

29th March 2017

All Members Newsletter

# No Silver Lining In IBM Cloud

In response to our Newsletter announcing the Bank's plans to outsource 1,900 IT jobs to IBM and then stand by whilst those jobs are offshored and Lloyds staff made redundant, Jacqueline Guiche-laar-Fauvel, CIO of Infrastructure and Services at Lloyds, said in a recent teleconference that no final decision had been made on the Group's IT Destination Strategy. However, in the same breath she said the Bank was discussing its plans with Accord and Unite, **who will of course raise no objections.**

The only reason the announcement has been delayed is because of the public outcry over personal data being stored and managed by a third-party with staff based offshore. **Moreover, we are quite certain that had we not published its plans, the Bank would not have told staff being outsourced to IBM that their jobs were being offshored and they were going to made redundant after the first year. Cynical we know, but that's the Bank for you.**

To recap, the main details of the IBM outsourcing/offshoring deal are as follows:

- **The Windows, Unix, Linux and IBM I-Series platforms will form the bulk of the estate**

**being outsourced to IBM. That will include, 2000 of the 3,200 applications currently used by LBG.**

- **The 7-year deal will be worth £1.3bn with savings of £759 million for LBG. The Bank has said that the deal will also produce additional savings from cost avoidance synergies in Data Centres, property and technology programmes.**
- **The move to IBM is to be financed within the deal structure and will not require any investment from LBG.**

- **1,961 staff will be transferred to IBM under TUPE arrangements. The bulk of the staff being transferred to IBM will be based in Copley and Edinburgh.**

- **IBM has only guaranteed to keep the jobs for 1 year and plans for most of the work to be carried out by staff based offshore. Lloyds staff who are forced to move to IBM will start to be made redundant after the first year but on what severance terms remains to be seen.**

- **The transformation**



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of LBG's application and infrastructure estate is expected to take 3 years.

- When it's eventually announced, the Bank will seek to limit the disruption to the deal by shortening the gap between the signing of the deal, the announcement of the deal, discussions with staff on the TUPE terms and the transfer of staff to IBM. The Bank, with the guaranteed support of Accord and Unite, will be looking to do the deal in a matter of months.

## Jobs To Be Offshored

Customers have a right to know that their personal data are going to be managed on a public cloud and controlled by staff working for a third-party which is based offshore. Don't they?

Even the Bank admits the migration of the accounting details of 20 million customers onto a private cloud could "weaken existing security controls and adversely effect [sic] the confidentiality and integrity of Bank data". **A few months ago Lloyds was the subject of a denial of service attack that ran for two days with millions of customers being denied access to their accounts. We now understand from sources inside the Bank that the denial of service attack was launched in an attempt to access the Bank's payment systems. It ultimately failed but the Bank has started to lockdown all the floors and offices**

where its payment systems can be accessed. The 6th Floor in Old Broad Street was closed to unauthorised personnel before Christmas. If the attack was external, which the Bank says it was, then it's difficult to understand what locking down those floors and offices is going to achieve. What it does highlight in the context of the IBM Outsourcing deal is just how vulnerable the Bank is, like all Banks, to cyber attacks. In respect of the Destination IT Strategy, if the Bank believes its systems based in its own buildings need more security, what hope is there for keeping systems secure that are being run by staff in another continent.

Given that the Bank says it wants to be the 'Best Bank for Customers', it's only right that customers have their say on this important security issue. How we engage with customers on this important issue is being discussed internally by the Union.

We will be keep members informed of developments through regular Newsletters but in the meantime members with any questions can email us at 24hours@ltu.co.uk. We would be particularly interested to hear from members involved in Project Aurora so that we can better understand the concerns staff have about the Bank's Destination IT Cloud Strategy.

Mark V Brown  
**General Secretary**

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