

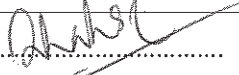
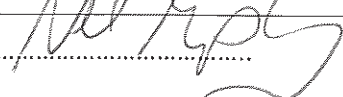
Health Payroll System Commission of Inquiry

STATEMENT OF SHAURIN RAJANIKANT SHAH

I, Shaurin Rajanikant Shah of a residential address known to the Commission of Inquiry state as follows:-

BACKGROUND

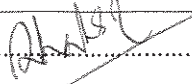
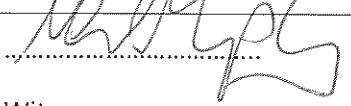
1. I emigrated from India in 2005 with my family and took up residence in South East Queensland. I am tertiary qualified and I hold the award of a Masters in Mechanical Engineering. I am presently employed as an Architect with the National E Health Transition Authority (NEHTA).
2. In March 2006 I applied for a position as an Implementation Project Manager with the Queensland Government Department CorpTech. I was successful in obtaining the position and I was primarily involved with the implementation of the SAP Solution across a number of State Government departments as part of the Shared Services Solution (SSS). There were a total of twenty six government agencies involved.
3. There were a number of other Implementation Project Managers deployed to other government departments to implement the SSS. The agencies I was involved with in the implementation of the SAP Solution were the Department of Local Government, Planning, Sport and Recreation, Industrial Relations Department, and the Education Department. I was employed by CorpTech in a temporary capacity until July 2008. I was then self-employed as a consultant and I performed some consultancy work with the Queensland Health Department and the Education Department. After completing this consultancy work I commenced with NEHTA.

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4. When I commenced with CorpTech in 2006 the decision to implement SAP and Workbrain for Queensland Health and Payroll had already been made. I became involved in the implementation of the roll-out. Also at that time there were a large number of consultants and contractors from a firm named Accenture already engaged on site in the SSS Program Build. I am not aware if consultants or contractors from other Information Technology (IT) firms were engaged at that time. I was directly involved in the SAP technology roll-out whereas the contractors and consultants were directly involved with the SSS Program Build. I reported to the Director Implementation Services at CorpTech – Mr Bob Cramp.

5. The SAP program was initially rolled out to the Department of Housing sometime in 2007 but I did not have any direct involvement in that roll out. I know there were some performance issues with the SAP implementation with the Department of Housing but I am not aware of the specific issues.

6. Prior to commencing with CorpTech, I did not have any involvement with a firm known as Arena or a person named Terry Burns. It was only some time after commencing with CorpTech that I met Terry Burns when I was deployed to work on program rebuild around July 2007. I was re-deployed to work on a project known as Project Rebuild and that is when I first encountered him. He was managing Project Rebuild. The objective of Project Rebuild was to examine the SSS Program as there were some difficulties being encountered with the program. A lot of agencies were looking for solutions. There were quite a large number of people involved in the Rebuild Project. I seem to recall that the Request for Proposal (RFP) phase for the engagement of a Prime Contractor had been undertaken and it was now moving towards the Invitation to Offer (ITO) phase. I recollect that it was about this time that I first had any dealings with Terry Burns. I do not know who appointed Terry Burns to CorpTech. I was aware he was appointed to deal with some problems which had arisen with the SSS.

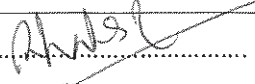
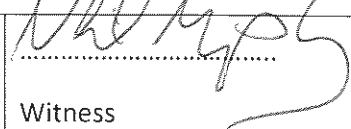
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INVITATION TO OFFER

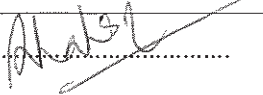
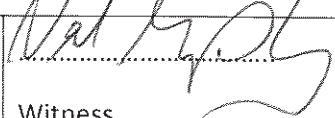
7. I was not involved in the 2007 review of the Shared Services Program. I did read the review of the Shared Services Program conducted by Terry Burns and the recommendation for the appointment of a Prime Contractor. I was not involved at the Request for Proposal (RFP) phase and I am not sure if it was an open to market RFP. I remember that I did read the document but I can not recall any of the detail at this time. I do not recall which companies responded to the RFP. I think there was a procurement group running the RFP. I think Maree Blakeney may have had a role in it. At the stage when I became involved the RFP was an activity of the past so I became involved in the ITO phase for the engagement of the Prime Contractor which I think commenced on 12 September 2007. I did not have any involvement in the contract entered into on 24 July 2007 between Queensland Health and IBM in relation to resources to assist QHEST for implementation of the payroll system.

8. I did read the review conducted by Terry Burns around the time when ITO was prepared for the appointment of a Prime Contractor as it was crucial to the ITO documentation. I was involved with others in putting all the ITO specifications together. Really it was a team effort in preparing the ITO document. I just co-ordinated the inputs from other team members and various sources within the SSS Program.

9. There was a team of about twenty people providing inputs for the ITO and procurement was managing it. Terry Burns was an advisor. There were other public servants involved like Darren Bond, Gary Palmer, Phillip Hood, Sandra Bowtell, Keith Goddard and others. I can not remember the names of all the people but I know Maree Blakeney was involved. Maree Blakeney was the contact person for queries from the offerors in relation to the ITO. She would also direct relevant information to each of the sub category teams which assisted the Evaluation Panel.

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10. I was down the hierarchical chain and I can not remember who was at the top of the governance chain. I remember that lawyers were engaged to ensure that probity was followed. I can not be sure but I think the procurement governance would have rested with somebody from CorpTech or the Under Treasurer.
11. In my opinion the ITO document distributed to the Offerors was comprehensive. I also consider that the task of evaluating submissions was carried out in a fair and professional manner. I remember we conducted several information sessions with all the offerors and provided them with information to assist them in the preparation of their submissions. I am also aware that offerors gave presentations to the Evaluation Panel. Sometimes the Evaluation Team members from a particular focus area would only attend the presentations. For example, if the presentation was of a technical nature then members with that portfolio only might attend. I was present at most of the presentations.
12. I am not too familiar with the procurement processes in Australia so I can not comment on the time frames for the return of submissions from the offerors.
13. I was also part of the Prime Contract Evaluation Panel along with others. Terry Burns was the Project Lead Advisor and I was involved in the co-ordination side of things along with Keith Goddard. Members of the Evaluation Team adopted a team approach when the team assessed the tender submissions. The team agreed that the questions responded to by the offerors would be aligned with the evaluation criteria to assist us with our job. It was the responsibility of the Evaluation Team members to read the entire submissions received from the offerors because the entire submission helped to put things into context.
14. The members of the Evaluation Panel prepared the evaluation criteria. I am not sure of the timeline of when the evaluation criteria were agreed to. Meetings attended by members of the Evaluation Team were common and I recall Barbara Perrot who was the Executive

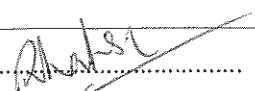
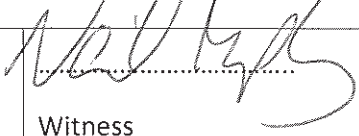
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Director CorpTech at this time was in attendance at some of these meetings. I do not recall if minutes were taken at these meetings or not.

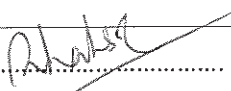
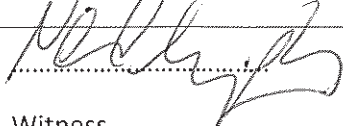
15. When I was a member of the Evaluation Team I attended briefings to assist the offerors with information about the ITO. I also recall attending briefings provided by the offerors to members of the Evaluation Team. Representatives from each of the Offerors were invited to attend and provide specific briefings on more than one occasion. My recollection of when this occurred has dimmed because it has been more than five years ago.

EVALUATION PHASE

16. In order to assist the Evaluation Panel there were a number of sub category teams each of which had a specific role. The roles included such things as business, technology, operations, governance, roll out and cost. As well as being one of the coordinators of the Evaluation Panel I was a member of the cost sub category team along with Colleen Orange and Rose Dicarolo. I think the assessment procedure for the cost team was developed by the whole sub category team. I recall that I was present for some presentations to offerors about pricing. I remember that the two most important criteria were value for money and affordability within the constraints of what budget was available.
17. In the actual evaluation process each sub category team would analyse and examine the relevant part of the Offeror's submission to tender and then come up with a score. This score was then moderated by the sub category team leader. Then there was a cross-team moderation. The sub category team leader would then give a presentation to all of the members of the other sub category teams which comprised about twenty five to thirty people. The score was then moderated by all members of the sub category teams so the effect of a too harsh or too lenient assessment could be avoided or alleviated. All groups then presented their findings to Evaluation Panel members. The final scores from each team were entered onto spreadsheets.

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18. I recall that Logica in their tender submission only applied to contract for one of the solutions (Finance) in the ITO so it then became a two horse race between IBM and Accenture. From my recollection IBM's costing was considerably less than Accenture. I recall that IBM's costing was about seventy or eighty million dollars and I think Accenture was near to one hundred million dollars. Having said that the Evaluation Panel adopted a holistic approach and certainly considered affordability and the need for expediency in implementation of the solution as Lattice only had a short life in delivering the payroll solution.
19. I acknowledge that there has been a significant cost blow out to IBM's original price in their submission. I think that there may have been a variety of factors which have contributed to this blow out. I was not managing the contract nor did I have any direct relationship with the prime contractor in terms of managing the contract. The reasons why contracts go haywire are varied. It may be due to such things as governance of the project, Contract management issues, inadequate management processes, requirements may not be clear, engagement of a B team to implement rather than the A team. It may have been a combination of some of the above reasons as I do not think you can attribute it to just one reason.
20. I do know that in considering IBM's submission that the Evaluation Panel had to take IBMs costings in the delivery of the solution on face value. We followed a strict ITO process. We asked questions and cross-examined the offerors in multiple different ways and the queries we asked are on public record. We had no reason to disbelieve that a world class company like IBM would not deliver on promises that they made and all the documentation that the evaluation teams saw in support of the tender they were making. As with any project of this nature, there was a fixed price and to mitigate that the team

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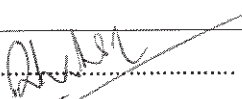
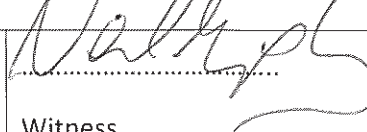
had a risk management strategy in terms of contingency planning which including contingency funding.

21. I did not have any concerns about the tender process as it proceeded from ITO to making a recommendation for a Prime Contractor. I consider that the whole process from ITO to the awarding of the contract to the Prime Contractor was professionally done and I do not believe that any of the Offerors received any information which was not available to the other Offerors.

NEGOTIATIONS POST RECOMMENDATION FOR PRIME CONTRACTOR

22. I was involved in contract negotiations after the recommendation had been made for IBM to be appointed the Prime Contractor. I recall I attended some meetings with Mallesons Stephen Jacques (Mallesons) as part of this process. I do not recall the specific detail of these meetings. My role would most likely have been in providing technical or implementation advice and coordinating inputs which I was qualified to provide as a result of my background. Representatives from CorpTech including Terry Burns were also present at these meetings. I think Malcolm Campbell, Maree Blakeney and John Beeston may have also been in attendance at these meetings. I also recall that representatives from IBM including Paul Hickey and Lochlan Bloomfield were also present.


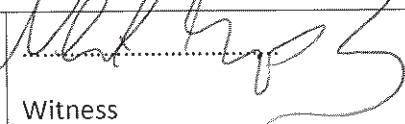
23. I also would have attended some specific technical or functional sessions involving CorpTech and IBM after that had been recommended as the Prime Contractor. I do not recollect the specific sessions however other than saying that a lot of CorpTech people attended. I think Malcolm Campbell attended, probably John Beeston and representatives from Mallesons. Terry Burns and Lochlan Bloomfield were also in attendance.

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24. I took no part in price negotiations with IBM after the recommendation had been made for the appointment of a Prime Contractor.
25. After IBM was awarded the Prime Contract Terry Burns was appointed the Program Delivery Director (PDD) and I worked for Terry and Barbara Perrott who was the Executive Director CorpTech. My role then essentially was setting up the organisational readiness of CorpTech and the Solution Design Authority (SDA). My role involved setting up the solution management processes, strategic program processes and doing the daily project management duties. As part of this role I was charged with soliciting relevant information from the agencies and ensuring that it was passed to the Prime Contractor. I undertook the task which Barbara Perrot, Solution Design Authority Directors or Terry Burns wanted me to do to assist in setting up the SDA. I also had some involvement in the provision of advice in the architecture and design phases.

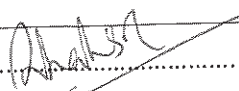
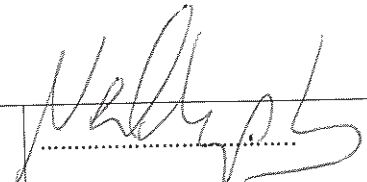
POST CORPTECH ENGAGEMENT

26. In July 2008 I completed my temporary employment with CorpTech and I commenced working for myself. I then commenced doing some consultancy work with Queensland Health Corporate Enterprise Solutions Transition (QHEST). I was engaged as an Enterprise Architect and I also provided advice on strategy and assurance. I worked across a number of projects in QHEST. QHIC program which IBM was running as part of the Queensland Health Implementation of Continuity (QHIC) project with Corptech was isolated in a different building and I did not have any day to day operational responsibility apart from technical advice when asked for. I only worked a couple of days a week for them. In this role I reported to the QHEST Director, Tony Price.
27. When I started working for myself after leaving CorpTech I established my own company which I called Rainmaker Consultants Pty Ltd. Rainmaker was contracted by Cavendish Risk Management Pty Ltd to undertake consultancy work for QHEST. I think I approached

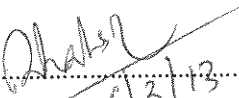
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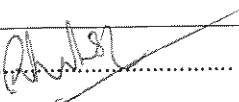
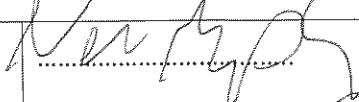
Cavendish Risk Management Pty Ltd to secure this consultancy role. Terry Burns is the sole Director of Cavendish Risk Management. To my knowledge no other company had been engaged to perform work for QHEST by Cavendish Risk Management Pty Ltd. My consultancy with QHEST lasted until sometime in 2010. Cavendish signed the contract with Queensland Health as a GITC company. Rainmaker would provide me as a consulting resource to Cavendish. Rainmaker would submit the timesheet and bill the hours to Cavendish. Cavendish would bill the client in turn. Cavendish would pay Rainmaker upon receipt of money from the client.

28. I think Terry Burns also left CorpTech some time in 2008 and he also undertook part time consultancy work with QHEST.
29. During the time I was engaged by QHEST as a consultant Terry Burns and I jointly wrote a report titled 'QHIC Final Solution Risk Assessment Report 1.0'. I think the report was prepared and submitted to Queensland Health in early March 2010. The report was more for strategic purposes than operational. I authored the technical part of the report. The report was not part of the contractual gate between the Prime Contractor and CorpTech for a go-live date for the QHealth Payroll. It was not intended that the contents or the recommendation contained within the report be given to IBM or CorpTech. The intended destination of the report was to the business stakeholders at Queensland Health. The intention of the QHIC Final Solution Risk Assessment Report 1.0 was to provide an overall clearer picture to the stakeholders at Queensland Health as to whether the payroll solution was in a fit state to cut-over stage before proceeding go-live. The report was also based on the findings of SAP, INFOR and KJ Ross reports. No reference was made in the report as to whether Lattice should run parallel with the new solution.
30. Since leaving Corptech in July 2008 I have not undertaken any work for IBM, Accenture or Logica.

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31. After completing the consultancy work with QHEST I then commenced employment with the National E Health Transition Authority (NEHTA) which is a Federal Government Authority.
32. I voluntarily make this statement to the Commission of Inquiry. The contents of this statement are true and correct to the best of my knowledge. I acknowledge that any false or misleading statement could be an offence against the *Commissions of Inquiry Act 1950* or contempt of the Commission.


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6/3/13
Shaurin Rajanikant Shah

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