

Witness Name: Peter Ernest Jeram

Statement No.: WITN0418_01

Exhibits: WITN0418_01/1 to WITN0418_01/7

Dated: 6 August 2022

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF *PETER ERNEST JERAM*

I, *MR PETER ERNEST JERAM*, will say as follows:

INTRODUCTION

1. I am currently the Head of the Digital Systems Platform Unit for Fujitsu Services Limited ("**Fujitsu**"), with responsibility for the Europe region, a position I have held since around May 2018.
2. This witness statement is made on behalf of Fujitsu to assist the Post Office IT Inquiry with the matters set out in the Rule 9 Request provided to Fujitsu on 11 March 2022 and a series of follow-up questions provided to me by the Inquiry on 1 July 2022 (the "**Request**"), to the extent I have direct knowledge of such matters.
3. Set out in this statement is my best recollection of the matters raised in the Inquiry's Request in which I was directly involved. However, some of these topics relate to events that took place more than 20 years ago; namely the design, development, pilot, testing and acceptance of the Legacy Horizon system in the period up to the national rollout. There are therefore circumstances where my recollection is more limited.

4. Where I have included information from documents relevant to the Inquiry's Request, these documents are referred to using references WITN0418_01/1 – WITN0418_01/7 and are listed in the index accompanying this statement.

BACKGROUND

5. I joined the ICL Pathway Limited ("**ICL Pathway**") team in around 1997 as a Senior Consultant, working for an IT consultancy firm known then as OSI Consulting Limited ("**OSI**"). A number of OSI consultants joined the project with me. Use of external consultants was not unusual in large IT projects at the time and remains commonplace today. Prior to attending ICL Pathway, I had seven years' experience working on various IT projects with OSI, including a project with International Computers Limited ("**ICL**"), as it then was, on another customer account.
6. When I joined the Horizon project as a Release Project Manager, Terry Austin (who I recall was also an external consultant) was the Development Director. Towards the end of 2000, I was asked to replace Terry Austin as Development Director. I then replaced Mike Coombs as the Programme Director in around 2001.
7. It wasn't until around April 2003, when the Horizon project moved to Fujitsu, that I joined Fujitsu as a permanent employee.
8. I left the Post Office Account in around 2005 to take on another role within Fujitsu and have had no direct involvement in the Horizon project since that time.
9. In terms of reporting, as a Release Project Manager, I reported to the Development Director and joined the Development Director meetings. As Development Director, I would have joined the Programme Director meetings. Each of the teams I was part of interacted sufficiently with the relevant other teams, and with the Post Office.

DESIGN AND DEVELOPMENT

10. During my time as Development Director, I was part of the Development Directorate, with responsibility for project managing further technical design, development and testing of the Horizon system. This included managing the people working on third party products, such as Escher's Riposte, which were used as part of the Horizon solution, ensuring that such third party products delivered what was required to achieve the solution. The Development Directorate was also responsible for ensuring that ICL Pathway teams and third party providers delivered to schedule, and resolved any issues that were found during testing.

11. I have a project management background and, as the Development Director, I was responsible for managing timescales, costs, reporting and ensuring that experts delivered what they were responsible for. My role was not a technical one. It was to manage others, who did have the relevant technical expertise, and I relied on them in relation to technical matters. I was not directly involved on the technical side of the development of the Horizon solution.

PILOT

12. When I started work with ICL Pathway, I recall becoming the Project Manager for what was known as "Release 3". I have reviewed the following documents to refresh my memory in relation to Release 3: (i) an email with subject line "EFTPOS Host Software ITT" and the EFTPOS Host Application invitation to tender attached (WITN0418_01/1 and WITN0418_01/2, respectively); and (ii) a memorandum regarding the "EFTPOS ITT Assessment Process" (WITN0418_01/3). I understand

“EFTPOS” to stand for Electronic Funds Transfer at Point of Sale. I do not recall whether or not “Release 3” correlated to the releases that were rolled out as part of the pilots. As Project Manager, it was my role to plan how this release would be implemented, therefore scheduling how long it would take. I then managed the progress of the relevant release against that schedule, in addition to tracking the costs and quality of the release. My recollection is that Release 3 was not eventually rolled out and was probably replaced during any re-planning activities.

13. At this time, I worked in the Development Directorate in a team of hundreds of people, and reported to Terry Austin.

14. The rollout of the Horizon pilots took place more than 20 years ago. I do not therefore recall which functions were the subject of the trials for the releases. I do, however, recall there being a number of test teams and test environments, and that we worked jointly with the Post Office team. The testing and acceptance of Horizon is discussed at a high level later in this statement.

CASH ACCOUNT

15. I was not involved in the development of the cash account function in Horizon and cannot therefore comment on whether there were issues or what may have been communicated to Post Office. I do, however, recall that the cash account was a real focus in the development of Horizon and something that had to operate correctly.

16. Prior to Horizon, sub-postmasters were required to complete their cash accounts on paper, possibly A3 paper. Horizon requirements from Post Office were for the system to print a cash account, in the same format as the paper versions completed by sub-postmasters. The sub-postmaster would validate the printed version and submit it to

the Post Office. My understanding was that a time later, only when Post Office were content with the accounting element of the Horizon system, did the Post Office decide to rely solely on Horizon, and that a paper cash account was no longer printed. I do not recall exactly when that decision was made by Post Office, but I do remember that it was not decided quickly.

ACCEPTANCE AND TESTING

17. I noted above that there were a number of test teams and environments during the period prior to the national rollout. These test teams worked closely with Post Office, forming joint testing teams. I did not initially recall the names of the Post Office team members who were part of the joint testing teams. However, I have reviewed an email with subject line "MOT & ETE Test (V2)" (WITN0418_01/4) and the Model Office Test ("**MOT**") and End-to-End test governance document attached (WITN0418_01/5), which have prompted me to recall that Chris Young (Chair of the MOT progress/status meetings), Marc Reardon (Horizon End-to-End Co-ordinator) and Mark Burley (MOT Co-ordinator) were Post Office representatives involved in joint testing.

18. My recollection is that both the ICL Pathway and Post Office teams worked from ICL Pathway's offices in Feltham, where certain test environments were hosted. Post Office testers had their own room in Feltham, and also joined the ICL Pathway teams in their workspaces. It was at these offices where the initial test phases were performed. As explained above, given the project management focus of my role on Horizon, the technicalities of the various testing environments are not within the scope of my knowledge. I believe Alan D'Alvarez took over testing at ICL Pathway at some point, although I do not remember when.

19. One of the final testing phases was the MOT, which comprised a model branch located on Borough High Street, London (the “**Model Office**”). The Model Office was connected to a Horizon test system and enabled the teams to trial releases in a true Post Office environment. MOT was defined, run and performed by the Post Office test teams, as demonstrated in the following MOT and End-to-End testing weekly progress / status review minutes: WITN0418_01/6 and WITN0418_01/7. ICL Pathway’s role was to supply the counter hardware and to support the operation of the Model Office as if it was in live operation.

20. In terms of the testing process, tests would have been defined in test scripts, dependent on the relevant testing phase, and then run against those scripts. The results of those tests would then have been recorded in documents such as test reports. At a high level, the relevant test phases were as follows:

- a. Unit Testing, Link Testing, and System Testing, which would have been performed by Delivery Units; then
- b. Business and Technical Testing, which tested a system integrated by Technical Integration and integrated the outputs of the streams described at (a) above into a single system for testing purposes. While I am aware that this phase of testing would have involved “technical integration” testing, I am not aware of the specific content of those tests; and finally
- c. End-to-end testing and Model Office Testing.

21. To the extent that deficiencies were identified during testing, these would have been known to and discussed with the Post Office test teams, logged in the PinICL or Peak databases (depending on when the issues were identified) and resolved, with

resolutions incorporated into the product before it was re-tested in the next test cycle. At the end of each test phase, any outstanding deficiencies that had not been resolved would have been recorded in an end of test report.

22. The purpose of the different phases of testing is to validate that the product delivers the agreed requirements and to ensure that any deficiencies identified are resolved as we move through the lifecycle. In light of this testing process, I did not have any concerns in relation to the system moving to Live service based on the testing performed and results achieved.

23. If there were still known deficiencies remaining in a particular release when it was rolled out to the live system, these would have been known to, discussed, and agreed with the Post Office as being acceptable in live service. In my experience, this approach is typical of large scale IT projects. There was an open relationship between ICL Pathway and Post Office when it came to issues identified during the testing cycle. I was not generally responsible for and had limited sight of communications with sub-postmasters. I cannot therefore comment on whether sub-postmasters were informed of these deficiencies.

24. In relation to the acceptance of releases by Post Office, whilst I was Development Director and then Programme Director, the necessary approvals (including approvals relating to which deficiencies were acceptable for live service) were provided by my counterpart at the Post Office, David Smith (I do not recall who my point of contact was at the Post Office prior to Mr Smith nor do I remember the specific timing of Mr Smith's involvement with the Horizon project). To that end, I recall attending meetings with Mr Smith at Post Office's offices, Mount Pleasant, London. These meetings were

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	Description	Date	Control Number	URN
WITN0418_01/1	Memorandum regarding the EFTPOS ITT Assessment Process	5 December 1997	POINQ0123686F	FUJ00117515
WITN0418_01/2	Email with subject line "EFTPOS Host Software ITT"	21 November 1997	POINQ0123683F	FUJ00117512
WITN0418_01/3	Pathway EFTPOS Host Application - Invitation to Tender	10 November 1997	POINQ0123684F	FUJ00117513
WITN0418_01/4	Email with subject line "MOT & E2E Test (V2)"	11 February 1999	POINQ0068127F	FUJ00078539
WITN0418_01/5	MOT & E2E Test Governance document	11 February 1999	POINQ0068128F	FUJ00078540
WITN0418_01/6	Minutes of Weekly Progress / Status Review	11 March 1999	POINQ0068257F	FUJ00078669
WITN0418_01/7	Minutes of Weekly Progress / Status Review	18 March 1999	POINQ0068263F	FUJ00078675