

7/12

Mail - Received Mail

Sender.....: Hathaway Katherine
Recipient.....: Sibbick David
 Anderson Isabel
 Hopkins Dick
 Hinds Monica
 Poduval Rags
 Harris David CII
Subject.....: ICL
Sent.....: 11/05/1999 12:21
Attachments.....:
Reply Requested.....: No
Folder.....: ICL Awayday
In Reply To.....:
Read.....: 11/05/1999 12:57
Reply Sent.....:
Reply Requested by...:
Delivered.....: 11/05/1999 12:21
Priority.....: Normal
Sensitivity.....: None
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Importance.....: Normal
Conversion Prohibited: No

David/Dick cc:Isabel for info if of use/David/Rags/Monica

I met with George Hall yesterday to discuss a number of things including our forthcoming awayday, the Information Age Partnership meeting and a more general update on all things ICL.

1) Horizon

We spent the first 30 minutes discussing Horizon during which George confirmed that he knew that Ministers were split between cancelling the project and option B1 (version2) - he also knew exactly where that split lay i.e. HMT/DSS versus the others. When asked how the deadline of 23 April had been extended he admitted it was only because ICL were fudging their financial reporting with potentially disastrous results as far as the directors were concerned.

He confirmed that Keith Todd will lose his job should Horizon go down and that Fujitsu will divest themselves of ICL which will be broken up and the Services side will probably go to Seimens along with some other Fujitsu interests on the hardware side. Seimens are known to be interested in acquiring a services business and are already in discussion with Fujitsu.

He also said that he was personally hawkish about the legal situation and regarded DSS as having been utterly duplicitous (he suggested that ICL might accuse DSS of fraud - which I somehow doubt actually). Indeed he suggested that Horizon had been a great eye-opener for ICL as regards to how the Government did business and that ICL would think very hard about ever undertaking this kind of project again. I assume that this will become common knowledge around the industry eventually and that PFI in IT areas will become even more difficult than it already is.

2) Business Performance

Despite the huge drain on resources that Horizon has been, ICL as a business have turned around this year largely following the Microsoft deal (ICL are now a major Microsoft partner in the UK). The business is making good progress in US gaining new customers in the retail sector e.g. Safeways and this is leading ICL to re-think its retail strategy.

Central European business is also developing on the back of the project to develop the IT infrastructure for the Hungarian railway. ICL have been asked to replicate this in Czech republic and in Bulgaria.

Scandinavian business is also developing well especially in e-commerce as is Ireland.

3) Strategic awayday (assumes Horizon resolved)

To be held in Slough on 21/6 with kick off at 3 -3.30 depending on trains and

ending with an evening supper.

With Todd will greet and do intro's - will also host supper. Andrew Boswell, George Hall and Nigel Hartnell will all be there as well as Alistair Reid and Michael Wild (ICL secondee in the Future Unit).

On ICL's agenda are :

Presentation re. business development/progress - 15 mins on last year and a forward look to 99/2000 and the flotation

ICL's new business model

Relationship with DTI as a client - Elgar.
Framework 5 projects (albeit verey briefly)

Market/ technology developments

ICL have suggested we discuss our view of the Information Society - e-commerce, PIU, learning from the e-commerce bill and conditioning the environment for e-business

They also want a view on International perspectives - WTO and the agenda for e-commerce e.g. IPR, Taxation, rights of establishment etc.

We probably also need to review IAP outcomes as part of this meeting.

Lastly George mentioned a concern about how ICL are viewed in Government and whether they were communicating effectively. I think this has three sources - Horizon clearly , the imminent flotation and also an echo of concern about the TA's which we picked up at the EDS awayday (I assume Rob and Alan are doing their work in this area)