

Witness Name: Roger Gilbert

Statement No.: WITN03550100

Dated: 6 November 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF ROGER GILBERT

I, ROGER GILBERT, will say as follows:

INTRODUCTION

1. I am a former employee of International Computers Ltd (“ICL”) later renamed Fujitsu Services Limited (FSL). I retired from FSL in March 2012.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the “Inquiry”) with the matters set out in the Rule 9 Request dated 25th September 2024 (the “Request”) to the extent I have direct knowledge of the matters addressed in the Request. The Request deals with events which took place over 12 years ago, so in some cases my memory is limited and may be inaccurate. I have refreshed my memory as far as possible by reviewing the documents provided to me by the Inquiry.

3. I have had no legal support or advice in preparing his statement.
4. While preparing this witness statement, I have had no access to documents and emails that were previously available to me during my employment with ICL or Fujitsu Services other than documents provided to me by the Inquiry.
5. This statement covers events and my perceptions from over 12 years ago. Since then, I have learnt more about the Horizon scandal and have become shocked by the treatment of the Post Office's SPMs. My sympathies are with them and their families.

DOCUMENT STRUCTURE

6. The Inquiry has provided several documents which have helped to refresh my memory. Some of the documents provided are relevant to my witness statement and these documents are introduced and described before the relevant paragraphs of my statement.
7. In my witness statement I have used the following terms and abbreviations:

POL	Post Office Limited
RMG	Royal Mail Group
SPMs	Sub-postmasters, sub-postmistresses, counter managers, and assistants
Fujitsu Limited	The parent Fujitsu company headquartered in Japan

Fujitsu UK&I	Fujitsu UK and Ireland. The Fujitsu Business Region which operated in the UK and the Republic of Ireland
EMC	Executive Management Committee
GBG	Global Business Group
FSL	Fujitsu Services Limited
FSH	Fujitsu Services Holdings plc
CEO	Chief Executive Officer
PSD	Private Sector Division
HNG-X	Horizon Online

BACKGROUND PRIOR TO JOINING ICL (FUJITSU SERVICES)

Please set out a summary of your career and qualifications up until joining Fujitsu UK and Ireland.

8. I attended Queens' College, Cambridge from 1966 to 1969 as an undergraduate and was awarded a BA (Hons) Degree in Natural Sciences. My primary subject was Theoretical Physics.
9. From 1969 to 1972 I attended the University of Leeds to study for my PhD and I subsequently was awarded a PHD degree in Theoretical Physics.
10. In 1972, I was appointed as a Research Fellow with the UK Atomic Energy Authority and was based at their Harwell research facility. I was promoted to Senior Scientific Officer and undertook a number of mathematical and

computer software assignments.

11. In 1979 I joined System Designers Limited (later System Designers plc) to work in their Software Engineering Division. In 1988 Systems Designers plc acquired Scicon Limited to form SD-Scicon plc. In 1991, EDS¹ won a hostile bid to take a controlling interest in SD-Scicon which eventually became an integral part of EDS.

12. During this period of my career with System Designers Limited and up to my EDS employment, I worked in the following areas.
 - a. Software Engineering
 - b. Operations Director, Software Products
 - c. General Manager, Manufacturing Products and Services
 - d. General Manager, Land and Secure Systems (part of EDS Defence)
 - e. Managing Director, EDS Defence

13. In 1997, I made a career change and left EDS to be Group Chief Executive of VEGA Group plc, a public company with a full London Stock Exchange listing. VEGA had several service streams including:
 - a. Space Operations,
 - b. Computer Based Training,

¹ EDS was owned by General Motors at the time.

- c. Contract Support and Consultancy.
- 14. While at VEGA, I received training in the role and responsibilities of a Company Director.
- 15. After three years of excellent growth and profitability, Vega had a disappointing year and, by mutual agreement, I decided to move on.

BACKGROUND AFTER JOINING ICL (FUJITSU SERVICES)

Please briefly set out what roles you held whilst employed at Fujitsu UK and Ireland (noting the more detailed questions that follow).

- 16. In 2002, I was head-hunted by ICL and subsequently joined ICL reporting to David Courtley who was then Chief Operations Officer. I had known David from EDS. He was my predecessor as Managing Director of EDS Defence. He wanted me to be one of the new senior managers in a major reorganisation he was planning in preparation for the rebranding of ICL to Fujitsu Services. I was interviewed, I think, by David Courtley, Richard Christou, and the UK Head of HR. My role was to be Managing Director, Central Government Business Unit. This did not include Horizon. David was aware that my plan was to retire early and that I saw my time at Fujitsu Services as a "project" rather than a long-term career. Nevertheless, I enjoyed the role I was given and was determined to succeed and support David's objectives for the rebranded business.

I have been provided with an email thread from Nagai Atsushi to David Courtley, 10th March 2004, subject: Major Accounts Paper for FJ EMC (FUJ00176145)

17. (FUJ00176145) was an email sent during my time as Manager of the Central Government Business Unit. In the email, I was asked to explain 2 Red Alerts in Major Accounts. As David Courtley points out in the email thread, the request regarding the Post Office should have been directed to Ian Lamb or Martin Riddle. I can confirm that I had no involvement or knowledge of the Post Office projects at that time.

18. After three and a half successful years as Managing Director, Central Government Business Unit, I wanted to make some initial steps towards my retirement and to step back from the full-time Managing Director role. Fujitsu Services initiated a formal selection process for my successor and in July 2005, Eithne Wallis CB (now Eithne Victoria, Baroness Birt, CB) was appointed. Following this appointment, I became part-time Chairman, Central Government Business Unit working for 3 days per week.

19. In January 2007, I was appointed Group Director and Head of the Account Management Community. This was also a part-time role with responsibilities for staff training and development within the Account Management Community. The aim was to establish and maintain best practice in account management across Fujitsu Services. My remit included the Royal Mail Group

(RMG) Account (the Account responsible for Fujitsu Services' work on Horizon). However, my role did not extend to any operational activity or oversight.

20. Following David Courtley's departure in January 2009, I became a full-time assistant to Richard Christou to support him in David Courtley's absence.
21. In April 2009, following the approval by Fujitsu's Executive Management Committee (EMC)², I was appointed Chief Executive Officer (CEO) of the newly formed region of Fujitsu UK and Ireland.

ORGANISATIONAL CHANGES – FINANCIAL YEAR 2010/11

22. 2010 saw the start of Fujitsu globalisation which I understand continued for many years after I left Fujitsu. The main changes affecting the UK and Ireland at that time were as follows.
 - a. Richard Christou resigned as Executive Chairman of Fujitsu Services Limited (FSH)³ and Fujitsu Services Holdings plc (FSL)⁴. This, I understand, allowed him to spend more time to focus on his role as President of the Global Business Group (GBG).
 - b. In April 2009, after EMC approval, I was appointed Executive Chairman

² The EMC was a committee of the Fujitsu Limited Board.

³ FSH was a subsidiary of Fujitsu Limited.

⁴ FSL was a subsidiary of FSH.

of FSH and Executive Chairman of FSL. I held these chairmanships alongside my CEO, Fujitsu UK&I, role.

- c. The previous Fujitsu Services Management Committee (FSMC) which had provided the EMC with oversight of FSL and FSH was disbanded.
- d. Instead, a stronger Japanese representation was established on the FSH Board to maintain EMC oversight of the UK, Ireland, and Nordic businesses.⁵

23. I was appointed to the following Boards.

- a. Fujitsu Telecommunications Europe Limited (as chairman)
- b. Fujitsu Research of Europe Limited
- c. Fujitsu (Ireland) Limited

24. I received training, while at Fujitsu UK&I, in the role and responsibilities of a Company Chairman.

ORGANISATIONAL CHANGES – FINANCIAL YEAR 2011/12

25. In March 2011, Duncan Tait was appointed as my replacement as CEO, Fujitsu UK&I.

⁵ After the reorganisation, FSH's main subsidiaries were FSL and FSH BV; the latter had responsibility for the Nordic countries.

26. In April 2011 Rod Vawdrey was appointed as the new President of the Global Business Group (GBG) replacing Richard Christou. Rod Vawdrey's previous role was CEO, Fujitsu Australia and was known to me through meetings of the GBG CEO Forum. Both Duncan Tait and I reported to Rod.
27. Between April 2011 and March 2012, my employment with FSL gradually reduced from full time to about 2 days a week. During this period, I retained my Chairmanship roles within Fujitsu. I retired on 31st March 2012.

BACKGROUND AFTER RETIRING FROM FUJITSU SERVICES LIMITED

If applicable, please provide an overview of your professional career since retiring from Fujitsu UK and Ireland.

28. After my retirement from FSL, I undertook no further business or consultancy activity. After I had negotiated my exit arrangements, I had no further contact with Fujitsu.

MY ROLE AS CHIEF EXECUTIVE, FUJITSU UK&I

Please describe the background to your appointment as Chief Executive of Fujitsu UK and Ireland, including details of any application and interview process. In particular, please set out the nature of your role and explain your responsibilities.

29. In April 2009, Richard Christou recommended my appointment as CEO of Fujitsu UK&I to the EMC. The recommendation was approved, and my

appointment was confirmed.

30. As CEO of Fujitsu UK&I, my responsibilities were:
- a. To confirm or appoint members of my first line and to ensure that Fujitsu UK&I was organised, empowered, and incentivised to create the best possible outcome for Fujitsu UK&I and for Fujitsu as a whole,
 - b. Prior to the start of each financial year, to create a rolling medium-term plan covering the next three financial years with a detailed budget for the next financial year,
 - c. To manage Fujitsu UK&I against targets for revenue growth, profitability, customer satisfaction and employee satisfaction,
 - d. To attend a Quarterly Business Review (QBR)⁶ so that performance of UK and Ireland against my targets and the medium-term plan can be scrutinised and assessed by the EMC,
 - e. To review all the Divisions monthly to monitor performance and resolve any issues,
 - f. To review and approve proposals for new bids, contract signature, and other business activities within Fujitsu UK&I that needed my level of delegated authority,
 - g. To arrange approval by the GBG or EMC where my level of delegated

⁶ The QBR and the quarterly FSH Board were held at the same time in Tokyo.

authority was exceeded,

- h. To meet and build relationships with senior customers,
 - i. To meet employee groups to present my vision and plans and answer questions,
 - j. To take a deeper look at any issues that were reported to me that created a significant risk to the performance or success of Fujitsu UK&I,
 - k. To create a strategy for future development of Fujitsu UK&I.
31. I was keen to maximise the growth and profitability of Fujitsu UK&I by introducing tighter controls to improve the performance. These included:
- a. a better risk management system,
 - b. independent reviews of customer proposals covering all aspects of the deal prior to bid reviews,
 - c. improved sales management and customer engagement,
 - d. matching our resources to our business.

I have been provided with an email from Roger Gilbert to Steve Clayton and others, 1st June 2009, subject: Enterprise Risk Management (FUJ00116747)

32. (FUJ00116747) is an instruction from me to use a standardised way of reporting risks to make it easier for Business Assurance to improve the standard of risk management across Fujitsu UK&I. This instruction was one of many changes I made to improve controls as explained above.

33. At the time of my appointment as CEO, I had five business Divisions each led

by a managing director:

- a. Government Division
- b. Private Sector Division (PSD)
- c. Ireland Division
- d. Technology Solutions Division⁷
- e. Core which provided shared services across the other Divisions

SIZE AND GOVERNANCE OF FUJITSU UK&I

34. Fujitsu UK&I was a large region: £2,000M in revenues, more than 12,000 staff, more than 50 accounts with annual revenues over £5M and a similar number of large sales campaigns⁸. Running such a business required:

- a. an organisation which allowed the delegation of individual businesses and accounts to competent managers, and
- b. governance systems in place to make sure the CEO and other senior managers are focussed on the big and significant issues.

35. With regard to organisation, Fujitsu UK&I business activities were split into five divisions and, within those divisions, responsibility for individual accounts and business activities was allocated.

⁷ The Technology Solutions Division was essentially a reseller of Fujitsu branded hardware.

⁸ These are approximate figures from memory.

36. With regard to governance, a well-established sequence of reviews was in place to keep the CEO and other senior managers informed of performance and risk issues. These included:

a. Monthly Divisional Reviews

These took place with each of the Divisions looking at financial performance, business opportunities, account performance and staff issues. It was a chance for the Division to ask for help. Divisional performance would be judged against their targets and medium-term plans.

b. Account Reviews

These were chaired at Divisional, Regional, or GBG level as appropriate. Accounts would be assessed against their account plans and significant issues would be escalated as appropriate.

c. Bid Approval Reviews (BARs)

BARs would review and, if agreed, approve a new customer proposal. It would cover technical, financial, resourcing, risks, and resource issues. This would be chaired at a level appropriate to the size of the deal.

d. Contract Approval Reviews (CARs)

A CAR would be called before a contract signature to confirm all the elements of the deal. After the CAR, account plans would be created from the BAR and CAR spreadsheets and other materials. These plans would form the baseline for subsequent account reviews.

e. Quarterly Business Reviews (QBSs)

QBRs were held quarterly at GBG/EMC level, and they coincided with FSH Board Meetings.

37. There were several other mechanisms in place to ensure that senior managers were kept informed of relevant risks, events, and other issues in a timely fashion:

- a. Business Assurance and the Red/Amber "Alert" system (see below)
- b. Issues raised by the commercial and legal team which had a separate reporting line to the CEO and Board
- c. Issues raised by the financial team which had a separate reporting line to the CEO and Board.
- d. The Japanese oversight team (see below).

38. The role of Business Assurance was particularly important. Their activities included:

- a. Maintaining a summary of all accounts, sales campaigns, and bids within Fujitsu UK&I.
- b. Managing the system of independent "Gold" reviews of bids and proposals that checked the viability and profitability of submissions.
- c. Managing the Customer Satisfaction and Win/Loss interviews, analysis, and reports.
- d. Organising the reviews of accounts against the quality assurance

standards ISO27001 and ISO9001 as part of the wider certification of Fujitsu UK&I by external assessors.

- e. Producing a risk report for the quarterly meeting of the Corporate Governance Committee of Fujitsu Services Holdings plc
- f. Managing the alert system which identified issues that required extra resources or attention. There were two levels of alert: Amber and Red. An Amber Alert required a Divisional Managing Director's urgent attention, and a Red Alert required the CEO urgent attention. Both required the allocation of additional resources.

Representatives of Business Assurance attended and monitored actions from Account Reviews, Divisional Reviews, Bid Approval Reviews, and Contract Approval Reviews.

- 39. There was an independent team of Japanese employees who were tasked with working with the larger Projects, Bids and Accounts and report back their findings to senior managers in Tokyo. Any issues that were discovered by this route would lead to an appropriate level of investigation.
- 40. I found the organisation and governance of Fujitsu UK&I, as described above, to be excellent and they served me well for the time I was CEO. It was the basis of my oversight of all the accounts and business activities that I was responsible for. This included the RMG Account and the important HNG-X programme within that account.

RELATIONSHIP BETWEEN FUJITSU AND UK GOVERNMENT

Please describe the relationship between Fujitsu UK and Ireland and the UK Government during your tenure as CEO, Fujitsu UK and Ireland.

41. In 2008, the NHS terminated their contract with Fujitsu after a dispute over contract changes. The amounts involved were significant and a mutually acceptable agreement was hard to find. It has been reported in the press that this was settled long after I had left. I have no knowledge of this settlement. However, there is little doubt in my mind that the NHS dispute limited our ability to do business with UK government while I was CEO.

42. In mid-2010, the cabinet office initiated a program called "The Efficiency and Reform Group". Their aim was to introduce more central oversight in government contracting and to seek savings in the contracts that were already in place. They set price reduction targets on all their major suppliers including Fujitsu UK&I. Because of the nature of its business with government, Fujitsu UK&I found it hard to achieve their expected targets while retaining an acceptable profit margin. An MOU was eventually signed in 2011, but the negotiations were difficult and would not have helped our relationship with UK Government.

43. Notwithstanding these difficulties, UK government still provided a sizeable proportion (over 50%) of Fujitsu UK&I's revenue in 2011 and had some of Fujitsu's most important contracts and relationships.

44. Fujitsu UK&I interfaced with Government via various trade bodies and committees. This includes the CBI⁹, Intellect¹⁰, and PITCOM¹¹
45. The difficulties with NHS and the “Efficiency and Reform Group,” were a challenge for Fujitsu UK&I given the percentage of government business that Fujitsu UK&I had. It was part of my long-term strategy to rebalance the business increasing the percentage of private sector contracts. This potential change did not influence my view of the importance of the RMG Account.

THE INTEGRITY AND ROBUSTNESS OF HORIZON

46. Many of the Inquiry’s questions refer to the “Integrity” and “Robustness” of Horizon and its data. My interpretation of these terms is as follows.
 - a. I have taken the “Integrity of Data” to mean “the accuracy, completeness and consistency of the data.”
 - b. I have taken the “Integrity of Horizon” to mean “how well Horizon’s code was tested to ensure correctness against its specification.”
 - c. I have taken the “Robustness of Horizon” to mean “the ability of Horizon to cope with errors during execution and to cope with erroneous input.”

⁹ Fujitsu, UK&I was a member of CBI’s Public Sector Strategy Board

¹⁰ Intellect changed its name to Tech UK some time ago.

¹¹ The Parliamentary Information Technology Committee, now part of The Parliamentary Internet, Communications and Technology Forum

THE PRIVATE SECTOR DIVISION (PSD)

47. PSD was responsible for many customer accounts of varying sizes mostly from the private sector. The Royal Mail Group (RMG) Account was included within PSD for historical reasons and was one of PSD's larger accounts. It included all the work done on Legacy Horizon and HNG-X. The annual revenue of PSD would have been about £500M and I think the total annual revenue of the RMG Account would have been close to £100M. I recall it being about the 4th or 5th largest account in Fujitsu UK&I.

MANAGEMENT AND OVERSIGHT OF THE RMG ACCOUNT

48. As explained in paragraph 40, my oversight of the RMG Account would be based on the organisation, delegation and governance that we had in place. Where PSD concerns or other indications alerted me to the need for additional oversight or resources, that would be provided.

Please describe your knowledge and understanding of the Horizon IT System when you were first appointed as Chief Executive.

49. On my appointment, I had only a superficial knowledge of its function within the Post Office.
50. My knowledge increased as I chaired the Monthly Divisional Reviews and as I engaged with the RMG Account prior to Duncan's arrival.

Did you receive any briefing(s) about the operations or robustness of

Horizon? If so, from whom and what do you recall being told?

51. When I was first appointed CEO, I had early reviews with all my divisions when I was briefed about their customers and the role that Fujitsu UK&I played within their customers' organisations. I probably spent about 2 hours reviewing PSD covering finance, sales campaigns, staff and all their accounts. Given the other agenda items, it's likely that no more than 10-15 minutes was spent on Horizon in that first review. I cannot recall in detail what I was told but it probably included where Horizon was used, its business function, profitability for Fujitsu UK&I, growth opportunities and customer satisfaction figures. There would have been little time for more. I can't recall who presented this information.
52. I would learn more about Horizon in subsequent reviews and interactions. The level of my knowledge was appropriate for my seniority and was adequate to discuss progress and issues with PSD and the RMG Account.
53. I received no briefings on the "robustness" of Horizon.

Please describe your management / oversight of the Post Office Account

What were the specific oversight mechanisms in place at executive level to monitor HNG-X's development and deployment?

54. When I was appointed as CEO, PSD was managed by Mike Stares. Around the time of my appointment, Mike had accepted a new senior role leaving a

vacancy for the Managing Director role. Peter Rowley, who was a well respected legal & commercial director within FSL and had a detailed knowledge of the business within PSD filled the role for a short time.

55. As a result of an executive search, Duncan Tait was identified as someone we wanted to recruit. Duncan was interviewed by GBG and after obtaining approval from the EMC, the decision was taken to appoint Duncan as Managing Director of PSD.
56. There was a period of about three months before Duncan's arrival in October 2009 when the Managing Director role of PSD was vacant. In that period, senior members of the Division provided cover, and I allocated more of my time to support them.
57. The oversight of the RMG Account would normally be through the organisation, delegation and governance systems described in paragraphs 34 to 39. However, it was apparent shortly after my appointment as CEO that the current phase of HNG-X development required closer attention.
58. HNG-X was a major project in the RMG Account and had been subject to EMC scrutiny from before my appointment as CEO. I believe this was because of the early history of Horizon within Fujitsu and because, as far as I can recall, the project had a Parent Company Guarantee. The EMC required regular reports from me on the progress of the HMG-X development.

59. Legacy Horizon, on the other hand, was seen as being trouble free. It had been in service for a number of years; POL, as far as I understood, were happy with the service; and the maintenance costs were broadly as expected.

How (if at all) did business objectives in relation to the Post Office Account change following your appointment as CEO, Fujitsu UK and Ireland.

60. The top-level Business objectives (contract delivery, profit, revenue, customer and employee satisfaction) did not change. Nevertheless, the importance of HNG-X to our future relationship with RMG was very clear. Its success was essential.

61. There were three distinct phases where the level of my oversight and involvement changed quite significantly. These are addressed under the next three headings.

OVERSIGHT OF HNG-X PRIOR TO THE PILOT PHASE

62. I remember that within a few days of my appointment, I had a discussion with Peter Rowley about the need to replan the HMG-X programme. It was clear that additional programme management talent would be needed to achieve a plan that would improve the dates, make it more secure against slippage and reduce the projected financial loss. Peter transferred in some experienced project managers from elsewhere in Fujitsu UK&I so that the planning of a “get well” programme could start.

63. I met with Mike Young¹² in May 2009 to introduce myself and to explain the need for a new baseline. I would also have explained Peter Rowley's role at that meeting.

I have been provided with an email from Jon Wolfe to Roger Gilbert and others, 11th May 2009, subject: Notes from call with Mike Young (FUJ00173733).

64. (FUJ00173733) appears to be some intelligence from Jon Wolfe¹³ who had spoken to Mike Young. It gives information about Mike Young's character, objectives and attitude towards Fujitsu. This seems to have been written shortly before my meeting with Mike Young mentioned above and it helped me to fix the time of that meeting.

65. I think I had a follow-up phone call with Mike Young around July 2009 to tell him about Duncan Tait's appointment and arrival.

66. The replan continued over the next month or so and it was inevitable that we would be declaring a milestone delay to POL. We knew this was likely to trigger a claim for compensation.

¹² Mike Young was then Operations Director at POL

¹³ Jon Wolfe was, as I recall, a new member of the HNG-X team brought in to help with replanning.

I have been provided with

- *A letter from Andrew Hall to Mike Young, 7th August 2009, subject: HNG-X baseline (FUJ00174018)*
- *A letter from Mike Young to Andrew Hall, 14th August 2009, subject: HNG-X baseline (FUJ00174033)*
- *An annex to a letter, undated, subject: POL costs and loss of benefits (FUJ00174034)*

67. (FUJ00174018), (FUJ00174033) and (FUJ00174034) appear to be the opening exchange in the compensation negotiation between Andrew Hall¹⁴ and Mike Young. I don't remember these letters in detail, but they would be the type of letters I would expect at this time when both sides are presenting their positions as strongly as they can.

68. I followed these negotiations but was not directly involved in them; the matter was delegated to the RMG Account who were supported by a strong finance and commercial teams.

I have been provided with an email thread from Alan D'Alvarez to Roger Gilbert and others, 9th November 2009, subject: HNGX update on Weekend

¹⁴ Andrew Hall was the Account Director of the RMG Account

B/C (FUJ00174232).

69. I don't remember email (FUJ00174232), but it seems to cover a number of things.

- a. The recognition by POL that the Data Centre Migration was a complex and critical milestone – one of the most complex attempted in David Gray's¹⁵ experience,
- b. Recognition that the migration had been executed well,
- c. A "Thank You" from POL,
- d. Fujitsu and POL working together to achieve pilot and roll-out.

The tone of this email appears quite different from earlier communications and seems to show that the negotiations were successful and the relationship between POL and Fujitsu had become much better.

What (if any) changes occurred in the nature and frequency of Fujitsu UK and Ireland's interactions with the senior executive team of POL following your appointment as CEO, Fujitsu UK and Ireland?

70. I am not aware of the nature and frequency of the interactions with the senior executive team prior to my appointment. I believe the interactions after my appointment were appropriate for the issues being tackled. Once Duncan Tait

¹⁵ David Gray was IT Strategy and Architecture Manager at POL

was in place, he became the prime point of contact.

OVERSIGHT OF HNG-X DURING THE PILOT PHASE

71. With Duncan in place, the primary oversight of the RMG Account would be delegated to him and I would have started to spend less time on HNG-X.

I have been provided with an email thread from Steve Goldsmith to Allen Graham, 16th February 2010, subject: Amber alert ref 1053 – Post Office (HNG-X) – Update report (FUJ00093028).

72. I'm not sure if I received (FUJ00093028) at the time. The alert system run by Business Assurance required the CEO to be notified of Red Alerts but not necessarily Amber Alerts.
73. I have read the alert summary to prepare my statement and noted that it records the Alert being opened on the 23rd December 2008, but I think this must be a typo and should read 2009. The alert report shows the pilot progressing with 30 branches trading on HNG-X and a move to the Medium Volume Pilot scheduled for 17th February as long as the team can fix the Branch Trading Statement issue. It notes further challenges for later phases of pilot.
74. I can see nothing in (FUJ00093028) that would have caused me particular concern had it been sent to me. I would have expected the HNG-X team to work through the problems that were mentioned. Duncan was there to

arrange additional help should it be needed. I note that there was a review scheduled with me on 22nd February. I don't recall that review.

I have been provided with email from RED ALERTS to multiple recipients, 31st March 2010, subject: Corporate Red Alert Ref 1112 - Post Office Limited (RMGA) - Initial Report (FUJ00095061).

75. (FUJ00095061) was the notification of Red Alert 1112 on the RMG Account. I remember this alert quite well. I recall it had several aspects but the ones that caused most concern were problems with the Oracle Database software. The email records that the decision to suspend the pilot was because of live operational issues affecting all HNG-X branches in the pilot. The delay and the additional costs of the pilot was a significant issue for Fujitsu UK&I, and it became particularly frustrating when the account team had found Oracle's code at fault. I recall Oracle refusing to believe that the problem was with them but eventually they cooperated. I remember that getting a fully working solution from Oracle took several weeks and only then could the pilot be restarted.

I have been provided with an email from Michael Keegan to Nigel Wood and others, 17th August 2011, subject: Oracle £500K "Gesture" Opportunity (FUJ00168456).

76. (FUJ00168456) shows that, sometime after the Oracle fault was fixed, Oracle accepted that they could have supported Fujitsu better and an "ex-gratia"

arrangement worth about £500K was being discussed to compensate Fujitsu.

The HNG-X pilot launched and was suspended shortly after, who made the decision to suspend the HNG-X pilot and what action was taken to monitor and rectify issues it had faced?

77. My recollection is that there was a joint Fujitsu/POL Release Authorisation Board that took decisions regarding pilot and roll-out approvals. Although it wasn't my decision, I believe they had little choice but to halt the pilot.

78. The RMG Account were responsible for rectifying the issues including getting Oracle's cooperation to fix their software. There would have been calls to Oracle to get senior management attention – and I probably made some of those calls, although I cannot remember the details. In any case the problem was escalated within Oracle and eventually they provided suitable fixes. The RMG Account was part of PSD who provided the primary level of oversight. The Red Alert team produced daily progress reports that were sent to relevant staff including me.

I have been provided with an email thread from Roger Gilbert to Gavin Bounds and others, 2nd April 2010, subject: Post Office Service Issues – Daily Update (FUJ00174289)

79. I wrote (FUJ00174289) after another incident during the HNG-X pilot. This arose because of a failure at Fujitsu's Belfast data centre. The email's

purpose was to ensure that I had a proper understanding of the event. From memory, there was a problem with the Northern Ireland Electricity Network and the data centre ran on diesel generators for a while. I believe some large power spikes from a night of severe weather got through the switch-over and smoothing circuitry and damaged some servers.

I have been provided with an email thread from Gavin Bounds to Roger Gilbert, 9th April 2010, subject: Post Office David Smith CEO (FUJ00174292)

80. I don't remember (FUJ00174292) but I can tell from its date that it arrived while the pilot had been suspended because of the HNGX-Oracle issue; the Belfast Data Centre had recently suffered a power problem; and Fujitsu was still some way from receiving the Oracle fix. It was a report of Duncan Tait's meeting with POL's CEO, David Smith. Given the problems Fujitsu were having, it was pleasing to see the support we were getting from POL. Duncan summed up the meeting by the comment:

"A constructive session I believe, of course focussed on the issues of the last two weeks but ended with the CEO saying, 'once we have these issues sorted, we should meet and discuss futures'."

I have been provided with an email thread from Vince Fullwood to Gavin Bounds, and others, 10th May 2010, subject: Post Office – Open Book (FUJ00095628).

81. I was not a recipient of the whole thread in (FUJ00095628), but I was a

recipient of the first email in the thread from Duncan Tait to myself. The email lists three requests from Mike Young which I remember discussing with Duncan Tait. I recollect that my views on the three requests were as follows.

a. An Open Book Arrangement

Open book was not something Fujitsu UK&I would normally agree to, it would introduce delays, and could affect our future ability to negotiate prices. I was not enthusiastic.

b. Independent Review of Processes, Tools and Resources

We knew that the pilot delay was largely due to failures in the Oracle code, so it was difficult to see how a review of Fujitsu's activities could serve much purpose. In any case, it would introduce further delays and costs.

c. Dialogue between Dave Smith and Richard Christou

This was a reasonable request.

The passage of time and my limited memory may have led me to simplify my explanation of the issues involved in (a) and (b) above but I think I have captured the key points.

82. I believe Duncan resisted the requests (a) and (b) above and I heard no more about them. I also remember our Executive Assistants trying to set up meetings around that time between POL and myself and Richard Christou. I vaguely remember diary management taking a little time, but over the

following months, I remember there were meetings and phone calls involving some if not all of Mike Young, David Smith, Richard Christou, Duncan Tait and myself.

Please describe the concerns which POL raised in May 2010 about the management of the HNG-X programme.

How did you respond to POL's request for greater oversight of Fujitsu UK and Ireland's management of the HNG-X programme?

83. I assume these questions arise from the oldest email in the track referenced as URN (FUJ00095628). I have explained my response, as far as I remember it, in paragraph 81. My recollection is that POL's concerns were largely addressed after the following.

- a. Fujitsu had demonstrated its ability to get HNG-X back into pilot once Oracle had corrected their software, and
- b. POL had met with Richard Christou and others about Fujitsu Limited's commitment in Japan and the strength of Fujitsu's resources in the UK.

84. The Red Alert would have been cleared once it was certain that it would not reoccur, probably in June. Nevertheless, I was aware that Fujitsu's relationship with POL had been damaged by the pilot delays, but I was happy that Duncan was managing this, and from my perspective, HNG-X entered a quieter period.

I have been provided with a slide set, Roger Gilbert, June 2010, subject: Fujitsu UK&I, Contracts Update (FUJ00097198).

85. (FUJ00097198) was written by me but I'm not sure where it was used. It contains a summary of the HNG-X contract performance in June 2010. It mentions additional delays and compensation because of the Oracle issues, and it shows the loss-making nature of the contract in FY 2009/10. There is a major forecast improvement for FY 2010/11 showing the confidence I had in the project's future.

86. By July 2010 I felt that the HNG-X problems were largely over. Roll-out had started and every indication was that it was going well. No more alerts were seen, and I had the impression that all was well, and that POL were happy with HNG-X performance.

What steps were taken to ensure that HNG-X was fit for purpose before its rollout?

87. I am aware that Horizon was subjected to a Fujitsu/POL agreed set of acceptance tests and pilot phases which would provides confidence that Horizon was "fit for purpose". I further understand that a joint Fujitsu/POL Release Authorisation Board approved all decisions regarding the start of any pilot and roll-out phase and this would be contingent on thorough acceptance and readiness tests.

88. I had no detailed knowledge of Horizon's acceptance test and pilot regime, but I can make some comments, based on my general understanding of the issues.
- a. Acceptance tests will aim to exercise as many routes through the software as possible, but they can never guarantee to find all the software faults that are present. With a complex system like HNG-X, there will be thousands of different execution paths through the software to handle all the combinations of functions, timing and interfacing that will be encountered. Acceptance tests can, in practice, only exercise a percentage of these paths and will focus on paths that are expected to be the most heavily used.
 - b. Pilots are an essential next stage and will expose the software to "real life" situations. This will test many more of the execution paths and should give confidence that the software is "fit for purpose". Faults found during pilot should be expected and seen in a positive light– they are faults that will be fixed and tested and will not be allowed to continue to the live system.
 - c. However, it is not possible for the combined acceptance test and pilot process to catch every fault that may be present. It is therefore essential that all sides are alert to any remaining issues or suspected issues in the live system.

OVERSIGHT OF HNG-X THROUGH ROLL-OUT AND BEYOND

Please describe the nature and extent of your knowledge of, or involvement with, the issues relating to the roll out of HNG-X.

89. My knowledge of roll-out was appropriate for my seniority and was enough to allow the discussion of issues between the RMG Account and myself.
90. After the pilot phase was over and roll-out was underway, all indications that I received from PSD were positive. There seemed no need for additional CEO attention other than that provided by the delegation and governance that we had in place (paragraphs 34 to 39).

I have been provided with the following.

- ***An email from Gavin Bounds to Roger Gilbert and others, 22nd July 2010, subject: Channel 4 doc next week re POL and our Horizon system (FUJ00174378)***
 - ***An email from Gavin Bounds to Roger Gilbert and others, 6th August 2010, subject: Post Office faces legal action over accounts IT (FUJ00156195)***
91. Both (FUJ00174378) and (FUJ00156195) were about the dispute between the Post Office and a number of SPMs. I do not recall the July email which I see does not mention SPM prosecutions. It was followed up by the August email which I do remember. I can see that the thread was started when the

SPMs' dispute was picked up in an Accountancy Age article which, in turn, was spotted probably by the press office in Tokyo. I remember deciding that no action on my part was required. Thinking back, I can see several reasons why I might have come to that conclusion.

- a. The article must have been about Legacy Horizon which was seen as a very stable system. No Amber or Red alert had been raised on Legacy Horizon for some time, and I had not been aware of any concerns from PSD or POL.
- b. We had developed a strong working relationship with POL, and it would have been difficult to believe that their assurances regarding the integrity of Horizon and the care taken prior to any prosecution were anything but genuine.
- c. Gavin had recommended "no cause for immediate concern."
- d. Channel 4 had apparently withdrawn their programme.

92. I am confident that the email (FUJ00156195) was the only time that the issue of SPM prosecutions was raised with me during my time at Fujitsu.

I have been provided with a Post Office/Fujitsu Note, 29th September 2010, subject: Receipts/Payments Mismatch Issue. (POL00028838).

93. I have no knowledge of (POL00028838) or any of its contents. I am confident that I have had no contact with any of the attendees listed.

I have been provided with an email from Mike Young to Duncan Tait and others, 8th February 2011, subject: Inside Out South. (FUJ00174417).

94. I note that I wasn't on the recipient list for (FUJ00174417), and I have no recollection of it. It would appear that Mike Young gave Duncan a link to an "Inside Out South" programme dated 7th February 2011. I had no knowledge of this programme during my time at Fujitsu.

95. After receiving the Request, I have found a copy of the program on You Tube and watched it. It is impossible not to feel angry about the way the SPMs were treated.

What (if any) concerns did you have during your tenure about

- ***the existence of bugs, errors or defects in Horizon,***
- ***the integrity of the data processed and recorded by Horizon,***
- ***the risk that faults in Horizon could cause apparent shortfalls or discrepancies in the branch accounts of SPMs, and***
- ***whether the processes and procedures relied upon to identify and rectify accounting errors caused by faults in Horizon were robust.***

96. The management of the pilots and roll-out was delegated to PSD and the RMG Account. Paragraphs 75 and 79 describe two issues that I was made aware of during pilot and there may have been other bugs, errors, defects, data integrity issues, shortfalls or discrepancies discovered during the pilots.

These issues would have been managed and resolved by the RMG Account, and would have been part of the normal activity of a pilot. They would only have given me concern if they started to cause significant delays and overspend, as indeed happened with the Oracle issues (see paragraph 75).

97. The role of the pilot phase is described in more detail in paragraph 88.
98. In live running, the absence of any issue from PSD or from elsewhere would lead me to believe that everything was being managed successfully, and I would have had no concerns. I would be assuming that PSD and POL were working together to resolve any problems that arise.

What (if any) steps did I take to obtain assurance about the integrity of Horizon data?

Please confirm whether and, if so, by whom you were given assurances about the integrity of Horizon data.

99. Since there was no concern from PSD or from elsewhere, I did not seek or receive specific assurances about the integrity of Horizon data.

Please set out your knowledge of Fujitsu's ability remotely to insert, edit or delete data in branch accounts and whether that developed over time.

100. This was a matter that was delegated to PSD. However, I can confirm that, during my tenure, I had no knowledge of Fujitsu's ability or lack of ability remotely to insert, edit or delete data in branch accounts and whether that

developed over time. I can further confirm that, during my tenure, I was never made aware of any statements made about remote access to SPMs.

101. It seems to me that a level of (infrequent) remote access by Fujitsu was necessary. This access might be needed, for example, if the Fujitsu maintenance team discovered that a Horizon software fault had created an error in the branch accounts. It seems hard to believe that there weren't staff within POL that knew this. Of course, the checks, audits and transparency associated with any access is a complex area which deserves the Inquiry's close attention. I don't personally understand why any SPM was told that remote access was "impossible".

How often were you briefed on HNG-X's performance / issues and by who?

102. I was briefed from time to time as part of the PSD Monthly Divisional Review

LITIGATION SUPPORT

Please describe the nature and extent of your knowledge of and/or involvement with:

- ***any negotiations and / or discussions with POL concerning the nature or extent of litigation support that would be provided by Fujitsu (including the provision of data, witness statements and / or expert evidence),***
- ***Fujitsu's involvement in providing litigation support to POL,***

- including providing data, witness statements and / or evidence that was relied on as expert evidence in criminal litigation,*
- *the training and / or legal support provided to those within Fujitsu involved in litigation support and / or giving evidence to court, and*
 - *executive oversight of Fujitsu's litigation support services.*

103. This was a matter that was delegated to PSD. However, I can confirm that I had no knowledge or involvement with any of the activities listed in the question above except for reading Gavin Bounds' comment in the email dated 6th August 2010 (FUJ00156195) This email included the sentence:

“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. This has been going on for a number of years with little incident.”

When I read this extract, I believe I would have taken it to mean that we were doing no more or no less than the contract required. I did not understand about the legal implications of being an expert witness or whether Gavin was using the term “expert witness” loosely to mean a witness who is an expert in some topic. In any case, I thought no more about it. Further commentary on (FUJ00156195) is contained in paragraph 91.

Please describe the nature and extent of your knowledge of Fujitsu's involvement in specific pieces of litigation, including but not limited to, the prosecution of Seema Misra.

104. I had no knowledge of Fujitsu's involvement in specific pieces of litigation.

ARQ DATA

Please describe the nature and extent of your knowledge of ARQ data and its use in litigation support? In particular, please set out to what extent, if at all, you were aware of:

- ***any issues with the integrity and / or accuracy of ARQ data***
- ***whether Fujitsu employees had the ability to insert, edit or modify ARQ data (whether at source or the data provided to POL); and***
- ***whether any such matters were communicated to POL?***

105. I had no knowledge of ARQ data or any of the issues listed in the question.

SPMs CLAIMS ABOUT HORIZON INTEGRITY

When did I first become aware that SPMs were attributing apparent shortfalls and discrepancies in their branch accounts to faults in Horizon?

106. I became aware that there was a dispute between POL and a group of SPMs on reading an Accountancy Age article in August 2010 (FUJ00156195). POL issued a statement that Horizon was not the underlying problem. Please see paragraph 91 above for a detailed explanation of my response.

What processes, if any, were in place to escalate issues raised by SPMs to the board. Would these issues be regularly monitored by the board.

107. I was not aware of any contractual or formal mechanism for the SPMs to escalate matters to the FSL or FSH boards. I have no recollection of an SPM ever requesting a meeting with an FSL or FSH Director.

When did you first become aware of the Computer Weekly article raising issues with Horizon; what was your initial reaction to the claims? What steps did you take to ensure the claims in the article were investigated?

108. I became aware of the Computer Weekly Horizon campaign after I retired, probably in 2013.

109. While I was CEO or Chairman, I did not read any articles from Computer Weekly covering the Horizon story.

110. Fujitsu's press office would scan the press for mentions of "Fujitsu" and produce a press digest for senior managers. Interestingly, they missed Computer Weekly's pieces on Horizon during my tenure. I have recently looked at Computer Weekly's articles on Horizon and discovered that "Fujitsu" was mentioned once in 2009 and then not again until 2013. The mention in 2009 was very brief and the connection was not clear without careful reading. I assume the press office did not scan for "Horizon" – possibly not on their radar at the time. That may explain why I was unaware of Computer Weekly's

campaign.

111. Unlike Computer Weekly, Accountancy Age (FUJ00156195) had a clear “Fujitsu” reference, so it was easy for the press office to pick it up.

In retrospect, do you believe your response to the article was adequate. If not, what would you have done differently?

112. I did not see the article, so the question does not apply.

MY ROLE AS CHAIRMAN OF FSH AND FSL.

Please describe the background to your appointment as Chairman of Fujitsu UK and Ireland.

113. Paragraphs 22 describes the background to my appointments as Executive Chairman of both FSH and FSL and the relationship between FSH and FSL.

Please set out the nature of your role and explain your responsibilities.

114. As chairman of FSH and FSL, I had two primary roles.

- a. Ensure that the companies were being managed competently in the interest of their shareholders and that they met their statutory legal, financial, and reporting obligations.
- b. Ensure that the corporate structure provided the key reporting line from the relevant Fujitsu Regions to the EMC and parent Fujitsu company. The board papers of FSH were essentially reports to the EMC.

115. I chaired the Board meetings of FSH and FSL which were held four times a year. I was responsible for issues such as
- a. Overseeing all board meetings, including meeting agendas
 - b. Facilitating discussion between the board directors
116. FSH had a Corporate Governance Committee and an Audit Committee. I chaired both these committees which sat a few weeks after each board meeting.
117. The FSH Corporate Governance Committee was responsible for issues such as
- a. Ensuring effective corporate governance
 - b. Reviewing the policies and process for managing risk
 - c. Ensuring that directors have the appropriate skills, and training
118. The FSH audit committee was responsible for issues such as
- a. Audit and Compliance
 - b. Policies relating to the reporting of financial statements
 - c. Investigating claims of bribery, corruption, etc
 - d. Health and safety
 - e. Data security and data protection
 - f. Whistleblowing.
119. The Corporate Governance and Audit Committees had a remit for all FSH

Group Companies including FSL.

BOARD OVERSIGHT

Please describe how the Board maintained oversight of the following matters:

- ***the integrity of the Horizon IT System (including both Legacy Horizon and Horizon Online,***
- ***the quality of technical support services relevant to the Horizon IT System that were provided by Fujitsu UK and Ireland to POL,***
- ***the prosecution and litigation support services provided by Fujitsu UK and Ireland to POL, RMG or RMH,***
- ***POL and Fujitsu UK and Ireland's relationship.***

120. I have no access to board minutes or papers so I am relying only on memory to answer this question.

121. From memory, the only topics relevant to the RMG Account that I can remember being discussed in an FSL or FSH Board meeting were.

- a. RMG Red Alerts
- b. The HNG-X pilot, progress and delays
- c. Roll-out
- d. Financial performance

122. From the list of topics given in the question, the only one that might have been discussed was the POL and Fujitsu relationship as part of a discussion about

delays in the HNG-X pilot. I do not recall if any actions were placed regarding this topic.

Please describe your management / oversight of the Post Office Account during your tenure as chairman.

123. This would be the same as my oversight as CEO except that after Duncan Tait's appointment as CEO, my role would have been mostly limited to corporate, structural, fiscal, and legal matters and not involve operational matters.

How did you ensure that Fujitsu UK and Ireland was fulfilling its obligations to POL regarding Horizon?

124. It was an important obligation of the Board to ensure that FSH fulfilled its obligations to all its customers and the CEO's report had a section covering contractual issues which would form the initial basis for discussion. The CEO and FSH's Commercial and Legal Director would be major contributors to any discussion in this area.

GENERAL

Please reflect on your time at Fujitsu UK and Ireland and set out whether there is anything you would have handled differently with hindsight in relation to the Horizon IT System. Please address the following issues in particular:

- ***the extent to which you maintained effective oversight of the Post***

Office Account and its response to challenges to the integrity of Horizon,

- ***whether you took adequate steps to gain an appropriate level of understanding about the operation of and known faults in Horizon, and***
- ***whether opportunities were missed to obtain an accurate assessment of the integrity of Horizon during your employment with Fujitsu UK and Ireland.***

125. I have reflected on my time at Fujitsu and with hindsight the only issue that I regret is Fujitsu's provision of prosecution support to POL. I do not believe Fujitsu should have provided this support and should not have provided expert witnesses.

126. I maintained effective oversight of the RMG Account through the organisation, delegation and governance systems that were in place. Challenges to the integrity of Horizon were never visible to me either directly or via other means.

127. I had an understanding about the operation of Horizon appropriate to my seniority in Fujitsu. Neither POL nor PSD had escalated to me any concern about Horizon faults during live running. Nor had Fujitsu UK&I governance flagged the need for CEO attention concerning any fault in Horizon. I did not have any knowledge of "known faults" in Horizon.

128. There was no reason, during my tenure, for me to obtain an accurate assessment of the integrity of Horizon since the integrity of Horizon was never raised to me as an issue by POL, PSD or via any other means.

STATEMENT OF TRUTH

I believe the content of this statement to be true.

Signed:

GRO

Dated:

6th November 2024

INDEX TO FIRST WITNESS STATEMENT OF ROGER GILBERT

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1	FUJ00176145	An email thread from Nagai Atsushi to David Courtley, 10 th March 2004, subject: Major Accounts Paper for FJ EMC	17	POINQ0230379F
2	FUJ00116747	An email from Roger Gilbert to Steve Clayton and others, 1 st June 2009, subject: Enterprise Risk Management	32	POINQ0122918F
3	FUJ00173733	An email from Jon Wolfe to Roger Gilbert and others, 11 th May 2009, subject: Notes from call with Mike Young	64	POINQ0179914F
4	FUJ00174018	A letter from Andrew Hall to Mike Young, 7 th August 2009, subject: HNG-X Baseline.	67	POINQ0180199F
5	FUJ00174033	A letter from Mike Young to Andrew Hall, 14 th August 2009, subject: HNG-X Baseline	67	POINQ0180214F
6	FUJ00174034	An annex to a letter, undated, subject: POL costs and loss of benefits	67	POINQ0180215F
7	FUJ00174232	An email thread from Alan D'Alvarez to Roger Gilbert and others, 9 th November 2009, subject: HNG-X update on Weekend B/C.	69	POINQ0180413F
8	FUJ00093028	An email thread from Steve Goldsmith to Allen Graham, 16 th February 2010, subject: Amber alert ref 1053 – Post Office (HNG-X) – Update report	72, 74	POINQ0099199F
9	FUJ00095061	An email from RED ALERTS to multiple recipients, 31 st March 2010, subject: Corporate Red Alert Ref 1112 - Post Office Limited (RMGA) - Initial Report	75	POINQ0101232F

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10	FUJ00168456	An email from Michael Keegan to Nigel Wood and others, 17 th August 2011, subject: Oracle £500K "Gesture" Opportunity	76	POINQ0174637F
11	FUJ00174289	An email thread from Roger Gilbert to Gavin Bounds and others, 2 nd April 2010, subject: Post Office Service Issues – Daily Update	79	POINQ0180470F
12	FUJ00174292	An email thread from Gavin Bounds to Roger Gilbert, 9 th April 2010, subject: Post Office David Smith CEO	80	POINQ0180473F
13	FUJ00095628	An email thread from Vince Fullwood to Gavin Bounds, and others, 10 th May 2010, subject: Post Office – Open Book.	81, 83	POINQ0101799F
14	FUJ00097198	Slide set, Roger Gilbert, June 2010, subject: Fujitsu UK&I, Contracts Update	85	POINQ0103369F
15	FUJ00174378	An email from Gavin Bounds to Roger Gilbert and others, 22 nd July 2010 subject: Channel 4 doc next week re POL and our Horizon system	91	POINQ0180559F
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18	FUJ00174417	An email from Mike Young to Duncan Tait and others, 8 th February 2011, subject: Inside Out South.	94	POINQ0180598F