

To: Bounds Gavin [GRO]
From: Tait Duncan [/O=EXCHANGE/OU=ADMINGROUP1/CN=RECIPIENTS/CN=TAITD]
Sent: Wed 30/06/2010 5:04:21 PM (UTC)
Subject: Fw: response to your letter

Fyi.

----- Original Message -----

From: mike.young [GRO]
To: Tait Duncan
Sent: Wed Jun 30 17:44:34 2010
Subject: Re: response to your letter

Duncan

Thank you for your response to my letter.

It won't surprise you to learn that I am somewhat disappointed that it took so long to formally reply to my correspondence of 10 May and with the apparent 'sea change' on approach to some of our concerns. As my letter intimated, these areas of concern were brought to the fore in a Royal Mail Group Review of the current Horizon contract. My understanding from our weekly calls was that you had taken advice from KPMG as to how you could go 'open book' with us and therefore didn't foresee a problem in doing so. 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.

As it stands now, I feel I have been led down journey of a number of months, just so that you can now say, 'no'. This does not reflect well on our relationship and will not be well received in the next review. I have as a matter of course, been keeping both the Post Office Executive and the Group Executive aware of the progress I was told we were making in these areas.

It is now even more imperative that my Managing Director gets a view from the Japanese Board on just how they feel this relationship is progressing. We would like to see if the meeting between Dave Smith and Richard can be brought forward to a date closer than the current August date.

In the meantime can I suggest you and I get together in person sometime next week and talk through where we are. If, it makes things easier I'd be happy to come into Baker Street.

Regards

Mike

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Tait Duncan
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To

Mike Young/e/POSTOFFICE

29/06/2010 08:46

cc

Subject
response to your letter

Dear Mike,

Thank you for your letter – we have recently been having similar meetings and have come to some similar conclusions in the Governance area. We would like to support your initiative and formalise into the contract a periodic on-going senior level relationship review and a more operational level board at which the current Governance relationships in the contract come together. In advance of formal agreement, Gavin and Lesley have scheduled the first of these to take place on 7th July. This should improve the visibility to both parties of the other's operations and concerns and facilitate dialogue.

Our intended review with David and Richard will go ahead, albeit later than we had hoped. I believe we now have a date scheduled.

Since your letter, I am extremely pleased with the progress that has been made. We have located the source of the troubles and taken steps to rectify the issues and we have now re-commenced the pilot. Currently counters running on HNGx stands at just under 20% of the estate. We are now rolling out at about the maximum levels originally envisaged with no further sign of the problems that initiated our discussions. Tuning will continue and we expect to emerge from the pilot with high levels of confidence for the remainder of the deployment.

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.

Finally, I would like to thank you for your understanding during these teething issues; we are hugely sensitive to the operational interruptions and the impact to your network that the HNG-X pilot has caused and, whilst we both know this is what pilots are for, the level of interruptions and the time taken to determine the root cause for this 'Oracle/BRDB issue' has been longer than we could have expected. I assure you that we do not take any disruption to you or your customers lightly.

Regards.....Duncan

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