

xserve



2020

Business Plan

Draft Version 1 - Consultation Response

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Introduction

We invited customers to respond to five questions that were set out within the BP20 Draft Version 1. We asked for feedback on the investments and change initiatives that we included in the draft plan.

The questions that we asked were:

1. What are your views on the levels and timing of Baseline investment?
2. What are your views on the levels and timing of Recommended investment?
3. Do you agree with our view on the change initiatives being proposed, are these initiatives necessary to deliver the improved levels of service that customers have asked for?
4. Do you think any initiatives are not needed or should be scheduled for later in the plan period?
5. What knock-on impact would the proposed initiatives create within your organisation, would your organisation be able to support the level of change being proposed? If you have capacity constraints, which initiatives would you prioritise and why?

We have collated responses to the Business Plan consultation and provided responses in line with the feedback received.

Any changes made to subsequent versions of the Business Plan will be published within the stipulated timelines and a webcast will be arranged for customers to discuss these changes in more detail.

Feedback Responses

1. What are your views on the levels and timing of Baseline investment?

Most customers agreed that the level and timing of investment met expectations, however some customers have raised concerns around total investment spend during year 1 of the plan. A number of our customers have highlighted financial constraints for reasons such as RII01 for Distribution Networks (DNs) and the Price Cap for domestic Shippers.

A number of Shipper and DN customer responses highlighted Cyber Security investment, both in terms of the overall spend and the profile of expenditure across the plan, as well as wishing to see more detail on the potential benefits and the risk that these investments will mitigate.

Multiple Shipper customers commented on the profile of financial investment in later years of the plan and would like to see future years investment that is more representative of previous investment profiles. Customers have expressed a desire for a flatter investment profile that better reflects our actual anticipated spend.

With reference to the proposed investment in our UK Link platform, customers have called out that we must be careful and not over-stretch our delivery capability, with both the UK Link changes and CSS taking place at the same time. One customer highlighted concerns that investment in UK Link systems had not realised the savings forecast in previous business plans.

2. What are your views on the levels and timing of Recommended investment?

The approach in this year's Business Plan to split investment into Baseline and Recommended categories was welcomed by most customers, stating that the investment focus areas have correctly identified those that require attention. Most customers requested more detail for some of the investment topics, particularly Protecting Against Cyber Security Threats, Moving to the Cloud and Customer Centricity. Most customers expressed that, recognizing the additional level of information provided this year, it remains difficult to understand what each investment would deliver in terms of customer benefits.

DN customers requested that we review the funding split for the Recommended investment in Information Security Alignment with NIST, as it was felt that all customers would benefit from this investment.

Customer Communications was another focus area for many of our customers, with an underlying frustration that our communications are not targeted, fit for purpose or delivering the level of user experience that a customer focused organisation should be aiming for.

Finally, a number of our DN customers had requested more information regarding our CRM Rant & Rave initiative with a view that this initiative had already been delivered in the previous year.

Feedback Responses

3. Do you agree with our view on the change initiatives being proposed, are these initiatives necessary to deliver the improved levels of service that customers have asked for?

Most customers agreed that the investments proposed (both Baseline and Recommended) are key to shaping and rebuilding the service that Xoserve provides, and to sustain the significant customer and market change over the Business Plan period.

Most customers have requested further information regarding the Customer Centricity investment focus area, stating that insufficient detail leads to an inability to accurately assess these initiatives. Investment in Customer Communications was supported by some customers, with most asking for additional information on planned activities and resulting benefits. One Distribution Network suggested Xoserve reduce the amount of spend in Customer Centricity. This was supported by one Shipper customer who also suggested a reduction in investment funding for the Operational Excellence focus areas.

Various customers highlighted the importance of tracking investment spend throughout the BP20 period.

4. Do you think any initiatives are not needed or should be scheduled for later in the plan period?

Some DN customers have asked that an effort is made to avoid spend in the first year of the Business Plan.

Some of our Shipper customers have expressed that more detailed information is needed for certain investment proposals, and without this level of detail being made available they feel it would be difficult to support these initiatives.

5. What knock-on impact would the proposed initiatives create within your organisation, would your organisation be able to support the level of change being proposed? If you have capacity constraints, which initiatives would you prioritise and why?

Some customers have expressed that communication improvements are key to delivering successful change programmes and that any potential knock-on impacts for customers need to be communicated effectively to avoid unnecessary impact to downstream processes.

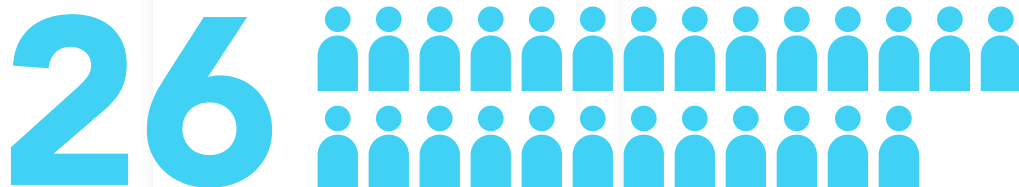
One customer stated the implementation of digital processes and data driven initiatives may mean changes in working practices for our customers and a potential requirement to upskill their resources.

Additional Feedback

As well as formal written responses to the first draft of our Business Plan, we have held numerous customer meetings, forums and webinars. These have highlighted the following additional areas of feedback.

- Some customers highlighted that further detail is required in support of the CRM Rant & Rave and CMS Re-write initiatives and that, on discussion, the names of these initiatives are not reflective of their purpose
- It would be useful to see the split of constituency funding for each investment line to allow customers to focus on investments that are funded by their businesses.

In numbers:



Changes

How will the feedback received change the Business Plan?

In response to the feedback received, we intend to make a number of changes to the second draft of the Business Plan.

- We will include more information for our UK Link roadmap that better describes the investment choices for Azure and SAP HANA and a view of a high level timeline of activity.
- We propose to curtail investment in Cyber Security (Alignment with NIST) and to allocate costs across all DSC customers.
- We will provide additional information regarding our Customer Centricity investment focus area including Improvements to Customer Communication, highlighting the benefits that customers can expect.
- We will increase investment forecasts in years 2 & 3 of the plan to accommodate unknown items and to fund potential delays to the CSS programme, leading to a flatter investment profile that represents a more realistic level of investment to 2023.
- We will re-name CRM Rant & Rave and CMS Re-write investment topics and provide further detail for these items.
- We will include investment constituency splits within the main investment tables to enable customers to see which constituencies fund which investment items.