



**QUEENSLAND HEALTH PAYROLL SYSTEM
COMMISSION OF INQUIRY**

Statement of Witness

<i>Name of Witness</i>	Gary Uhlmann
<i>Date of Birth</i>	
<i>Address and contact details</i>	Known to the Commission
<i>Occupation</i>	
<i>Officer taking statement</i>	
<i>Date taken</i>	7 / 3 / 2013

I, Gary Uhlmann state;

BACKGROUND

1. I am the owner and sole director of Arena Consulting (Arena). Arena was incorporated in 1991. The business of Arena is organisational review and change.
2. I commenced in the public service in 1975 working in the Department of Main Roads.
3. I worked for the Public Service Board between the years 1981 - 1985. While I was in the Public Service Board I was given the task of computerising State stores which involved the replacement of a public service wide manual accounting machine based stores ordering system with a computerised system. The supplier (Sperry Pty Ltd) who won that bid offered me a job, so in 1985 I left the public service and worked in the IT industry for 10 years. During this period I worked for Sperry Pty Ltd, Burroughs Pty Ltd, Unisys Pty Ltd, ICL Pty Ltd and Fujitsu Pty Ltd in various capacities including state and national management positions.
4. In 1992 I came back into the Department of Transport as Executive Director, Corporate Management and Development and in 1995 I was appointed to the position of Deputy Director-General Operations.

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5. In 1997 I left the public service to set up my own consultancy business, which was a company by the name of Uhlmann & Associates Pty Ltd.
6. In 2001 I formed Arena Consulting (Arena) with a very experienced and competent consultancy partner named John White. He had strong public service experience and my network at the time was predominantly in the Queensland public service. John White and I were both Directors of Arena.

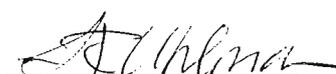
ARENA IS ENGAGED BY THE QUEENSLAND GOVERNMENT

7. From the outset Arena specialised in working for the Queensland public sector and also with government owned corporations. Arena was engaged to do various projects for the Queensland Government between 2001 and 2005. **Annexure A** is a copy of my summary Curriculum Vitae which sets out some of these projects.
8. As a consultant, I have worked on major projects for Queensland Rail (QR), the Department of Energy, the Department of Transport and Main Roads, the Department of Primary Industries and Fisheries, the Department of Natural Resources, the Department of Infrastructure and Planning and the Department of Health. Arena has conducted a number of corporate services reviews and IT reviews for various Queensland government departments.
9. I hold Bachelor Degrees in Commerce and Economics from the University of Queensland. I do not hold any formal IT qualifications.

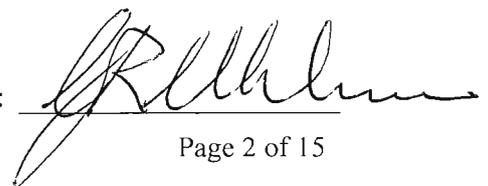
REVIEW OF THE SHARED SERVICES INITIATIVE – 2005

10. In 2005 Arena was appointed as the Change and Communications Partner for the SAP implementation for the whole of Queensland Government (the shared services initiative). Arena won that work through an open tender process, and had two consortium partners and a number of specialist sub contractors working with the Queensland Government on that project.

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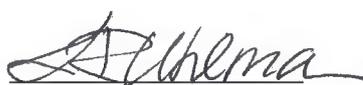


11. As part of that role, Arena helped the Government put together a communications and change management toolbox. This was a set of tools and processes for implementing the change and communication processes associated with the SAP rollout into various departments. Arena provided expert assistance where required by the project which predominantly used public service staff for change and communications work.
12. I think the original decision to use the SAP accounting software for government resulted from a Treasury public tender somewhere around 1994/95 when I was in the position of Deputy Director General Transport. Transport representatives were part of that selection process, as we needed accounting software that allowed us to better support our more commercially based roads construction and maintenance business.
13. I recall working with Graham Carpenter who I think held the position of Deputy Director General within Queensland Treasury at the time. Given the general move within government towards greater commercialisation of public sector operations, Graham agreed that it was probably time to test the market for more up to date accounting software to better support future public service operational directions. A public tender was issued and Treasury was the lead on the project as they needed to ensure that whatever software was selected was fit for purpose for the public service. As a result of this process SAP was selected and Transport undertook the initial implementation of the software.

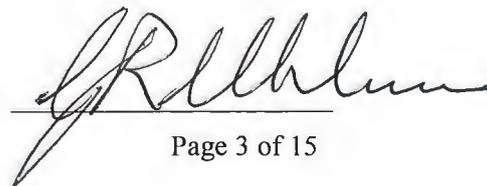
ARENA'S 2005 SHARED SERVICES INITIATIVE REVIEW

14. **Annexure B** is a copy of a Shared Services strategic health check assessment review report conducted by Arena in late 2005.
15. In order to select the various partners for the shared services initiative and the implementation of a standard SAP solution across government, I recall that Treasury issued an open tender to the broader market place. I believe they chose Accenture and Logica as key development partners and Arena as the Change and Communications partner. There may have been other partners selected at the time as well such as SAP themselves.

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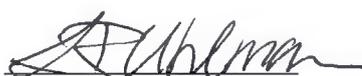


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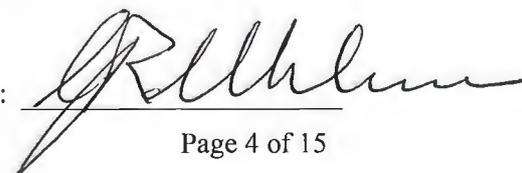


16. I believe that this health check was commissioned by both the Executive Director of SSIO (Mike Burnheim) and the Executive Director Corptech (Geoff Waite) although I think Mike Burnheim was the key driver of the review initiative. Arena was a logical choice for this review work as organisational, program and project review was core business for Arena, we were a contracted shared services implementation partner, and we were not involved in the design and build phases of the project.
17. In order to complete the strategic health check Arena conducted a series of interviews with key managers within the project and with key stakeholders and also reviewed key planning, reporting and other project documentation. We also looked at the governance structures and attended some of their governance committee meetings to see how they were operating. Other consultants from Arena assisted me with that review and while I cannot recall exactly who was on that team I know that both Peter Matthews and Michael Fritchi assisted. Interviewees did include Geoff Waite, Mike Burnheim, Darren Bond, Jan Dalton, Phillip Hood, Tim Dunn, and David Ekert.
18. To summarise our findings in that review, I observed that while progress was being made on what was an incredibly complex IT project, slippages in some of the subprograms were starting to appear and there was a need for a harder edged project management approach especially on timelines and deliverables. There was a lack of integrated project planning and no integrated critical path with clear timelines and deliverables. There was a lack of clarity about the role of some of the governance committees and a lack of single point project accountability with dual accountability to both SSIO and Corptech and some confusion over their individual responsibilities. There was a public sector functional structure to the project rather than what we considered to be a standard IT project structure of design, build, test, rollout as well as a siloed management approach and a consensus decision making model.
19. There was no standard offering defined and agreed with departments and departmental representatives were generally concerned about whether the standard offering would meet the business needs of their departments. The strategy of utilising public sector resources to reduce costs was reasonable however as a result skills issues were surfacing in different sub project areas. The utilisation of partner resources needed to be improved to reduce project risks and address the existing issues identified, and risk and issues

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management processes needed to be tightened. Departments were also concerned about the timing of implementation rollouts and the potential for implementation problems.

20. All of the issues identified could certainly have been addressed at the time but immediate action was required. Options proposed were to appoint one operational program manager to: implement integrated planning, reporting, risk and issues management; introduce a harder edge to project management re timelines and deliverables; allow the program office to properly undertake its role and responsibilities; ensure overall single point operational accountability; help clarify the roles and responsibilities of the various governance committees; coordinate better use of project partners and their available skills; develop a closer working relationship with key stakeholders; enable agreement with departments on the standard offering; and better coordinate the implementation rollout process and timing.

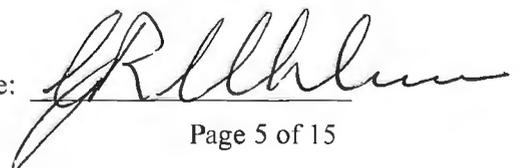
INFORMATION PROFESSIONALS

21. David Ekert was contracted through one of Arena's consortium partners, a company called Information Professionals. To my knowledge, Mark Nicholls owned and was Director of Information Professionals and David Ekert was one of Mark's subcontractors. Information Professionals was a consulting and contracting company that I think focussed on IT project management, change and implementation.
22. By 2005, my initial partner John White had retired so I was the sole Director of Arena.
23. Information Professionals were sub-contractors to Arena and along with Prism Communication Architects were part of the Arena consortium which won the change and communication partner work for the shared services change and communication implementation work. The shared services project was the first and the only time that I have worked with Information Professionals.
24. The only other time that I worked with Mark Nicholls was prior to 2005 when he was the overall project manager running an SAP implementation project in Queensland Rail. Arena bid with PWC for some work on that project and as a result of that bid I did some change management work for the project.

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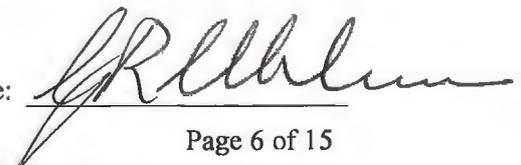


25. I met Keith Goddard during the shared services implementation project and while he wasn't with Arena I cannot recall whether he was sub contracting to Information Professionals at the time but I don't think so.
26. Terry Burns was a subcontractor to Information Professionals. I believe that subcontract relationship would have commenced around March/April 2007, but I am not certain.
27. As part of the 2005 strategic health check assessment I observed that a significant number of contractors were being retained by CorpTech in addition to the public servants seconded to the project, however this was not unexpected as it was one of the reasons for appointing project partners. I think the contractors came predominantly from the development partners such as Accenture and Logica, but some may have been from other companies as well.
28. As outlined earlier, the health check assessment identified a series of issues that the review team considered needed to be addressed along with some potential options and actions. A draft report was presented to the Executive Committee and based on the feedback received the wording was refined and the final report submitted.
29. As part of the review, it became clear that some departments had very separate and diverse business requirements. Transport, for example, which runs a commercially based road construction and maintenance business had very different business requirements to either of the two "mega" departments of Health or Education.
30. In my experience, the Project Management Office is a critical enabler of success for any major IT project. This office would normally coordinate a consistent approach to integrated planning including critical path analysis, as well as a standard approach to project and sub project reporting, risk and issues management. The team was concerned however, that was not the case with the shared services project which reflected a siloed approach by the various sub project managers and an inconsistent approach to the above critical project disciplines. The project management office did not have the authority to properly address the above matters and as a result there was a considerable risk that inaccurate information was being reported to the project executive.

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31. The governance processes and framework were problematic and it was unclear to some people the exact role and decision-making authority of some of the various groups and committees. There was therefore a potential risk that the reporting was too complex, too burdensome, duplicated and not properly targeted and the decisions required were not clearly identified for the appropriate governance committees. A simplification and clarification of the governance structure and the roles, responsibilities and accountabilities of each of the governance committees was therefore considered by the review team to be important.
32. As a result of the review, Arena recommended that Director Program Management be appointed with responsibility for a fully functioning and empowered Program Management Office and that the incumbent of this position also be a member of the Executive Team. We were also of the view that closer executive stakeholder relationships needed to be established and that a more standard IT project structural model be considered instead of the more traditional public sector functional model and management style that was operating at the time.
33. That report was presented to the Steering Committee I think in late December 2005 and based on the feedback received including some strong feedback at the time, the wording of the report was refined and a final report developed and delivered. I do not believe the Executive implemented many of the recommendations in that report.

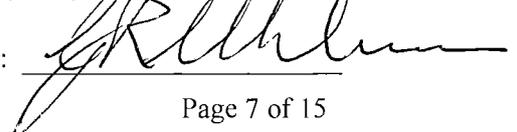
QUEENSLAND GOVERNMENT SHARED SERVICES REVIEW – 2007

34. Approximately two years later, Arena was asked to undertake a second urgent snapshot review of the Shared Services Initiative for CorpTech as various timeline and cost blowout issues were becoming of serious concern. Although Geoff Waite commissioned the review I understood at the time that the Under Treasurer was becoming concerned about the project. This review was similar to the one Arena carried out in 2005 and I think it was undertaken in early 2007 and the final report would have been delivered in about April 2007. **Annexure C** is a copy of the final report delivered to the Corptech Executive and I gave a briefing on the findings to the Under Treasurer.
35. It was during the course of conducting this review that I first met a consultant named Terry Burns. I met him through Mark Nicholls of Information Professionals. I recall that

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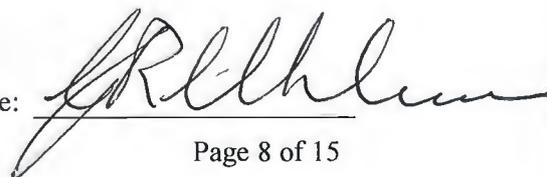
Mark Nicholls was very positive about Terry's background and experience and said that he'd be willing to be part of the review team at no cost. That was the first time I'd ever met Terry Burns.

36. I'm not certain why Terry Burns was prepared to work for nothing but I thought at the time that it was probably a "loss leader" situation to enable him to establish his credibility. That would have then given him the opportunity to establish his experience, knowledge and expertise and to prove he would be a valuable asset to the overall project and thus recoup the initial investment through possible ongoing work. I viewed it as an investment for Terry as we were conducting a short, sharp snapshot review.
37. While I can't recall exactly who was on the second review team, I can recall that myself, Mark Nicholls and Terry Burns were members of the team.
38. To my recollection Arena contracted with CorpTech to undertake the snapshot review and that was the extent of the engagement as the report demonstrates. Information Professionals would have been sub-contracted through Arena as per the arrangements of our consortium. The review ultimately recommended the immediate appointment of an Operational Program Director.
39. I accepted Mark Nicholls suggestion to put Terry Burns on the review team and I was happy to have someone of his background and experience at no cost. I really cannot recall who else was on the team. Arena did not have a contract with Terry Burns for the purpose of conducting the review as he was made available through Information professionals and Mark Nicholls. As far as I can recall, Terry Burns did the review at no cost under the umbrella of Arena on the recommendation of Mark Nicholls.
40. The way that the review operated was that the interviews and document review work were split between team members and Terry would have taken part in both of these activities. As a team we would have developed a series of draft slides with dot points summarising our findings and we would have reviewed the draft document and discussed and fleshed this out page by page. Once we had tightened up the wording and edited accordingly, I then would have done a final edit of the report.

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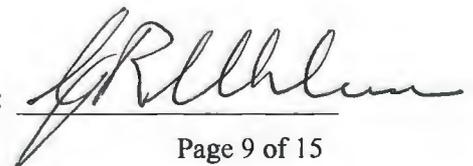


41. As a result of the review I formed a positive opinion as to Mr Burns' experience and capability. I recall, from what I was told at the time, that Terry had previously acted as the overall program lead for the world wide rollout of SAP for the Fonterra organisation based in New Zealand. That was an SAP project, which I understood used IBM as a Prime Contractor.
42. I do not know whether Mr Burns contracted with IBM in relation to the Fonterra roll-out, either personally or through a company. I cannot be sure, but I seem to recall that Terry told me that Fonterra went out to market for that project and chose IBM as the prime contractor through that process, which would probably have meant that Terry was part of the selection process for IBM if he had been appointed at that time.
43. The second review report was presented to Geoff Waite at some point and he would have distributed that report as he thought was appropriate. By this time, I recall Geoff Waite was quite concerned about the overall Shared Services project as both costs and timelines were starting to cause serious problems and there were some concerns and open discussion and comments about Accenture's performance at the time.
44. We recommended in the second review that CorpTech appoint an Operational Program Director to implement the recommendations from the review and to attempt to turnaround the project. It was my view and the team's view that they needed an experienced external major IT Projects Program Director and preferably one with major projects turnaround experience as a matter of extreme urgency. Our review identified a number of project accelerators that needed immediate attention along with urgent scope control, planning, integration, and stakeholder management activities. There are a series of recommendations contained in the second report, but the key one was that as a matter of urgency, CorpTech needed to appoint an Operational Program Director.
45. Terry Burns was ultimately appointed to the position of Operational Program Director, although I am uncertain of whether his role was formally defined as that. I cannot recall recommending Terry Burns for that position, however if I was asked I certainly would have thought that he could undertake the role effectively based on what I knew of his background and having observed him through the review process. I am sure that I would have had no hesitation at the time saying that I thought he could do it. Mark Nicholls

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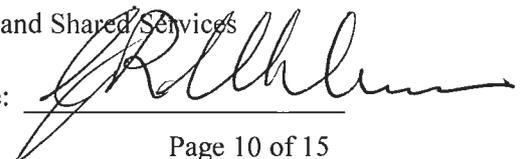


- certainly seemed to have confidence in him and given Mark's extensive experience in this area that was a good recommendation.
46. I did not want the job myself. My personal view was that the best option was to close the project down and to specify that the next time that each department had to upgrade its systems then Treasury would pay for the implementation of the features in the standard offering and anything outside of the standard offering would have to be paid for by each department out of its own funds. This view however had little support!
47. I had a meeting with the Under Treasurer Gerard Bradley to brief him on the outcomes of the review. While I am not certain I believe that Gerard would have would have asked whether I knew anyone who could undertake the role of Operational Program Director and I would have expressed the view that Terry Burns could fulfil the requirements of the role. The meeting took place in Mr Bradley's office in the Executive Building in April 2007. If I did not specifically mention Terry Burns' name in that meeting, I would certainly have believed he was a viable option for the role given his background and experience and I am fairly sure that I gave that advice to someone in the CorpTech Executive team at some stage.
48. I'd known Gerard Bradley for a long time as I had worked with him when I was the Deputy Director General of Transport and I think he trusted my advice. I certainly recall briefing him on the findings and recommendations from the review which included that both the timelines and the budget for the project would both blow out significantly and that the information he was receiving was not necessarily accurate. This view did cause some tension in the room.
49. It was sometime after this meeting that Barbara Perrott replaced Geoff Waite on the project and that overall responsibility for the project was transferred to Mal Grierson. I would suspect that the findings and outcomes of the review were important inputs for whatever action Gerard decided to take on the overall project.
50. Prior to her appointment as Executive Director Corptech replacing Geoff Waite, I believe Barbara Perrott was working for Mike Burnheim who was I think Executive Director SSIO at the time. I had known Barbara Perrott for a number of years in the public service, and she was one of the most competent Corporate Services and Shared Services

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executives that I'd worked with. I was however concerned for her as to my knowledge she did not have a background in major IT program or project management nor in major IT project turnaround and she assumed control of a project which was at the point of critical vulnerability.

51. I had no input into Barbara's appointment as that was not my role. My role was as partner for change and communication and as lead of the snapshot review team. I also had no role in the implementation of the review's recommendations.
52. During my time at Arena I never worked with IBM and I don't think that I have ever worked on any project with IBM over the course of my career. I met Lochlan Bloomfield during the course of the Corptech project and like any good account executive he was interested in meeting me as I was one of the partners in the project and I was interested in meeting him as he was the representative of one of the major IT market players. I think we had coffee on a couple of occasions but I can not recall ever working with him.

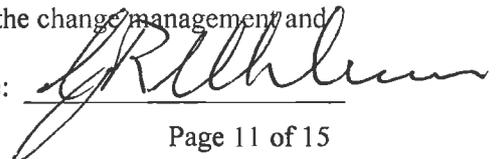
TERRY BURNS' REVIEW – APPOINTMENT OF A PRIME CONTRACTOR

53. As far as I can recall I have never seen a report written by Terry Burns, which recommended a Prime Contractor be appointed to the project. That would have happened after our review and after Terry had been appointed as Operational Program Director and such work was outside our terms of reference. It is not surprising that such action was taken as the review recommended that this position implement a range of project accelerators and actions to address budget and timeline issues and this activity would have been a logical part of that process.
54. I am aware that in or around July 2007, QHEST looked at entering into a contract with IBM for advice around the scoping of the implementation of their new payroll system and maybe the potential scope of the work was broader than this at the time. I did not have any involvement in that process. In our second review we were asked to examine whether the Health implementation should be brought forward to run in parallel with Education and we were unequivocal in our view that this should not happen. While I tried to obtain work for Arena with Queensland Health on the payroll project I was never successful. I felt that Arena could add significant value to the project in the change management and

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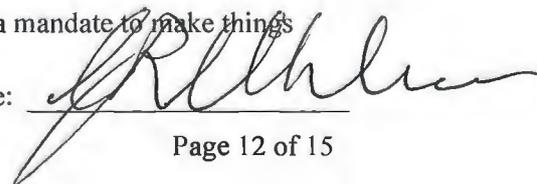
communications area and as it turned out this was one area where there were serious problems with the project.

55. At the time Health were considering utilising IBM which may have been late 2007 and I thought Terry Burns was part of that process. In his role as Operational Program Director he would have had to work across all departmental implementations as the scheduling and timing of implementations would have been a key issue in getting the timelines under control and the resources appropriately allocated. I thought he was working with Health on their implementation approach at the time.
56. Although I cannot be certain, I believe Terry Burns would have produced his strategy for project rescue around the July 2007 period which would have included his recommendation that a Prime Contractor be appointed and then subsequent to that, he would have led the tender process to appoint a prime contractor for CorpTech. The issues about the timing of the Health implementation were complex and extremely important and I have no doubt that Terry was talking to Health in detail about their approach. This would have included the involvement of IBM as this would have meant that IBM would have then been the prime contractor running a number of major and minor implementations in parallel and skills availability and capability would have been an issue at the time. I think he would have worked closely with Tony Price the Executive Director in charge of the health implementation project at the time and at some point he left the role of Operational Program Director with CorpTech and moved across and worked fulltime on the health implementation project for Tony.
57. The Arena review conducted in 2007 was a short sharp piece of work produced in only a few weeks. I had a meeting on or around the 18 April 2007 with Gerard Bradley during which I gave him a briefing on the findings and recommendations of the review. I think Terry Burns produced another report around the end of April about his recommended way forward, which I'm sure would have reflected his view on the issues identified in the review and I think would have included a recommendation to appoint a prime contractor.
58. I am aware that QHEST sought advice from CorpTech to get IBM into Health to conduct scoping work on their payroll implementation. Given Terry Burns would have been in his role with CorpTech at that time I believe that he would have been a key person in enabling this piece of work to occur as he would have had a mandate to make things

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happen. However the Executive Director CorpTech and probably the Executive team would have to have approved the approach. If Barbara Perrott was in the Executive Director role at the time then I think it is fair to say that she would have relied on the advice she was given as I do not think she had a major IT or IT projects background.

59. After our review was completed, the team was dissolved and I went back to focussing on our core work as the change and communications partner. Arena had a couple of sub-contractors with CorpTech assisting the public servants in doing that work, however one of the issues that CorpTech faced was our conclusion that they could have used their partners and their skills much better. While I understand the need to reduce costs I believe that the strategy to have public servants in the key management and project leadership positions at various levels in such a major IT project, a number of whom had no major IT project experience, was flawed. As a result I think the use of the various partners' skills and expertise was less than optimal and this contributed to some of the problems experienced by the project.

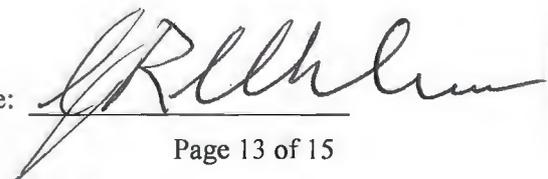
THE TENDER PROCESS

60. I was not involved in the tender process at all, that was definitely outside the scope of Arena's brief. I recall that Terry Burns led the tender process as Operational Program Director. He and his team operated from a secluded room somewhere and they undertook the evaluation process and would have produced the final recommendation. I do not know who was on the team.
61. I am now aware that the IBM response to the ITO stated that Lachlan Bloomfield had a strong working relationship with me. I do not understand what he specifically meant by that but I presume that it was an attempt to leverage my name as an existing partner and as someone who had undertaken the project reviews in case it might have had some positive impact in the decision making process. I have certainly had coffee with Mr Bloomfield. I don't know what the term "a strong working relationship" means. I have never worked with IBM that I can recall. I did not know Mr Bloomfield before the review process. I would not say I had a strong working relationship with IBM or Mr Bloomfield.

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This written statement by me dated 07/03/2013 and contained in the pages numbered
I to 15 is true and correct to the best of my knowledge and belief.

[Signature] Signature
Signed at Brisbane this 7th day of March 20 13

Witnessed:

[Signature] Signature
Name Laura Uhlmann Rank _____ Reg. No. _____