FUJ00117327	Document titled "Fujitsu and the Post Office - A step change in business performance", dated 9 March 2011	29	POINQ0123498F
FUJ00080526	Document titled "Horizon Data Integrity", dated 2 October 2009	36	POINQ0086697F
FUJ00174290	Email chain between Gavin Bounds, Duncan Tait, Mike Wood and David Roberts, dated 7 April 2010	41	POINQ0180471F
FUJ00174291	Email chain between Gavin Bounds, Marc Reardon, Alan D'Alvarez and others, dated 8 April 2010	57	POINQ0180480F
FUJ00080528	Internal Assessment Report, PSD - RMGA, Royal Mail Group Account, ISO 27001 Readiness Review, dated 8 June 2010	60	POINQ0086699F
FUJ00080529	Internal Assessment Report, PSD - RMGA, Royal Mail Group Account, Pre-Bsi Assessment Review (ISO 9001), dated 23 June 2010	60	POINQ0086700F
FUJ00095628	Email chain between Duncan Tait, Gavin Bounds, Roger Gilbert and others, dated 10 May 2010	64, 67	POINQ0101799F
FUJ00095658	Letter from Mike Young to Duncan Tait dated 10 May 2010	64, 67	POINQ0101829F
FUJ00096312	Email chain between Duncan Tait, Mike Young, and Gavin Bounds, dated 30 June 2010	65, 67	POINQ0102483F

FUJ00096238	Email chain between Andy McClean and Gavin Bounds, dated 18 June 2010	71	POINQ0102409F
FUJ00174378	Email from Gavin Bounds to Roger Gilbert, Duncan Tait, Ann Sinclair, dated 22 July 2010	74.a.	POINQ0180559F
FUJ00156195	Email chain between Roger Gilbert, Gavin Bounds, Duncan Tait and others, dated 6 August 2010	74.b., 76	POINQ0162389F
FUJ00174417	Email from Mike Young to Duncan Tait and Stephen Long, dated 8 February 2011	74.c.	POINQ0180598F
FUJ00168511	Email from Gavin Bell to Duncan Tait and Stephen Long, dated 16 April 2012	121, 125	POINQ0174692F
FUJ00168523	Email chain between Simon Carter, Duncan Tait and others, dated 21 June 2012	74.d., 134	POINQ0174704F
FUJ00174576	Email from Duncan Tait to Helen Lamb and David Roberts, dated 3 January 2013	74.e.	POINQ0180757F
FUJ00168649	Email from Haydn Jones to Paul Patterson, Helen Lamb and others, dated 11 June 2013	83	POINQ0174830F
FUJ00174708	Email chain between Mark Phillips, Amit Apte and others, dated 4 July 2013	83	POINQ0180889F
FUJ00174721	Email from Duncan Tait to Paula Vennells, dated 8 July 2013	83	POINQ0180902F
FUJ00174724	Email chain between Duncan Tait and Paula Vennells, dated 8 July 2014	83	POINQ0180905F
FUJ00117228	Private Sector Division, Review Actions document, dated 26 March 2012	85	POINQ0123399F
FUJ00174422	Email from Stephen Long to Duncan Tait and Gavin Bounds, dated 1 June 2011	103	POINQ0180603F
FUJ00174428	Fujitsu Post Office Account, Major Account Review document, dated 12 July 2011	104	POINQ0180609F

FUJ00174662	Briefing to Duncan Tait, for a meeting with Paula Vennells on 10 June 2013	108	POINQ0180843F
FUJ00174433	Email from Edward Phillips to Gavin Bell, Helen Lamb, Duncan Tait and others, dated 19 March 2012	115, 120	POINQ0180614F
FUJ00174434	Email from Corporate Alerts to Gavin Bell, Helen Lamb, Duncan Tait and others, dated 3 April 2012	115, 116, 120	POINQ0180615F
FUJ00174446	Email from Edward Phillips to Gavin Bell, Helen Lamb, Duncan Tait and others, dated 26 April 2012	115, 120	POINQ0180627F
FUJ00083375	Document titled "Local Suspense Problem", dated 15 March 2013	117	POINQ0089546F
FUJ00086811	Draft document titled "Horizon data Lepton SPSO 191320", dated 12 June 2013	118	POINQ0092982F
FUJ00174530	Email from Gavin Bell to Duncan Tait and Paul Patterson, dated 28 November 2012	129	POINQ0180711F
FUJ00168654	Email from James Davidson to Duncan Tait, dated 28 June 2013	131	POINQ0174835F
FUJ00174701	Email from Helen Lamb to Duncan Tait, Gavin Bounds and others, dated 3 July 2013	132	POINQ0180882F
FUJ00168661	Email chain between Simon Carter, Gavin Bounds, Duncan Tait and others, dated 9 July 2013	134, 135	POINQ0174842F
FUJ00174743	Email from Duncan Tait, Akihisa Kamata, Rod Vawdrey and others	134, 137, 188	POINQ0180924F
FUJ00156916	Email chain between Simon Carter, Haydn Jones, Paul Patterson and others, dated 25 November 2013	134	POINQ0163110F
FUJ00174760	Email from Andrea Clatworthy to Haydn Jones, Mark Phillips and others, dated 10 July 2013	135	POINQ0180941F

POL00145321	Email chain between Simon Blagden and Paula Vennells dated 9 July 2013	136	POL-BSFF-0004448
FUJ00174753	Email from Haydn Jones to Helen Lamb, Mark Phillips and others, dated 9 July 2013	138	POINQ0180934F
FUJ00168842	Briefing to Duncan Tait, for a meeting with Paula Vennells on 16 September 2014	139	POINQ0175023F
FUJ00207483	Email chain between Daisy Onida, Graham Goulden and others, dated 2 August 2017	153	POINQ0213204F
FUJ00175780	Email chain between Wendy Warham, Nigel Naylor-Smith, Duncan Tait and others, dated 12 December 2018	155	POINQ0181961F
FUJ00175854	Email chain between Garry Stewart, Wendy Warham and Duncan Tait, dated 8 February 2019	155, 166	POINQ0182035F
FUJ00201581	Email chain between Rachel Roberts, Duncan Tait, Rob Putland and others, dated 21 March 2019	156	POINQ0207301F
FUJ00176005	Email from Wendy Warham to Vicky Shappard, Rachel Roberts and others, dated 7 May 2019	158	POINQ0182186F
FUJ00176011	Email from Naohiro Miyahara to Hidehiro Tsukano, Duncan Tait and others, dated 28 May 2019	159	POINQ0182192F
FUJ00175613	Email from Nigel Naylor-Smith to Duncan Tait and Wendy Warham, dated 15 June 2018	164	POINQ0181794F
PVEN00000384	Text messages between Paula Vennells and Duncan Tait, dated 8 February 2019	166	PVEN00113338
FUJ00192728	Email from Legal Defence to Rachel Roberts, dated 11 February 2019	167	POINQ0198445F
POL00176667	Email from Paula Vennells to Rob Houhgton, Jane MacLeod and others, dated 11 February 2019	168	POL-BSFF-0014730

POL00285904	Email chain between Ben Foat, Catherine Emanuel and others, dated 4 October 2019	169	POL-BSFF-0123967
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