



ITSO Ltd Business Plan

July 2011

Introduction

This business plan has been prepared to provide the ITSO Board with a detailed breakdown of the key activities planned over the period 2011/12 to 2015/16 (FY12 to FY16). Much of the focus of this plan is around the strategic objectives planned for the current financial year, with activities for FY13 and beyond expected to be defined in greater detail as part of the FY13 - FY17 business plan to be discussed at the January 2012 Board meeting.

As agreed at the Directors' Day on 23 May 2011, ITSO Ltd's activities to support delivery of the Vision and Mission are divided into three groups:

1. Business As Usual (BAU)

The day-to-day activities required to run ITSO Ltd as an organisation, and to support delivery of the ITSO Vision.

2. Testing and Demonstration

All activities relating to the installation and establishment of the Testing and Demonstration Suite necessary to enable testing services to be carried out in-house, and from FY12 as a stand-alone, cost-recovering business unit.

3. Key Projects

Activities which, owing to size and resource requirements, are in addition to BAU, and which will be agreed and commenced following the creation of a Business Case, and dependent on appropriate funding being available.

Within these groups particular attention has been paid to the 'Top Nine' Strategic Objectives that ITSO Ltd will focus on delivering during the current financial year. These objectives, in the order they are detailed in this Business Plan, are defined as follows.

Objective 1 : Development of SLAs for ISMS – Business as usual

Objective 2: Development of Scheme Compliance – Business as usual

Objective 3: Pricing review – Business as usual

Objective 4: Operating Licence review – Business as usual

Objective 5: Development of new Supplier Licence – Business as usual

Objective 6: Review of Articles of Association – Business as usual

Objective 7: Getting the 'house in order' – Business as usual

Objective 8: Establishing in-house Testing Services – Testing and Demonstration

Objective 9: Review of the Specification & development of 10-year Route Map – Key Projects

Further detail, including key activities and delivery milestones for each of these strategic objectives, is included within the three group sections later in this document.

Michael Leach
Chief Executive Officer

ITSO Vision and Mission Statements

For ITSO Ltd our Vision and Mission Statements highlight the reason for our existence. Together they inform our strategic direction and guide our day-to-day activities and interactions.

ITSO Vision

“To support, facilitate and enable the delivery of the national vision for smart, integrated and interoperable ticketing across Great Britain.”

ITSO Mission Statements

1. For our Licensed Operators and Licensed Members:

“To make understanding, procuring, implementing and operating ITSO simple, easy and cost effective.”

2. For the public:

“To assure that the end-user (customer) experience is quick, easy and consistent.”

3. For the supplier community, including consultancies:

“To work in partnership with ITSO suppliers to improve the quality, consistency and performance of ITSO products.”

ITSO Ltd will achieve these aims through effective delivery of its business plan and related strategic objectives.

Business as Usual

Business as Usual (BAU) covers the day-to-day activities required to run ITSO Ltd, including activities targeted at fulfilling the aim of 'getting the house in order'.

Information on outcomes and activities has been collated in conjunction with each of the three directorates within ITSO Ltd – Technical, Member Services, and Finance and Commercial. As ITSO Ltd is a small organisation there are the inevitable, and in some cases significant, areas of crossover and shared responsibility which will be managed through effective collaboration in order to deliver specified aims.

As a result, outcomes and activities may be referred to at more than one point within this document.

High-Level Outcomes

These activities will support and deliver the following outcomes in support of the ITSO Mission statements:

- Fulfilment of ITSO Ltd's role as guardian of the ITSO concept and maintainer of the current Specification;
- Delivery of satisfactory and stable service in relation to ISMS and Technical support, in accordance with agreed service levels, including the development of these where they currently do not exist or are insufficient to meet members' needs;
- Maintaining effective corporate governance;
- Improved reputation of ITSO and ITSO Ltd, accelerating the adoption of ITSO;
- Provision of cost-effective solutions which deliver best value to all stakeholders; and
- Measurable progress towards all ITSO mission statements

Key Activities

The following activities are core within BAU, though there are a number of additional activities and associated outcomes. Full details on these, and which areas within ITSO Ltd will be carrying out the activities, can be found within the pages detailing the ITSO Ltd Directorates.

Maintenance of the Specification: the Technical team will support the use of the Specification in its current form, and ensure that its use in live schemes is in line with its capabilities and meets the interoperability and performance requirements. This has been identified as a key issue requiring ITSO Ltd's attention and will be addressed through the development and delivery of Scheme Compliance¹ during FY12.

Engagement with new and existing Members, bringing prospective Members to the table, helping existing Members to make the most of their investments in smart ticketing, helping ISL customers to

¹ Scheme Compliance will focus on assuring that the required outputs and related components of an ITSO scheme adhere to the requirements as set down within the ITSO Specification, including transaction times and data structure.

migrate to full Membership in their own right; to facilitate this, work will also take place to streamline our processes and forms, and make the product registration process simpler.

Significantly improving the quality of and value from our communications with our customers, targeting the messages effectively to particular audiences and ensuring that we have a broad appreciation, and, particularly in relation to the operating sector, a deep understanding of the wider world in which we operate.

The Technical team will engage with members, operators and suppliers to provide technical support, and discuss and resolve issues in relation to the Specification. In addition, they will provide guidance – in print form, online, or through visits or telephone calls – to ensure that appropriate and effective use is being made of the Specification and its capabilities, and share solutions to issues with the ITSO community.

Business management: Effective management of ITSO’s working environments, including all legal obligations such as Health and Safety, asset and facility security management, facilities management, including all operational office service contracts.

Corporate Governance: ITSO Ltd needs robust corporate governance procedures in line with standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with members, including Operating Licence, Articles of Association, Supplier Agreements and delivery of Company Secretarial services.

Strategic Objectives FY12 - BAU

The majority of the strategic objectives outlined in the Introduction to this Business Plan fall within the remit of Business as Usual.

Objective 1: Development of Service Level Agreements for use of the ISMS

We will develop SLAs for use of the ISMS with the final draft documents going to the Board for approval by 14 September 2011.

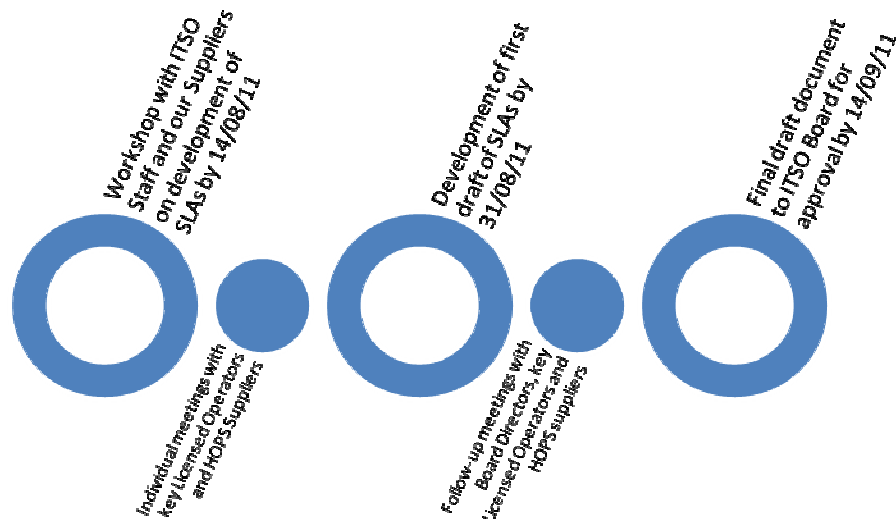
It is essential that ITSO Ltd puts in place stable and robust services for our members and we see the development of clear and appropriate Service Level Agreements (SLAs) as a key strategic objective for FY12.

Given the significant increase in demand for use of the ISMS we believe the development of these SLAs will provide a key building block for achieving our vision and mission statements.

Responsible Owners

Responsibility for this work will rest with the Director of Member Services.

Figure 1 Development of Service Level Agreements for use of the ISMS



Objective 2: Development of Scheme Compliance

We will develop a framework for Scheme Compliance with assessment for all live schemes to start from 31 March 2012.

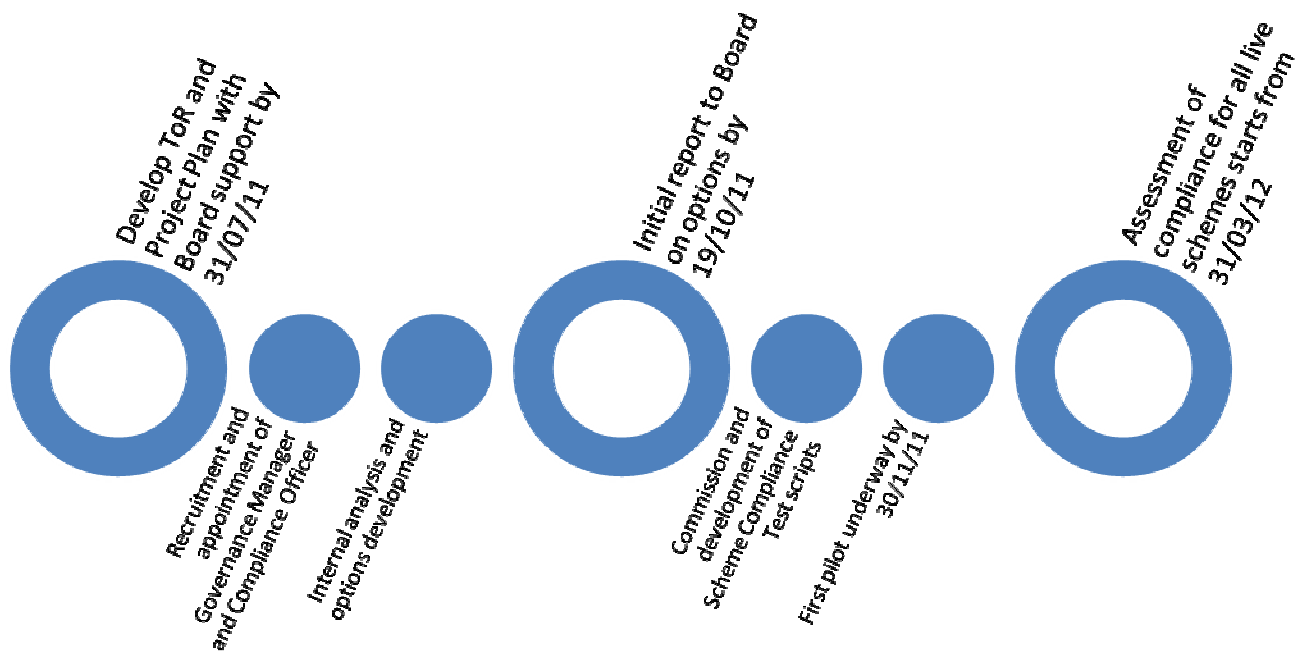
There has been significant debate and comment amongst the ITSO Licensed Operator community in regards to the on-going compliance of ITSO certified Points of Service Terminals (POSTs) once they are out in the field.

We are aware that this issue has been compounded by the continual revision of the ITSO Specification and the advent of significant improvements in card technologies, particularly those relating to ITSO Customer Media Definition (CMD) 2. The issue of transaction speed has long been identified as one that ITSO Ltd should address and, with the appointment of a new Chief Technical Officer, we see this as a key strategic objective for FY12.

Responsible Owner

The Chief Technical Officer will lead the development of this critical set of activities with support from the Director of Member Services.

Figure 2 Development of Scheme Compliance



Objective 3: Pricing review

We will review the Pricing Structure with the intent of gaining final agreement at an ITSO Ltd General Meeting by March 2012.

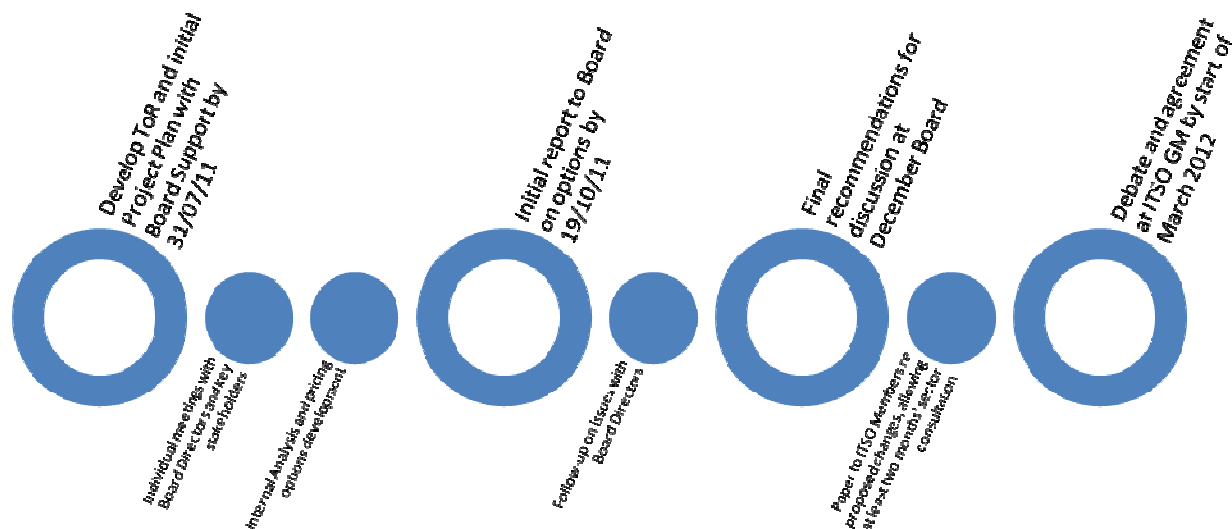
At the May ITSO Board, the decision was taken to proceed with a comprehensive review of the ITSO Pricing Structure with a view to developing a fairer and more transparent mechanism.

The current Pricing Structure is seen as being insufficiently linked to benefits to ITSO Members and we believe there is significant opportunity to revise this in a way that will make the value of ITSO Ltd services more immediately apparent.

Responsible Owner

The Director of Finance and Commercial Services will lead this activity with significant input from the Director of Member Services.

Figure 3 Pricing Review



Objective 4: Operating Licence review

We will review the Operating Licence with the intent of getting final agreement to changes at an ITSO Ltd General Meeting on a date to be determined.

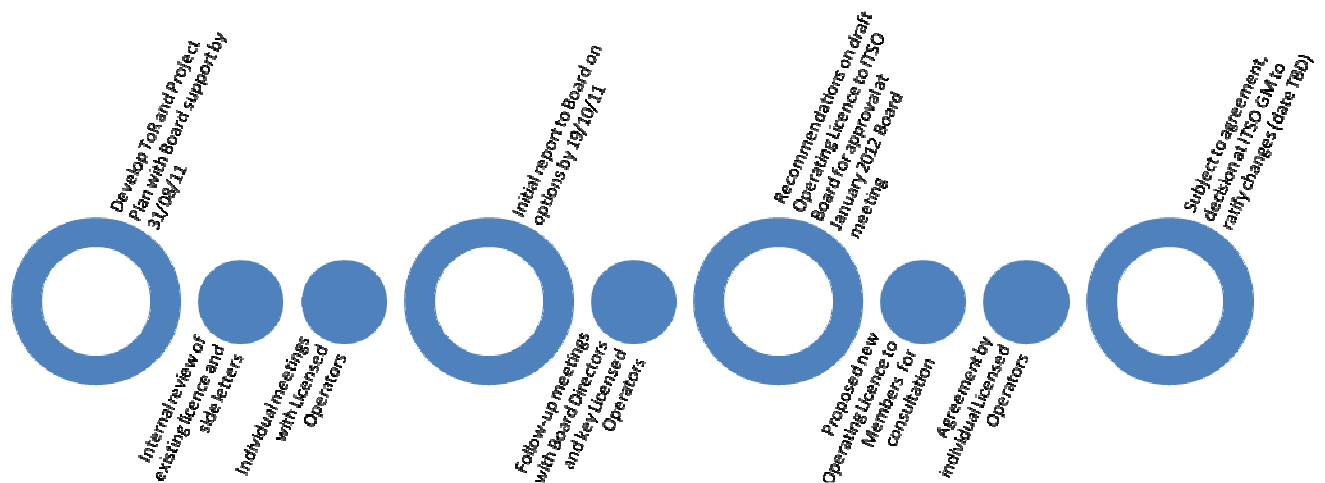
A review of the ITSO Operating Licence has been on the forward agenda for ITSO Ltd since being requested by the ITSO Board in June 2010 and is now a priority for ITSO Ltd to address during FY12.

The review of the Operating Licence is seen as a key strand in making sure the ITSO concept is fit for purpose and that ITSO Ltd has an appropriate contractual relationship with the ITSO Operating community. Uniformity across this community is seen as essential in support of interoperability and we recognise the opportunity such a review presents to build stronger relationships with our Licensed Operators.

Responsible Owner

The Director of Member Services will lead this work.

Figure 4 Operating Licence Review



Objective 5: Development of new Supplier Licence

We will develop a Supplier Licence with the final draft document to be tabled for approval at an ITSO Ltd General Meeting on a date to be determined.

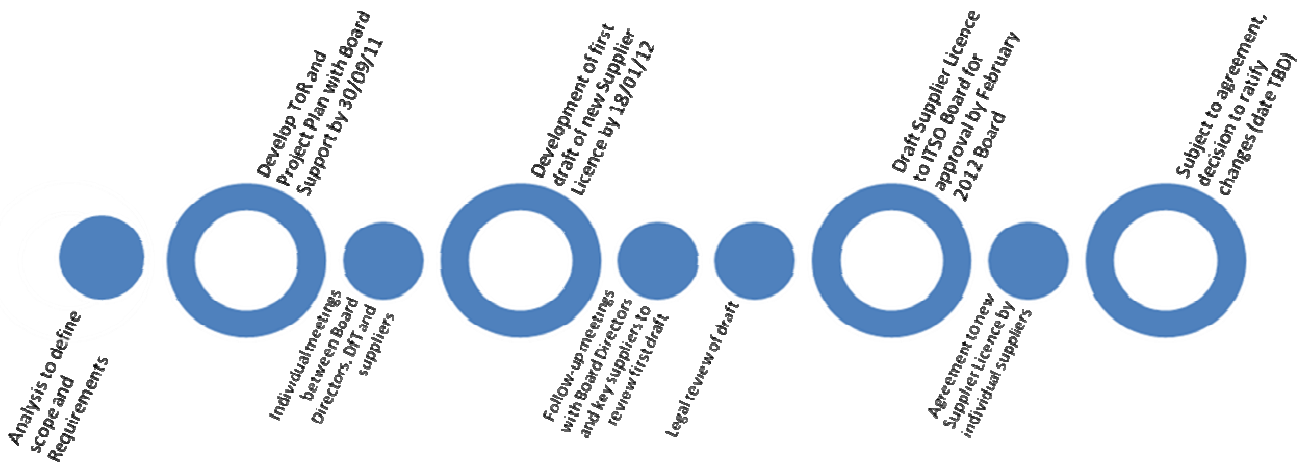
Over the last year it has become increasingly clear that ITSO does not have appropriate contractual relationships or levers with the ITSO Supplier community. The development of a new Supplier Licence is seen as a critical step in ensuring ITSO Ltd has the ‘teeth’ to effectively ensure compliance with the Specification and to make sure that future certification and use of ITSO systems such as the ISMS are effectively supported.

The development of the Supplier Licence is seen as running in parallel with the Pricing Review, the Operating Review and the Review of the ITSO Ltd Articles of Association.

Responsible Owner

The development of the new Supplier Licence will be led by the Director of Finance and Commercial Services working in collaboration with the Director of Member Services and the Chief Technical Officer.

Figure 5 Development of new Supplier Licence



Objective 6: Review of Articles of Association

We will review ITSO Ltd’s Articles of Association with a final draft document to be tabled for approval at an ITSO Ltd General Meeting before the end of March 2012.

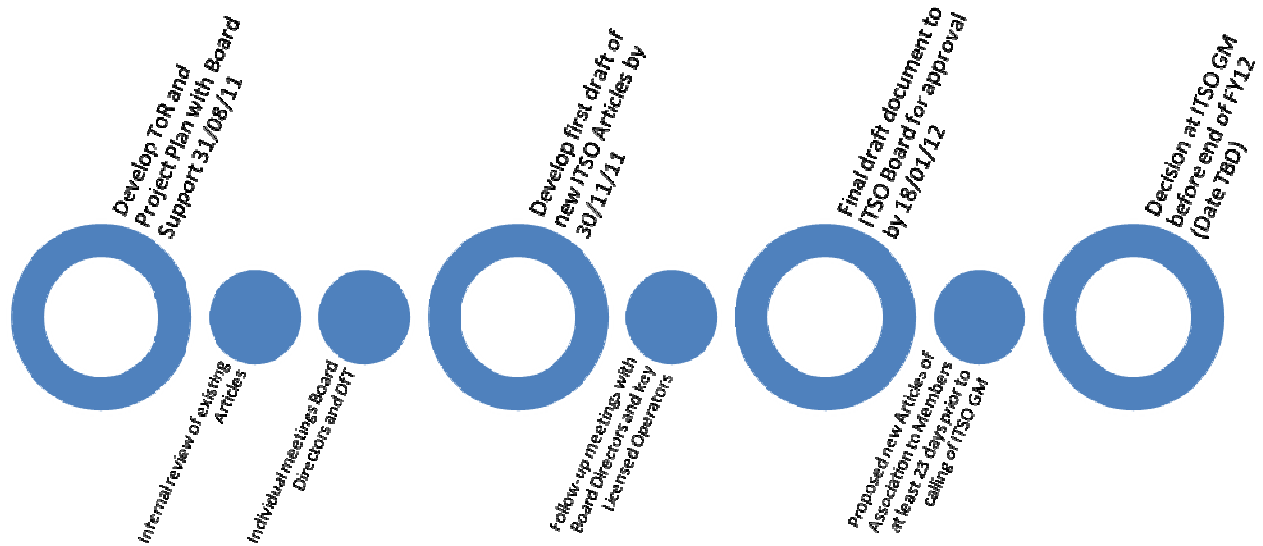
At the May 2011 Board, the DfT advised that a key component of future financial support for ITSO Ltd would be the agreement of changes to the ITSO Ltd Articles of Association to enable the continuation of the current DfT Board control through to the end of FY14. This requirement has necessitated a revision of the ITSO Ltd Articles.

We believe that this process should be run in parallel with the Pricing Review and related review of the ITSO Operating Licence and the development of a new Supplier Licence to get best value for the exercise.

Responsible Owner

This exercise will be led by the Director of Finance and Commercial Services working with the Chief Executive Officer and the Director of Member Services.

Figure 6 Review of Articles of Association

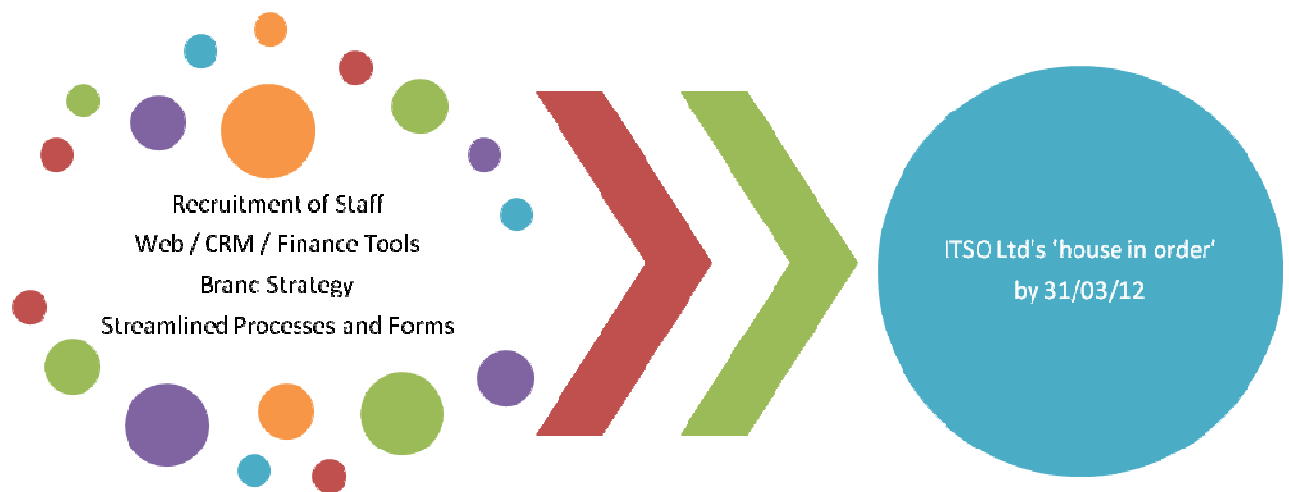


Objective 7: Getting the 'house in order'

A number of activities from the December 2010 Business Plan need to be completed. These include finishing the recruitment plan, refreshing and replacing the ITSO website, CRM and finance tools, updating the ITSO Brand Strategy and streamlining our processes and forms. This group of activities will complete the **Getting the 'house in order'** components as outlined in the December 2010 *ITSO Business Plan 2010/11 to 2013/14*.

Activities have variable end dates, however all activities are to be completed by the end of FY12.

Figure 7 Getting the 'house in order'



Testing and Demonstration

Introduction

Testing services form an integral part of the ITSO fabric and as such we place significant importance in bringing this essential service in-house and under ITSO Ltd's control for the first time. This will enable us to work in much closer partnership with the ITSO Supplier community and to make sure we continue to focus on improving the quality of and value from this service.

The establishment of the ITSO Testing and Demonstration suite is a significant activity as it lays the foundation for supporting all of the ITSO Mission Statements and will provide the single largest supporting activity to assist in the achievement of the ITSO Vision and the Ministerial goals.

As well as bringing Testing and Certification services in house, ITSO Ltd will establish the first, comprehensive interoperability testing environment, connecting all certified Point of Service Terminals (POSTs) within the Interoperability and Demonstration areas to a replica v1.5 ISMS hosted in the same suite. Having variants of all customer media and POSTs linked to a Test ISMS will allow ITSO Ltd to undertake rigorous technical testing against all POSTs and the ITSO infrastructure, leading to greater assurance of interoperability than previously possible.

The value of this development cannot be underestimated and is enhanced through the parallel creation of the first ITSO Demonstration area, which will enable current and prospective Licensed Members to experience the breadth of ITSO capabilities in a single environment for the first time. We expect that this will also provide the critical shop window that has been missing in the ITSO environment to date and that an acceleration of take-up will occur through this innovation.

Key activities

- Development of SLAs: appropriate Service Level Agreements for services will be provided through this business area.
- Testing Suite: relocation of testing facilities from Clear2Pay (Integri) in Europe to ITSO Ltd's offices in Milton Keynes.
- Knowledge transfer and staff capability: members of the Technical team to undergo training and sharing of best practice in relation to testing, and to ensure that all current Clear2Pay processes are known, understood and carried forward to the new environment.
- Test tools: work to be undertaken with Clear2Pay to ensure that current test tools are both transferred and enhanced. Engagement with suppliers to obtain full sets of current equipment used in all stages of ITSO-compliant schemes, in order to enable a full range of technical tests to be carried out.
- Completion of the fit out of the Demonstration Suite, including obtaining agreement with the Supplier community around provision of the necessary ITSO Certified infrastructure and appropriate levels of training in configuration and operation.

High-Level Outcomes

The aim of the new Testing and Demonstration Suite is to deliver the following:

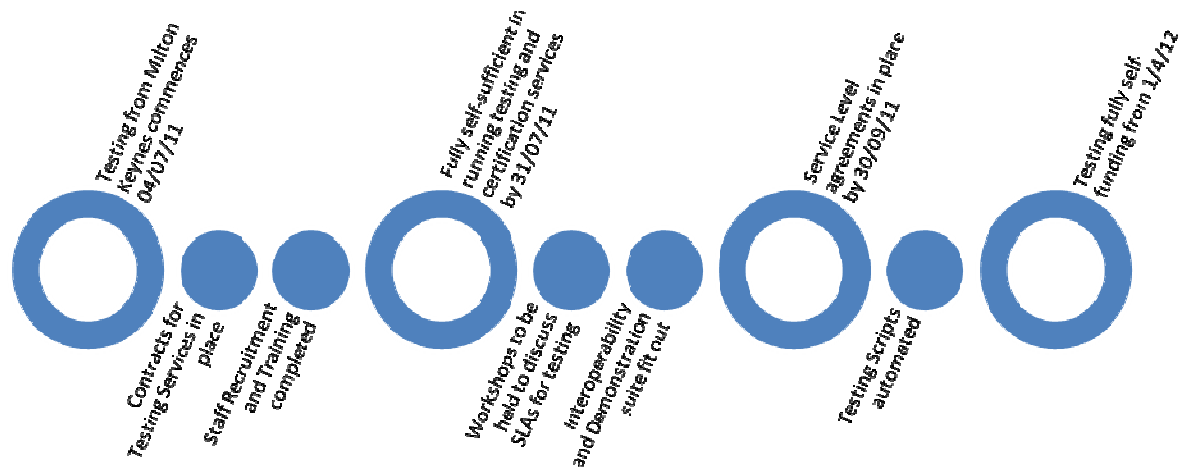
- In-house Testing and Certification of ITSO technology to deliver more accessible testing services and enhanced support for Suppliers and Licensed Operators alike;
- An increase in the ITSO Ltd knowledge base, which in turn will enable greater sharing of knowledge and best practice amongst the ITSO community;
- An ITSO Test ISMS which will provide a resource for the HOPS suppliers as well as ITSO Ltd. This new 'service' will support HOPS suppliers in getting best use of the current ISMS through the ability to conduct continuous user testing without impacting the 'live' environment, thereby optimising their own use of the ISMS. ITSO Ltd will also develop a first-hand understanding of the functionality of the current ISMS and can therefore incorporate this learning into both the 10-year Route-map and the possible future development of the next generation ISMS in FY13 onwards;
- The test ITSO environment will provide the capacity to test and assure interoperability, through ensuring new developments and enhancements (such as any national Stored Value proposition) are tested thoroughly on as wide a range of devices and media as possible; and
- The establishment of a fit-for-purpose marketing and demonstration environment, helping to train, educate and ultimately make understanding ITSO much simpler and easier for our Licensed Operators.

Strategic Objective

Objective 8: Establishing in-house Testing Services

We are currently well advanced in our plans to bring Testing Services in house to Milton Keynes, with full activities commencing from ITSO Ltd's offices from 4 July 2011. A number of key activities will continue after this time and these can be seen at Figure 9.

Figure 8 Establishing in-house Testing Service



Key Projects

Introduction

Key Projects include activities which are proposed as suitable for funding through the national Government sponsorship and have therefore been divided by Financial Year to recognise the dependency on year-by-year funding availability.

Proposed Activities – FY12

During FY12 ITSO Ltd intends to undertake workshops and consultation in regards to the development of a 10-year Route Map and a parallel review of the ITSO Specification.

These critical activities will be supported by essential work to maintain our service provision and critical IT systems and to replace end-of-life internal systems. The two priority areas for FY12 are as follows:

1. Development of a 10-year Route Map
2. Business-orientated review of the ITSO Specification

High-Level Outcomes

It is anticipated that this work will enable the:

- Provision of an established development cycle for ITSO which ensures our Security Subsystem and related hosting and hardware are current and functional, that previous versions of the ITSO Specification have declared 'end of support' dates and high-level clarity of future plans for ITSO and activities for operators and suppliers alike;
- Opportunity for Licensed Members to ensure their business requirements are being met through the ITSO Specification, and additionally allow for engagement with suppliers, whilst ITSO Ltd fulfils its duty as the guardian of the Specification;
- Removal of ambiguity in relation to the Specification, and increasing clarity of processes, which in turn will move the Specification closer to becoming a Standard;
- Renewal and enhancement of ITSO's IT systems to ensure that BAU activities are not affected by technology or other systems which are not fit for purpose, or which may otherwise impact dealings with members, operators or suppliers;
- Development of a long-term, sustainable plan for ITSO, ITSO Ltd and the use of the technology; and
- Assessment and ultimate decisions on which projects to progress into FY13 and beyond.

Proposed Activities – FY13 to FY14

Following the outputs of the Review of the Specification and related development of the 10-year Route Map we intend to present business cases for discussion and approval by the ITSO Board and the Department for Transport on the following areas during FY13:

- Publication of 10-year Route Map
- Completion of v3 of Specification

- Procurement and development of next generation ISMS and ISAM

Strategic Objective

Objective 9: Review of the Specification and Development of 10-year Route Map

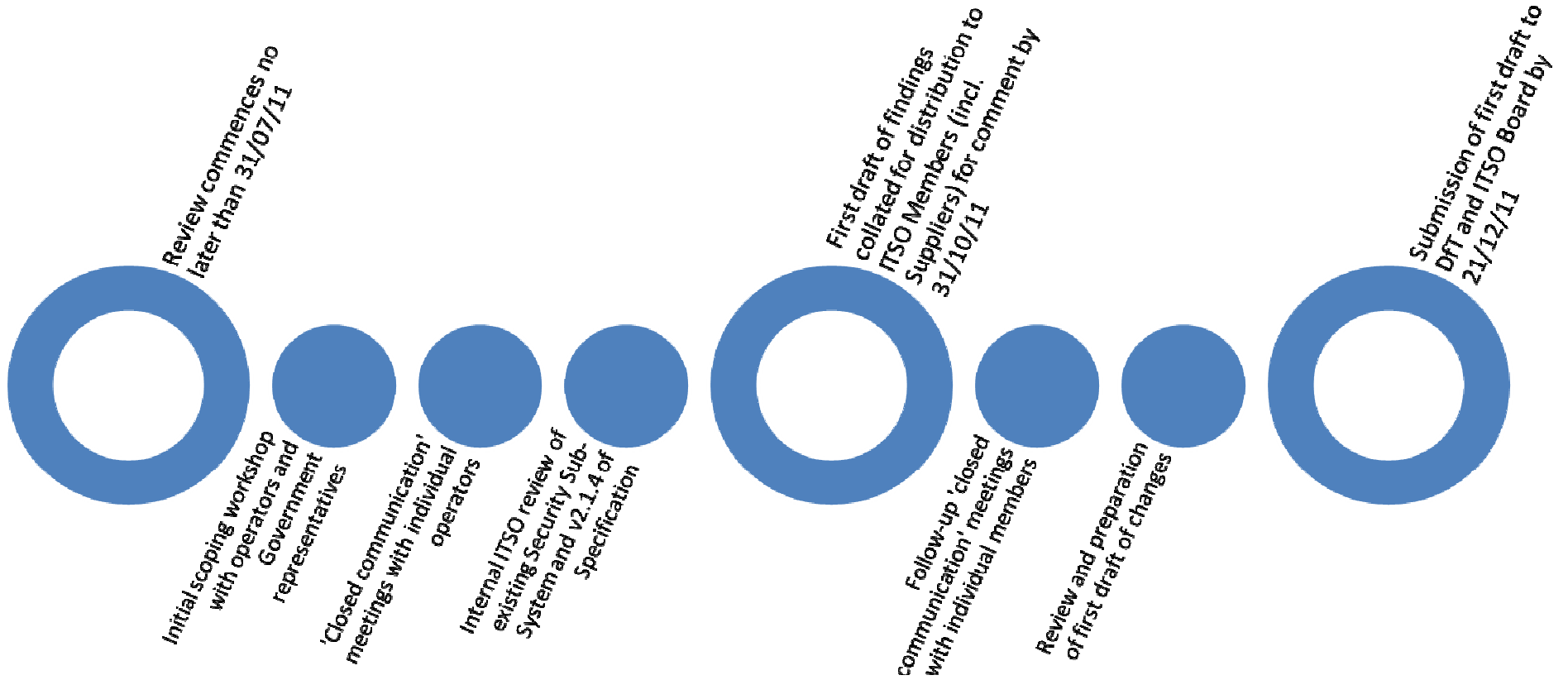
We will begin reviewing the Specification and developing a 10-year Route Map with the first draft to be submitted to the DfT and Board by 21 December 2011.

There has been much discussion of the intention to review the Specification and to develop a 10-year Route Map. These activities are deemed critical to the immediate and long-term future of ITSO and as such cannot be taken lightly. The review will be undertaken from a Licensed Operator perspective, incorporating the views of both existing and potential members to ensure ITSO Ltd understands the needs of the Operating community as well as those of the national Governments.

Responsible Owner

The Chief Executive Officer will take the lead in this review, working with the Director of Member Services and the DfT in engaging with the Operating Community whilst the Chief Technical Officer will be responsible for leading the technical review of outputs from the engagement with Members and in developing the longer-term options and accompanying analysis of implications.

Figure 9 Review of the Specification and 10-year Route Map



ITSO Ltd Directorates

Member Services Directorate

The Member Services Directorate has responsibility for all ITSO member engagement, including working with current members to help them gain better value from ITSO activities and with prospective members to accelerate their joining and adoption of ITSO.

The team will lead on the review of the Operating Licence and on the development of a fit-for-purpose website and related customer relationship management (CRM) system. They will also provide important inputs to the review of the Specification, creation of a Supplier Licence and development of the framework for Scheme Compliance.

Key BAU activities include:

- Sharing knowledge and best practice across the ITSO community;
- External engagement and marketing; and
- Providing key performance management information to the ITSO Board and ultimately the operating community, particularly in relation to the ISMS and membership activity.

Actions required

To ensure the Member Services Directorate moves forward in a co-ordinated and timely fashion the main actions required are the completion of recruitment to the agreed organisation chart. This will include the appointment of a permanent Service Manager, Senior Relationship Manager and a Relationship Manager.

Service Management

Through streamlining existing processes and forms, our new Service Management capability team will significantly improve the process through which contracts are managed, and through which we provide helpdesk services to Members.

Increasingly the processes and procedures will be driven by the IT Infrastructure Library (ITIL) service management framework and other best practice models. Overall, the objective is to significantly reduce the “cost to serve” by employing best practice techniques, industry standard principles, and increasing amounts of self-service.

A current priority is the facilitation of the delivery of a stable security management environment, and also the development and delivery of appropriate registrar and outsourced service management activities in relation to the ISMS. The Service Management function will also facilitate better understanding of ITSO services, and set standards of service with ITSO Ltd’s suppliers. It should be noted that we have extended the hours of support for the ISMS and that this activity has incurred increased costs to ITSO Ltd.

Impact

In addition to the benefit for operators of the improved quality of service, ITSO Ltd will benefit from the reduced cost to serve which will be driven out by Service Management.

Metrics

The metrics indicating successful Service Management will be increased speed of throughput on the ISMS, and a resultant increase in the volume of ISAMs connected. Both of these will be available via the new interface built into v1.5 of the ISMS.

Relationship Management

The team's approach will be based on specific and targeted activity drawing on best practice for account management and focusing on those members and suppliers where the biggest impacts can be made.

Building on early stakeholder mapping work, the team will seek to develop relationships through face-to-face meetings, broadcast messages, and targeted attendance at appropriate events.

Impact

The maintenance of the current level of revenue, or an increase in the level of revenue, is the aim of relationship management activities.

Metrics

Increased volume of members, and a related increase in fee revenue, will be the metric by which relationship management success will be measured.

Marketing and Communications

A well-developed marketing and communications strategy is essential to enable ITSO to build its brand and its reputation, and to increase understanding of the ITSO concept among members and potential members.

The Marketing and Communications team will continue to significantly improve the quality of our customer communications, targeting the messages effectively to particular audiences. This activity will include a proactive media and events strategy. We will deliver refreshed brand guidelines to ensure they are clear, and that the obligations on licensed operators are adhered to.

We will also ensure that we have a broad appreciation and deep understanding of the industries that we serve (especially in the operator market) and the technologies that impact them. This will support our drive to increase the volume of Members - allowing us to really understand their needs and increase the value that they derive from their fees, and will improve our ability to reflect evolving market conditions in the specification.

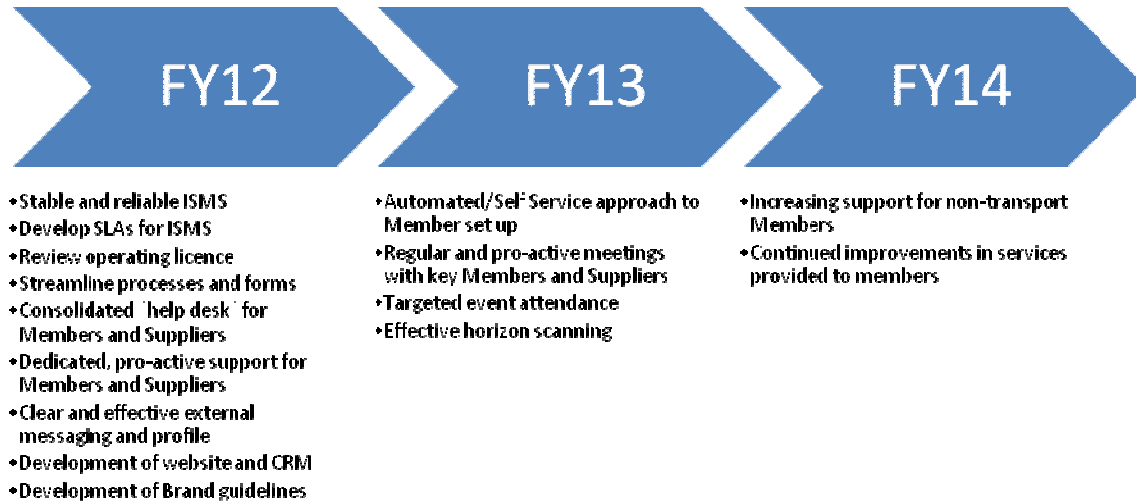
Impact

Successful activities in this area will lead to improved communications with members and non-members alike. As with Service Management, a reduced cost to serve will be of benefit to ITSO Ltd.

Metrics

Successful Marketing and Communications will be measured by positive responses to ITSO Ltd through structured customer surveys, increased activity on the ITSO website (including an improved hit rate, and a greater number of referrals), and positive press coverage and other forms of PR.

Figure 10 Key activities within Member Services



Technical Directorate

The Technical Directorate has three key functions

- to maintain the current Specification and develop ways to assure compliance;
- to provide fit for purpose, increasingly value for money testing and certification services; and
- to lead the analysis and development of the future ITSO Specification and sub-systems.

The latter will be carried out in partnership with Member Services, to ensure that future developments meet the requirements of the ITSO community.

To understand the current technical capability of ITSO we will also be reviewing our technical operations, including the testing function, so we can ensure we are delivering a stable, flexible and fit-for-purpose service.

Actions required

To ensure the Technical Directorate moves forward in a co-ordinated and timely fashion the main actions required are the continued recruitment to the agreed organisation chart and a focus on the 'drains up' review so all further actions are aligned to the business goals and timescales whilst ensuring the right resources are in place to deliver.

Specification and Compliance

The Specification is at the core of ITSO. The team will focus on maintaining the current specification, including providing the 'wrap around' documentation to enable greater ease of use, as well as developing the next generation. Initially we will focus on gathering information on current use of the specification and how our members want it to be developed before planning future stages.

To ensure the quality of the ITSO brand it is essential that we regularly check compliance to the certification process. This process will be led by feedback from customers as well as random monitoring. Where any discrepancies are found we will work with the supplier to rectify the issues.

Impact

Further work is needed on the specification in order to simplify the whole ITSO process and we are focussed on identifying the areas which can be improved whilst at the same time making life easier for our members.

Metrics

Before we can document relevant metrics for this area we must review the current operation of the specification in line with our customers' needs and look to what the next version must focus on to ensure we are measuring the important and relevant areas.

Testing and Certification

Testing and Certification services are fundamental to the operation of ITSO and until recently have been managed by a third party. Bringing this function in-house enables the testing team to

completely review the current method of testing and compliance, to focus on making it fit for purpose and accessible, and to ultimately improve the quality of and value from the service. This will be delivered in conjunction with feedback from our testing customers.

Impact

The testing and certification function also has a large part to play in the quality of the ITSO brand. A robust testing and certification function will give our members comfort that the technical solutions being provided are fit for purpose and will continue to be fit for purpose for the defined timescales.

Metrics

Reporting around the testing function is currently minimal. One of the quick wins, which will be put in place once the testing function is completely in-house, is to build up a useful reporting structure which will include key metrics.

10-year Route Map and the development of the Next Generation

The 10-year Route Map is intended to be a plan for the future and a breakdown of how we will take ITSO forward. The team will be working across ITSO and our customers to ensure this accurately reflects the direction that our members want us to take.

Impact

The Route Map will give our members confidence that we are focusing on the correct items in the short, medium and long term and have appropriate detail for these timescales. Whilst the Route Map will not give exact dates for the medium and long term it will be concerned with place holders so any problems areas are highlighted early and 'gaps' are easily identified.

Metrics

The 10-year Route Map and progress against its completion will form the main metrics for this activity.

'Drains Up' Review

This review is to be a complete 'drains up' exercise, evaluating the current capability in order to identify areas of strength and concern as well as to investigate options and present recommendations on ensuring the technical stability of ITSO Ltd.

Impact

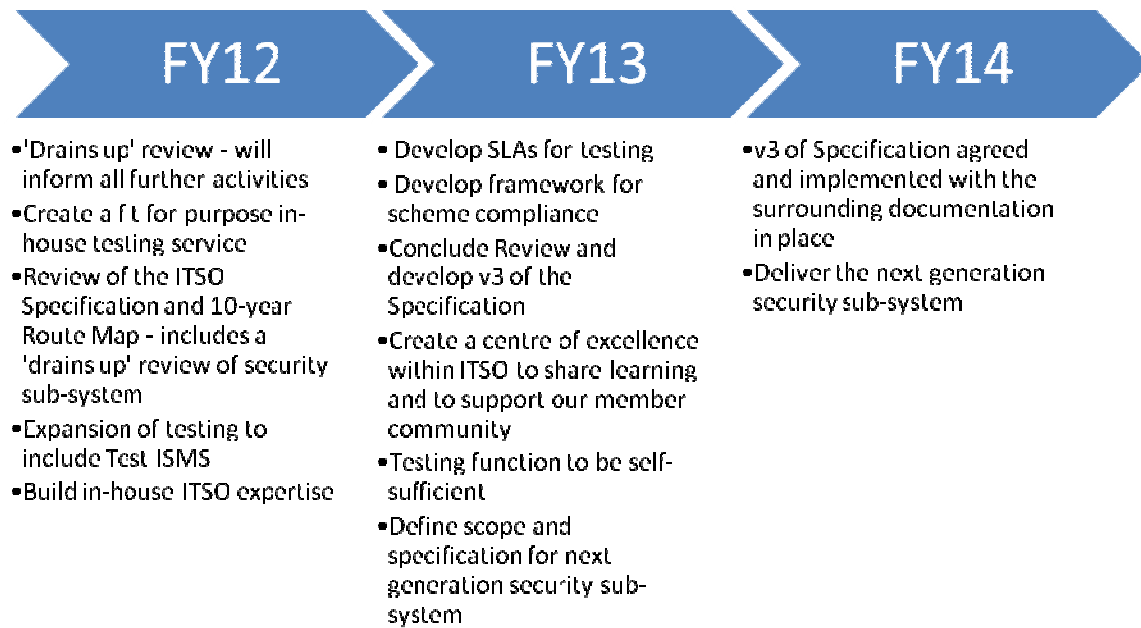
The review is essentially a due diligence and base-lining exercise to ensure that any future actions and plans are based on solid information and we can then demonstrate where improvements are made

Metrics

The review is scheduled to take three months and, depending on the outcome, an action plan to follow on from the review will be documented within one month.

Figure 11

Key activities – Testing and Demonstration



Finance and Commercial Directorate

This directorate is responsible for ensuring the financial 'health' of the organisation, commercial and contractual considerations, business analysis and business services, including facilities and human resource advice and systems.

Key services include:

- Financial management through the Director and Financial Controller, financial integrity and control of all payments and receipts and meeting the accounting requirements for the Board, managers and external reporting.
- HR services and advice, including developing and implementing initiatives to recruit, retain and develop staff.
- Business services, including the delivery of a safe, efficient and professional working environment, managing small contracts and providing reception and administrative support.
- Commercial considerations, including the management and review of existing contracts, developing appropriate contracts for the supply and purchase of goods and services, and ensuring compliance with statutory requirements.
- To be responsible for the review and selection of an appropriate finance system and contribute to determining its interface with CRM and website as appropriate

Actions Required

Key activities (in addition to BAU activities under the above):

Responsible for the timely delivery of required terms for:

- a. Objective 3 - Pricing of fees and charges including minimising complexity, developing tiers of services based on service level packages, and ensuring the pricing policy achieves sufficient resources to maintain the agreed levels of service (Q2-Q3 2011/2).
- b. Objective 6 - Articles changes including DfT Board control timeline, voting rights, Board composition and other changes deemed appropriate. This will inevitably include a review of membership agreements, operator licences and consideration of the limitations of other constitutional matters including crown copyright (Q2-Q4 2011/12).
- c. Objective 5 - Supplier licensing for both the provision of traditional Testing and Certification activities and the obligations on suppliers post-certification that ensures standards are maintained (Q2-Q4 2011/12)
- d. Objective 7 – getting the 'house in order' including the review, procurement and implementation for a new finance system and the facilitation of all recruitment and staff development needs.

This will be achieved by the methodology of close collaboration with the ITSO Leadership Team and key staff through co-operation with ITSO Board Directors as appropriate.

Impact

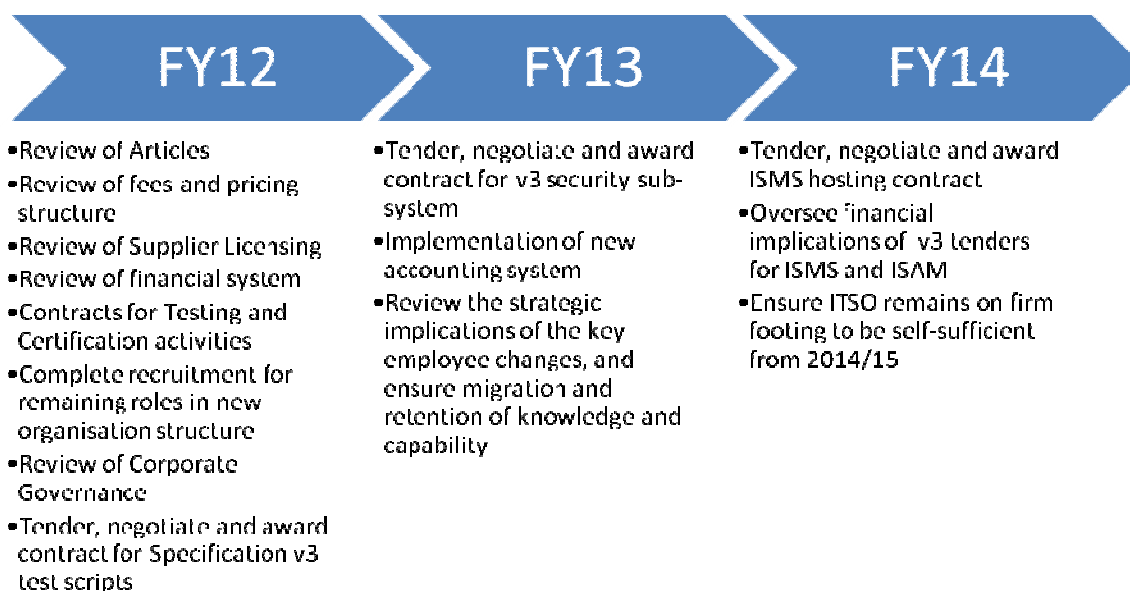
Financial Management to plan resource requirements, monitor actual events to plans, provide accurate and informative information.

Metrics

We will measure our success through:

- Financial reporting of income, expenditure and cashflow to be reported to the Board within eight weeks of the month end, and Leadership team within six weeks of the month end.
- All significant departures from plans that carry adverse financial implications will be reported to the Board with recommendations within two months of being identified.
- Debt negotiations and recovery for frame downloads will commence in July 2011 and a report on the overall exercise will be presented to the Board by January 2012.
- Recruitment to commence within 28 days of a vacancy being identified and approved.
- Health and Safety requirements to be met and conveyed to all staff.
- All major governance changes to be raised at Leadership Team and escalated before legislation comes into effect.

Figure 12 Finance & Commercial Key Activities



Appendix A – Organisational Design and Structure

Organisational Design

Supporting the Vision and Mission statements

ITSO Ltd's organisational design has been developed specifically to enable us to deliver against the Vision and Mission Statements. It supports the critical drivers of getting the 'house in order', becoming increasingly customer centric and creating a centre of excellence.

Recruiting and retaining the right people, with the right skills into the right roles in this structure provides the necessary internal capability for ITSO Ltd to become more customer and service-orientated. This means we will be better able to meet our members' needs and deliver improved services, while also developing the necessary income streams to become a self-sustaining, self-funding organisation.

The organisation is broken down into four directorates:

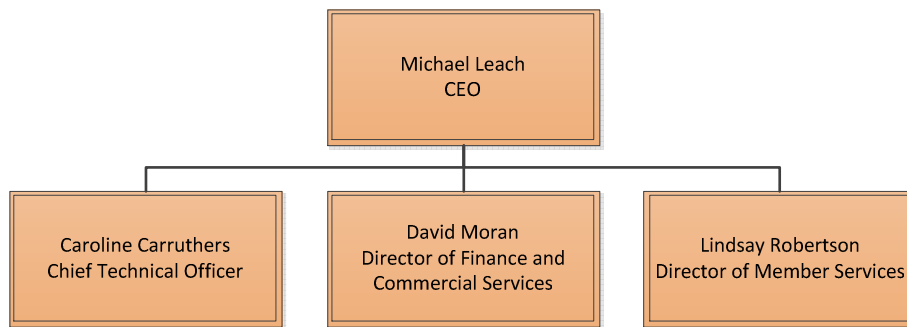
1. The CEO's Office
2. The Technical Directorate
3. The Finance and Commercial Directorate
4. The Member Services Directorate

Organisational Structure

The ITSO Executive

The ITSO Executive has been reconstituted over the last year. The recently appointed Directors bring a wealth of varying experiences to the Company and complement the sector and specific knowledge held by the Chief Advisors. Together they will drive ITSO forward, bringing control of critical activities back within the business and putting in place the structures and processes that Members need to support their smart-ticketing activities.

Figure 1: The ITSO Executive



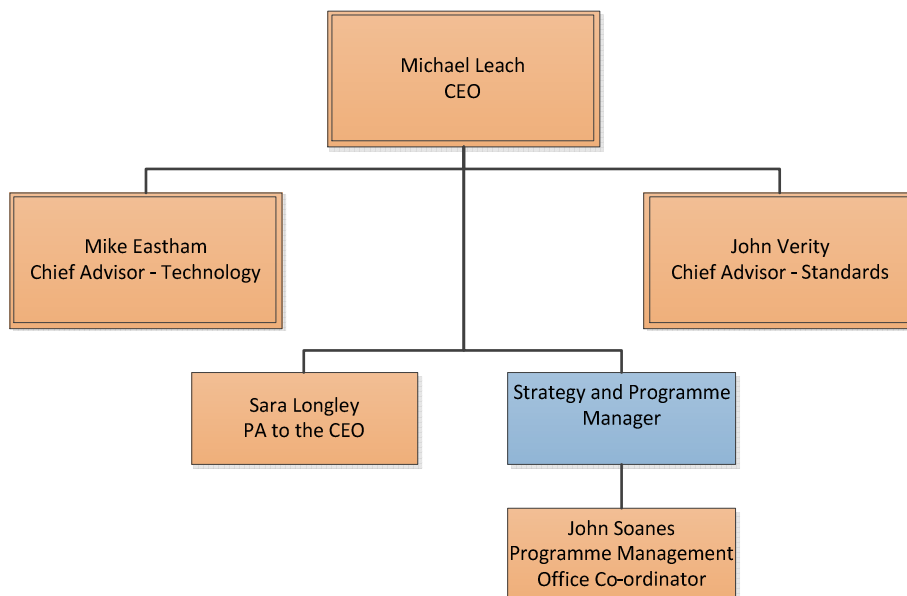
CEO's Office

The CEO's office consists of the Chief Advisor posts, the Programme Management Office and a Personal Assistant.

The Chief Advisor positions were established to provide critical business continuity during the organisational change undertaken at the end of 2010/11. They have specific responsibility for working across the organisation on technology and standards-related activities.

The Programme Management Office provides support to the whole organisation through the implementation of good project management practice and related activities.

Figure 2: CEO's Office



The Technical Directorate

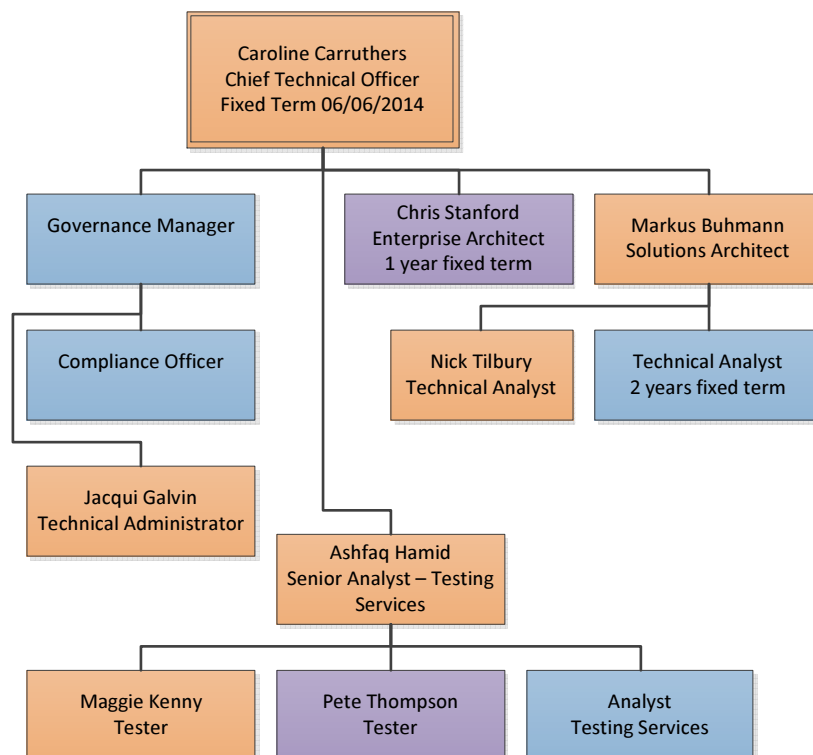
This function is led by the Chief Technical Officer.

In order to manage the process of getting the 'house in order' and creating a centre of excellence within ITSO Ltd, the testing function is being moved from an external supplier to in-house. The Testing team's focus will be on creating an efficient, self-sustaining division which provides the testing and certification of ITSO technology.

Working with the Chief Technical Officer, the Architects will be responsible for delivering the 10-year Route Map which will work in line with any strategic changes to the specification.

The Governance function will be focused on compliance, ensuring the continued quality of the ITSO certification and the detailed specification changes and working papers.

Figure 3: Technical Directorate



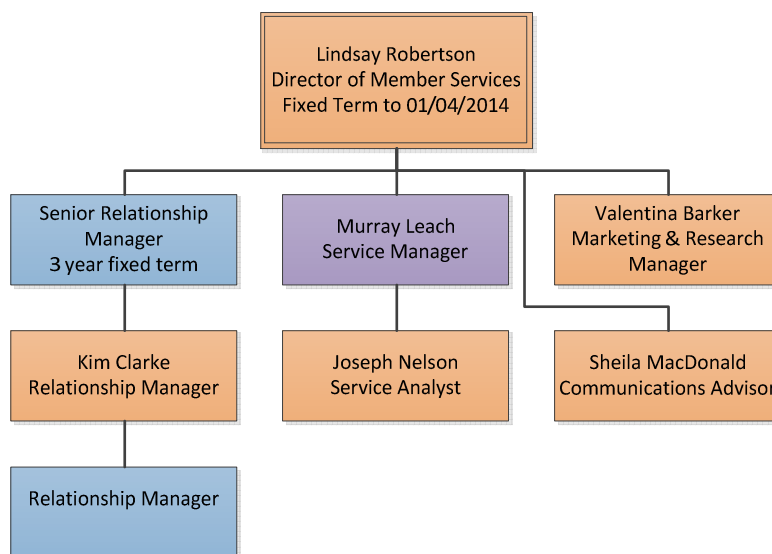
NB: Markus Buhmann and Nick Tilbury are both on 3-year fixed term contracts until 2014.

The Member Services Directorate

The Member Services team plays the central role in making ITSO Ltd the customer -centric organisation it strives to be. Focusing on three distinct but complementary areas, the team is split across Relationship Management, Service Management and Marketing & Communications.

The Relationship Management team is the first point of contact for all of ITSO's Members and the supplier community. The Service Management team ensures that ITSO's service providers, in particular Verizon and Ecebs, are delivering the ISMS and related services that Members demand. The Marketing & Communications team is tasked with keeping ITSO abreast of developments in the smart card and ticketing world, whilst ensuring that the ITSO message is properly and widely spread to appropriate audiences.

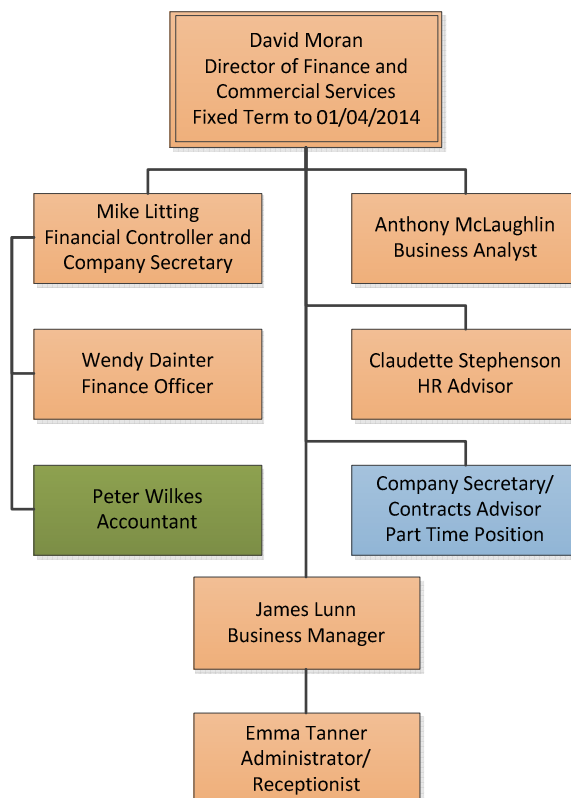
Figure 4: Member Services



Finance & Commercial Directorate

Led by the Director of Finance & Commercial, this area is responsible for the financial 'health' of the organisation, including commercial considerations, and business analysis together with the management of the internal-facing functions. These discrete roles are required to fulfil the following essential activities:

- The Financial Controller has responsibility for company secretarial requirements, financial integrity and control, provision of the accounting requirements both internally and externally. The role is supported by the Finance Officer, who has primary responsibility for financial process management.
- The Business Analyst develops income scenarios and other business-related models. They work closely with the Member Services directorate in supporting Members through benefits analysis.
- The HR Advisor is responsible for developing and implementing initiatives to recruit, retain and develop staff, whilst the Business Manager and team ensure the delivery of an efficient and professional office and business services.
- The Director of Finance and Commercial will also lead on commercial considerations and the development of a pricing review to be put before the Board and Membership later in 2011. The team will also review and implement an improved financial management system.



ITSO ORGANISATIONAL CHART – 18/07/2011

