

Witness Name: Simon Geoffrey Oldnall
Statement No: WITN 0368_1
Exhibit: WITN 0368_1/1 – WITN 0368_1/2
Dated: 20th July 2022

THE POST OFFICE HORIZON IT INQUIRY

Witness Statement of Simon Geoffrey Oldnall in the Post Office Horizon IT Inquiry

I, **SIMON GEOFFREY OLDNALL** of Finsbury Dials, 20 Finsbury St, London EC2Y 9AQ, **SAY AS FOLLOWS:**

1. My name is Simon Geoffrey Oldnall. I have been employed by Post Office Limited ("**POL**") since September 2020 as the IT Director for Horizon.
2. Except where I indicate to the contrary, the facts and matters contained in this witness statement are within my own knowledge. Where any information is not within my personal knowledge, I have identified the source of my information or the basis for my belief. The facts in this witness statement are true to the best of my knowledge and belief.
3. In this statement I use the term "Postmaster" to refer to those individuals, companies and partnerships who/which are responsible for running branches in the Post Office network pursuant to contracts with POL, but excluding those individuals who are directly employed by POL to work in branches that are directly managed by POL. Depending on the context, references to "the

Postmaster" should be read as referring to or including, as appropriate, the Postmaster's staff and/or representatives.

4. Where I refer to specific documents in this statement, copies of those documents are exhibited to this statement in a series of exhibits marked **'WITN 0368_1/[X]'** and identified by the Inquiry's unique reference number for that document.

My role at POL and in relation to the Teach-In sessions

5. In my role as IT Director for Horizon, I am responsible for managing the POL Horizon Leadership team and working with third party suppliers involved in the Horizon IT system ("**Horizon**"), including testing of changes and service management of the current Horizon platform. In addition, I am responsible for designing and implementing changes following the GLO litigation to ensure that POL IT takes steps to resolve issues identified in the Horizon Issues Judgement ("**HIJ**").
6. I am responsible for supporting the POL Group CIO and I lead the POL Horizon Leadership team which is made up of various sub-teams which focus on different aspects of the Horizon IT System (including Postmaster Experience, Commercial Management, Quality Assurance, Horizon Live Services, Remediation and Change as well as Security, Risk & Investigations). The POL IT team was supplemented at the time by external consultancy support (KPMG) focussed on supporting POL with the remediation activities identified following the HIJ (please see paragraph 14 below for further details on KPMG's work).
7. I led the three POL IT Teach-In sessions which took place on 12 May 2021, 25 May 2021 and 9 June 2021 (the "**IT Teach-In sessions**").
8. This witness statement is provided in response to the request made by the Horizon IT Inquiry (the "**Inquiry**") pursuant to Rule 9 of the Inquiry Rules 2006,

dated 17 December 2021, for POL to provide the same or similar information as POL previously provided to the Inquiry at a number of "Teach-In" sessions between April and June 2021 (the "**Teach-In Rule 9 Request**"), including the IT Teach-In sessions. The purpose of the IT Teach-In sessions was to assist Inquiry personnel's understanding in respect of certain key areas relating to:

- a. Product Management & Usability;
 - b. Supplier relationships;
 - c. Future plans;
 - d. Horizon Improvement Programme;
 - e. Management of bugs, errors and defects;
 - f. Testing;
 - g. Architecture;
 - h. Automatic Payment and Advanced Data Capture scripting ("**APADC**")¹;
 - i. The POL IT Team;
 - j. Governance Processes; and
 - k. Architecture overview.
9. For the purpose of the IT Teach-In sessions, I prepared and shared with the Inquiry a PowerPoint presentation (which I will refer to as "**the presentation**"). For reference, I exhibit a copy of the presentation at "Teach-In 3 Powerpoint Presentation" (**WITN 0368_1/1**). This presentation formed a single reference document, collated from various sources by my team, to support the dialogue with the Inquiry team, provide visual aids and as a means of structuring discussions during the Teach-Ins.

¹ APADC is, broadly, the mechanism by which a transaction is executed on the counter in branch. It is a script that runs in the background that translates and order and places it into the basket so that the branch staff can take payment.

10. In this witness statement, I address questions 42 to 53 in the Annex to the Teach-In Rule 9 Request (relating to the IT Teach-In sessions) and I will provide the same or similar information as was provided during the sessions that I led. The statement will therefore represent the position as it was on the dates of those sessions. Where this statement makes any reference to policies, processes or systems that have been adopted since those sessions, this statement reflects the position as of 8 February 2022 when this statement was first provided to the Inquiry in draft.

POL's IT software architecture system and its key data flows

11. Slide 43 of the presentation (**WITN 0368_1/1**) contains a detailed diagram which includes the key systems and data flows, grouped and coloured by function. It is not exhaustive, but does provide context against which the detail of the system overviews that I subsequently provide can be understood.

Horizon's infrastructure

12. Slide 21 of the presentation (**WITN 0368_1/1**) details the suppliers (namely Fujitsu, Computacentre, Verizon, Ingenico and NCR) involved in the provision of the Horizon Infrastructure. The slide further provides the term and end dates of the relevant contracts. In summary:

- a. Computacenter provides the Point of Sale Terminal on which the Horizon software operates.
- b. Verizon provides the network over which Horizon transactions are sent to both Fujitsu and POL.

- c. Ingenico Paystation provides the paystation² service (these transactions are recorded and settled in Horizon).
 - d. Ingenico Pin Entry Devices ("PED") are used for customer card payment transactions which are recorded and settled in Horizon.
 - e. NCR provides the Self-Serve Kiosks for customers to process a discrete number of Horizon services.
13. Most branches are connected to POL via the Verizon network through an ADSL (broadband) connection. POL does not supply Wi-Fi to branches although some do have Wi-Fi in branch.

Past Management of Horizon

14. Slides 7 to 19 of the presentation (**WITN 0368_1/1**) outline the approach taken to POL's management of Horizon as a product. During the IT Teach-In sessions, I provided the Inquiry with an overview of the current product management approach, which was revised following an assessment conducted by our external advisors, KPMG. This involved an assessment both of remediation activities required to address the issues identified in the HIJ and of POL's current systems, processes and capabilities to manage Horizon. The assessment was conducted between October 2020 and January 2021. The approach is based on three "pillars" of product and service management, as set out on slide 7 of the presentation (**WITN 0368_1/1**), namely:
- a. Strategy / Demand – this involves POL's long term strategy in respect of technology;

² A paystation is a device in some branches that processes transactions such as bill payments.

- b. Architecture and Service – this includes ensuring that the system is robust and is not compromised; and,
 - c. Delivery – this relates to POL's ability to deliver and maintain the service. It includes ensuring that POL's strategy and plans are practical and realistic.
15. These are the three "pillars" that POL uses in respect of the technology; each "pillar" has a governance forum including Horizon Design Authority and Horizon Live Service Review which each report into Horizon SteerCo (this is set out at slide 40 of the presentation (**WITN 0368_1/1**)). The key for POL is to ensure that users are at the centre of the discussion. This has involved something of a cultural pivot in comparison to past practice, when POL's focus had been more commercial rather than "what does this mean for Postmasters?".
16. By way of example, POL has implemented a change in respect of the ability for those in branch to investigate discrepancies. At the end of a trading period, Postmasters declare a set of accounts. If the accounts do not balance, namely if it is positive or negative compared to what appears on the Horizon system, this is referred to as a discrepancy. Postmasters are able to "roll over" discrepancies to the next trading period. There is now a dispute button on Horizon which enables the functionality to allow Postmasters and branch staff to raise a dispute with POL and receive support to resolve discrepancies

Impact of the Horizon Issues Judgment

17. Slides 32 and 33 (**WITN 0368_1/1**) outline the immediate areas that POL and the Horizon Architecture Team addressed following KPMG's audit, referred to at paragraph 14 above.

18. Remediation activities include "Fast Fix" activities which were driven by the need to address issues (some of which were identified as a result of the HIJ) such as:
- a. Greater visibility of branch data to Postmasters and improved dispute mechanisms;
 - b. Postmaster involvement in user experience improvements;
 - c. 45 of 62 identified Known Error Logs ("**KELs**") have been resolved;³
 - d. Providing a more considered and co-ordinated approach to change and release management; and,
 - e. Securing the platform from interference by restricting access and providing a clear audit trail when access has been used.

The phrase "Fast Fix", included in slide 32 (**WITN 0368_1/1**), describes a series of activities, both technical and process-based, to rapidly address high priority areas. High priority areas relate either to (i) issues which risked causing discrepancies (as discussed at paragraph 16 above) and therefore potential detriment to Postmasters; or (ii) items which were comparatively straightforward to improve.

19. The immediate improvements were delivered between January and April 2021 (following KPMG's assessment) and were largely complete at the time of the IT Teach-In sessions.
20. There were approximately 450 potential improvements to the functionality of the current Horizon platform that POL's Horizon Architecture Team identified from a range of sources. These sources included retailer feedback, training feedback, meetings with the National Federation of SubPostmasters, product teams, and

³ Since the Teach-In sessions, all 62 of the KELs have now been resolved.

supplier feedback (for example, from Computacenter) (shown at slide 14 of the presentation (**WITN 0368_1/1**)), together with the focus areas for the team at the time of the IT Teach-In sessions (shown at slide 15 of the presentation (**WITN 0368_1/1**)), including, for example, Moneygram cancellations (i.e. when a customer transfers funds via Moneygram and the transaction is cancelled) and a review of the Horizon screens.

21. The processes that were followed to change Horizon depended on the change. The two primary routes for making changes to Horizon functionality have been in place since 2015. These are: (i) enhancement / alteration of the Counter Business Application ("**CBA**"), requiring development by Fujitsu, and (ii) changes to the APADC scripts and reference data.
22. Reference data is the means by which the majority of the Horizon user functionality is configured and created. This functionality consists of the navigations between screens, the user menus, the help functionality and the names of buttons and labels which are provided to branch staff in the execution of their duties. Reference data provides user interface functionality. APADC scripts are a means of coding sequences of transactions executed by branch staff.
23. These mechanisms were created in 2008 and from 2015 to 2021 Atos Information Services were responsible for the change, configuration and deployment of user functionality coded in reference data to the Horizon counter application used by branch staff with minimal input from Fujitsu. In April 2021 Post Office ended this arrangement with Atos and its Information Services team is now directly employed by POL.

24. The internal POL process for making data changes to Horizon is shown at slides 8 and 9 (**WITN 0368_1/1**) of the presentation. As can be seen from the slides, the Request and Quotation ("**RAQ**") process has multiple stages. RAQ is a fairly standard industry workflow model. It allows different teams to effect the changes being made to Horizon as the system is developed. It is rigorous and requires additional approvals specifically with the user in mind. Prior to Horizon product management, a lack of end-to-end ownership and accountability meant: (i) product decisions were made without sufficient guidance and oversight; (ii) Postmaster requests in respect of Horizon were passed from team to team resulting in longer issue resolution times or unresolved issues; (iii) more internal interactions and effort was needed to address Horizon support, changes and fixes; and (iv) there was limited product improvement planning or innovation due to a lack of end-to-end ownership of all of the components that make up Horizon.
25. However, through Horizon product management the aim is to provide clearer accountability. POL places a greater emphasis on customer-centric thinking and on having a stronger Postmaster voice in IT and POL's business. This results in a better understanding of Postmasters' needs and overall an improved response to Postmasters.
26. Changes to the CBA follow a commercially driven process for scoping and costing the changes and then a standard Software Development Lifecycle ("**SDLC**") as detailed on slide 17 of the presentation (**WITN 0368_1/1**). Here, the diagram shows the input of Fujitsu (the third party referred to) and POL and lists the types of changes which were implemented (including, for instance, functionality changes, product changes and infrastructure changes).

27. Following the HIJ, POL undertook preliminary diagnostics to identify where it needed to make improvements to the management of the Horizon system and allocated £11.7 million of funding to start to make those improvements. This budget was used to identify underlying issues and their causes and to develop then implement a programme of activity to remediate those. These covered improvements in the management of changes, testing, governance, security and controls related to the Horizon platform.
28. Slides 39 to 41 of the presentation (**WITN 0368_1/1**) outline the revised governance process for the management of Horizon that POL was in the process of implementing at the time of the IT Teach-In sessions. As noted at paragraph 15 above, these included the new Horizon Design Authority and Horizon SteerCo, looking across all aspects of managing the Horizon platform.

Relationship between POL and Fujitsu as at 29 April 2021

29. In terms of the relationship between POL and Fujitsu, with respect to the carrying out of updates and changes (including the means of communication about these), as at 29 April 2021, amendments to the CBA are managed by Fujitsu (as outlined above at paragraph 26). These changes follow a standard SDLC and at the time of the IT Teach-In sessions, POL was in the process of reviewing this SDLC with a particular focus on improving testing of changes to Horizon.
30. For reference, an overview of the POL and Fujitsu testing delivery model was provided at slide 17 of the presentation (**WITN 0368_1/1**) and a high-level view on the test improvements being implemented was included at slide 16 of the presentation (**WITN 0368_1/1**). POL, from the time of the Teach-Ins sessions onwards, typically adopts a risk-based approach to testing. For example,

anything particularly high-risk, for example with a cash transaction attached to it which could cause issues in Horizon, would have a longer testing period than a smaller, low-risk change.

31. In response to question 47 in the Annex to the Teach-In Rule 9 Request, Fujitsu is involved in the change process but it is not part of the "communication" process. Instead, POL initiates the change and commissions Fujitsu, as the provider of Horizon, to design, build, test and deploy the changes to Horizon.
32. Separate to the formal governance processes in place as referred to at paragraph 28 above, the POL Horizon Leadership team have a standing weekly meeting with the Fujitsu account team to discuss escalations, resolutions and alignment of priorities.
33. Changes to the way in which POL engages with users were demonstrated in slides 12 and 13 of the presentation ([WUIXXX]_1/1): [URN] which focus on the role of the Postmaster when implementing changes to Horizon. This includes, for example, the Postmaster IT Forum in which user feedback is sought in order to improve Horizon and, ultimately, move away from the Horizon IT system (as discussed at paragraph 34 below). User feedback is now regularly sought in order to help POL prioritise improvements and change.

'Pivot to Cloud' and anticipated change to the POL IT landscape

34. The overall direction of travel for POL's IT is set out on slide 26 of the presentation (WITN 0368_1/1). This slide highlights the approach being taken by POL not only to pivot to a cloud-based service, but also to provide a new data platform and to upgrade our current network infrastructure. Migrating to a cloud-based service provides POL with greater flexibility in how it manages its systems;

the migration should be fully complete by March 2023. It is just one part of POL's IT transformation strategy, alongside POL's Strategic Platform Modernisation programme ("**SPMP**").

35. The scope of the SPMP and the high-level timeline for this project is set out on slides 29 and 30 of the presentation (**WITN 0368_1/1**). As set out on those slides, the new system will be POL's core IT system in branch for a number of years and branch migration is planned for 2023 to 2025. POL aims to migrate all users to the new platform by March 2024 which will allow Horizon to be retired.
36. The SPMP delivered the first new technology for use in POL's new format branches in 2021. Slide 31 (**WITN 0368_1/1**) sets out the new format branch types; the type of branch determines what services are provided and what devices will be used there. The devices include, for example, payzone technology, parcel drop-off and pick-up, open counters, fortress counters and self-service devices.

The Horizon contract in place as at 25 May 2021

37. I exhibit a copy of the Horizon contract which was in place on 25 May 2021 "Horizon Contract" (**WITN 0368_1/2**) (the "**Horizon Agreement**").
38. This agreement originally came into effect on 28 July 1999 between Post Office Counters Limited (which subsequently changed its name to Post Office Limited (i.e. "POL")) and ICL Pathway Limited (which subsequently changed its name to Fujitsu Services (Pathway) Limited) and was later novated to Fujitsu Services Limited.
39. The contract shows that an extension of the Horizon Agreement took place in 2006. There have been subsequent change control notices agreed between the parties during the term of the Horizon Agreement. By way of example, POL

entered into two contract change notice (“CCN 1400” and “CCN 1500”) for transitional support services, with the latter extending the agreement to 31 March 2018, for some but not all services.

Prioritisation of HIJ changes

40. As detailed at paragraph 40 above, POL identified a number of "Fast Fix" items (detailed at slide 32 of the presentation (**WITN 0368_1/1**)) following diagnostic activities carried out between October 2020 and January 2021. The prioritisation of these activities was based on recommendations from our external advisors, KPMG.
41. As explained at paragraph 18 above, issues with the Horizon system which carried a risk of discrepancy (and therefore potential detriment to Postmasters) were identified as being the highest priority.
42. Similarly, there is now a feedback loop in place (from the time of the Teach-in sessions) which allows POL to prioritise change according to user feedback, with Postmasters being directly engaged through a number of channels (for example, the Postmaster IT Forum). This was a new forum at the time of the Teach-in sessions which has subsequently expanded.
43. POL's communication with Postmasters has therefore improved.

The future of the Horizon contract as at 9 June 2021

44. On 6 April 2021, POL published a VEAT Notice [<https://www.find-tender.service.gov.uk/Notice/006992-2021>] on the TED Europa portal notifying the market of its intention to further modify the Horizon Agreement, including amongst other things, a 12-month extension with an option to extend for a further 12 months.

45. This modification provides for an extension on a reduced scope of services, following POL data migration to 3rd party cloud hosting infrastructure. The contract extension will also provide for termination assistance services and early access to intellectual property which will assist POL in maintaining the Horizon IT system before ultimately replacing it.

Replacement of Horizon

46. As noted at paragraphs 34 to 36 above, slides 28 to 30 (**WITN 0368_1/1**) outline POL's approach to the replacement of the current Horizon platform.
47. In particular, slide 29 (**WITN 0368_1/1**) sets out how POL will, over time, replace the Horizon functionality. This was the position as of the time of the IT Teach-In sessions and the SPMP for this is ongoing.
48. The SPMP has adopted the same engagement paths that POL uses for Horizon improvements. I am aware that the SPMP team have also completed branch visits in order to help identify what works well and what does not using the same model and mechanisms set up for obtaining feedback on Horizon.

Development of Horizon replacement systems

49. As outlined at slide 13 (**WITN 0368_1/1**), POL has created a number of routes to gather user feedback and their inputs into the design of the changes to Horizon and also design of the future platform. These include meeting Postmasters regularly, creating a pool of Postmasters for IT (the Postmaster IT Forum as discussed at paragraph 42 above), Postmaster Co Creation workshops and a culture of open discussions.
50. When POL has discussed the status of the current Horizon system with key stakeholders, the POL Horizon Leadership team (as set out on slide 36) have

also looked at the development and architecture of the new system which will ultimately replace Horizon as well.

Statement of truth

I believe the content of this statement to be true.

Signed: **GRO** _____

Dated: _____ 20th July 2022 _____

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HORIZON IT INQUIRY**

**WITNESS STATEMENT OF SIMON
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THE POST OFFICE HORIZON IT INQUIRY

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