

Dear Customers and Industry Colleagues,

Last summer we stood up a dedicated task force to address increasing concerns from the industry in respect to our underperforming service levels within the Amendment Invoice space. Specifically, we tasked the team with addressing our post-Nexus UK Link system's failure to issue accurate supporting information for the Amendment Invoice (AMS) file to our shipper customers, in the form of monthly AML and ASP files. Mismatches within such files, for an invoice that month-on-month can contain charges that reach in excess of £1m, are understandably causing shipper concerns in both proving the validity of the actual invoice as well as being able to support downstream shipper/supplier commercial processes including invoicing, financial forecasting and purchasing.

Despite several fixes being deployed and witnessing a subsequent downward trend in the overall financial mismatch between the AMS and the AML/ASP files each month since the autumn, it is with deep regret that I write to you to inform you of an unexpected rise in the financial mismatch for the November 2018 Amendment Invoice. Whilst this has been communicated at this month's DSC Change Management and Contract Management Committee, as well as communication held via the dedicated AML/ASP customer WebEx in early January, I wanted to follow with a personal note to reinforce that we understand the importance of these issues to our customers.

Please be assured that we have taken immediate action to bolster the AML/ASP Task Force with further expertise and support from across Xoserve; as well as bringing in invoicing specialists directly from SAP to conduct a full architectural review of the current UK Link invoicing solution. We are currently focusing on the following activities:

- Triaging of all known AML/ASP system defects, by our invoicing SMEs, to specify in customer terms the reconciliation scenarios for which these system faults are occurring. We are hopeful that being able to share this information with our customers, it will enable us to better mitigate these issues in the short term.
- Re-planning of all known AML/ASP system defects in respect to fix and test timescales to allow customer visibility of fix glide paths and an estimate of the materiality/risk that these carry.
- Radical thinking from across the organisation as to what opportunities exist for us to (1) reduce our customers exposure to this issue via whatever means, manual or automatic workarounds, to overcome the monthly mismatches between the AMS and AML/ASP files; and (2) tackle this issue once and for all via changes to core systems.
- Increased customer engagement – I will commit to at least weekly updates from the Task Force on this matter until a period of stability is achieved with our customers.

At this point I want to reiterate how sorry I am that we are causing you continued issues in this space. This is not an outcome I want as we pursue a strategy of customer centricity and operational excellence. This issue has our full focus as priority number one, and we will work as hard as is humanly possible to resolve it. My team will continue to work with you to better understand this problem and respond to any queries or concerns that you may have.

As always, please feel free to reach out to myself directly should you have any further questions or comments.

Thanks,

Ranjit

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