

## SECOND STATEMENT OF WILLIAM NEVILLE DOAK

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Date	29 April 2013

### STATEMENT OVERVIEW

1. This statement deals principally with my role as IBM's Program Director for the Shared Services Project (**SSP**) in the period July 2008 to May 2010. In preparing this statement I have had regard to documents shown to me by Ashurst which I have used to refresh my memory for the purposes of preparing this statement.
2. Some of these documents are contained in a bundle provided to the Commission with this statement and marked "**WND**". However, where I refer to a document which is already in the tender bundle, it has not been separately included in the bundle provided with this statement.
3. I have not had the time or opportunity to deal exhaustively or chronologically with every aspect of my involvement in the project. I have been told by my solicitors that there are over 20,000 emails sent and received by me during the course of my time on the project, and that if printed the emails would run to over 220,000 pages. I have not had the opportunity to review all of these emails before preparing this statement.

### BACKGROUND AND EXPERIENCE

4. My relevant experience is in managing large information technology and business systems projects, for public sector clients. I am currently employed by IBM Middle East as the Public Sector Leader – Industry Solutions for IBM Growth Markets. In this role, I am responsible for developing and managing IBM's complex public sector projects throughout IBM's "Growth Markets", being the Middle East, Africa, South America, Eastern Europe and the Asia-Pacific. I currently reside in Dubai.
5. Prior to my current role I was Program Director for IBM in its role as Prime Contractor for the Shared Services Program (**SPP**) undertaken by the Queensland Government.
6. Before joining the SPP I held the dual roles of Partner - Business Consulting Services for Public Sector – Asia-Pacific, and Government Industry Leader – Asia-Pacific, and was

employed by IBM New Zealand. I had held a number of public sector roles within IBM New Zealand before being appointed to the dual roles (referred to above) in 2005.

## **THE SHARED SERVICES PROGRAM AND THE SOFTWARE**

### *My involvement with the Shared Services Project*

7. On 1 July 2008 I was seconded to IBM Australia Ltd (**IBM**) from IBM New Zealand, and was appointed Program Director for IBM in its role as Prime Contractor for SSP.
8. My role as Program Director was a high-level managerial role, in which I was responsible for business management and stakeholder engagement associated with IBM's role as Prime Contractor. The role was not a technical project management role – those roles were fulfilled by individual Project Managers for each work stream, who reported to me. Nevertheless I was ultimately responsible for the overall management of the blended team made up of roughly 200 to 300 IBM employees, IBM contractors, CorpTech, Queensland Health and other government employees working on the SSP. I reported to Peter Munro, who was the head of Public Sector for IBM Australia. Peter was based in Canberra, and did not have direct involvement in the program.
9. At the time I became Program Director, one of the streams of work being undertaken was to build an interim replacement for the LATTICE payroll system for Queensland Health (the **QHIC Project**). That project (like the other work streams) had its own Project Director, who managed various team leaders supervising different sub-streams of work within that project (for example, build and testing).
10. The Project Director was my primary point of contact. When I first commenced as Program Director I reviewed the Contract, the SOWs and recent project reports and other like documents. I also shadowed the outgoing Program Director, Paul Hickey over the course of about a week.

### *The Contract and IBM's role*

11. Before I began as Program Director, IBM and the State of Queensland executed a Contract on 5 December 2007. Although I was not involved in the negotiation or execution of the Contract, I am generally familiar with its terms.
12. Under the Contract IBM was obliged to carry out a series of discrete work packages referred to as Statements of Work (**SOWs**).
13. A number of SOWs were agreed at the time the Contract was executed and formed a part of the Contract. These SOWs related principally to management and scoping activities. Fixed prices were agreed for each of these SOWs.

14. Other work contemplated by the parties as likely to be undertaken, but not finally agreed, was described in three Statements of Scope (**SOSs**), which also formed part of the Contract. Each of these Statements of Scope recorded that IBM was "under no obligation to perform any of the services set out in [the] SOSs until a corresponding SOW is agreed by both parties". Likewise, clause 4.5 of the Contract provided that the State was not obliged to proceed with any work arising out of an SOS.
15. The Contract also contained a set of detailed provisions (in schedule 17) about the way in which best estimate prices were to be converted to fixed prices. If there was more than a 15% variance, the State had the option of appointing an Independent Assessor to review what IBM had done.
16. To the best of my recollection, the State never pursued this option during the life of the SSP. To my knowledge, there was never a variance of price for work originally scoped of greater than 15% offered by IBM. To the extent a price increased (or was proposed to increase) by more than this, that was because of an expansion of scope, a topic to which I return below.
17. Additional SOWs were also agreed for the Department of Education, Training and the Arts (**DETA**) before I commenced as Program Director. To my knowledge, these SOWs related to work that was additional to that originally contemplated in the Contract.
18. When a new SOW was agreed, it would be incorporated into the Contract by way of a Change Request which effected an amendment to the Contract. The procedure for Change Requests is set out in Schedule 12 to the Contract.
19. Within each SOW, the work to be carried out was embodied in a series of "deliverables" listed in the relevant SOW. Completion of these deliverables would be the trigger for payments to IBM under the SOW (which were referred to as milestone payments).
20. In most cases, the deliverables took the form of a document describing the work that IBM would do, or work that it had done.
21. Deliverables were subject to acceptance by CorpTech pursuant to the procedure set out in clause 6 of the Contract. In practice, a deliverable acceptance document would be signed off (usually by a member of the Solution Design Authority) using a "Deliverable Acceptance Sheet" (an example of which is at tab 46 of the bundle). If the deliverable was linked to a payment, then another CorpTech officer (often Malcolm Campbell) would sign an Authority to Invoice (an example of which is at tab 93).
22. It was not my role to review the content of deliverable documents prepared by IBM. The relevant Project Director for the relevant workstream would have the final sign-off.

23. At the time I took over, the Shared Services Project had three "streams" of work, under the following SOWs.

<b>Work stream</b>	<b>Statements of Work</b>	<b>Tab in Bundle</b>
Whole-of-Government ( <b>w-o-G</b> )	Statement of Work 1 – Transitioning	132
	Statement of Work 2 – Management	133
	Statement of Work 3 – Shadow Management	134
	Statement of Work 4 – Forward Planning	135
	Statement of Work 5 – Priority Core Build – HR	136
	Statement of Work 6 – Support	137
	Statement of Work 12 – Standard HR functions for Rostering (WorkBrain)	145
	Statement of Work 15 – Workplace Health & Safety – Scoping and Planning	147
Department of Education, Training and the Arts ( <b>DETA</b> )	Statement of Work 11 – DETA Priority HR Build	142
	Statement of Work 11A – Interim DETA Work	143
	Statement of Work 11B – DETA Project Preparation	144
	Statement of Work 13 – Business Blueprint Phase	146
Queensland Health – LATTICE Replacement Interim Solution ( <b>QHIC Project</b> )	Statement of Work 7 – Scoping	138
	Statement of Work 8a – Further Scoping	141
	Statement of Work 8 – Build and Testing	139 and 140

24. Work on the DETA and w-o-G workstreams came to an end in late 2008 and early 2009 respectively.

*DETA*

25. Substantive work for DETA ceased in late 2008 following an incident in which DETA failed to deliver the complete "to-be" requirements to IBM and subsequently identified requirements that differed markedly from the "Standard Offering".
26. On 19 August 2008 I sent a letter to Barbara Perrott notifying her that a delay had occurred under Statement of Work 13 due to a failure by DETA to provide adequate "to-be" process design documents (see page 286 of Volume 5 of the tender bundle).
27. On 8 September 2008, I received a weekly update from Jan Marais-Van Vuuren (the IBM Project Director for the DETA workstream), outlining the status of that work (tab 19). It noted that:
  - a. the project was reporting "red" as a result of issues identified in the "To-Be" Business Processes delivered by DETA to IBM.
  - b. Joint IBM/DETA sessions were continuing but progressing slowly because DETA had yet to fully re-work the incomplete business processes.
28. CorpTech subsequently approved Change Request 162 on 28 November 2008 (tab 57) and IBM submitted a DETA Project Closure Report on 4 December 2008 (tab 60).
29. The decision to pause work on the DETA Project was also recorded in the Executive Steering Committee meeting minutes of 4 December 2008 (tab 61).
30. I do not deal further with the DETA Project in this statement.

*w-o-G*

31. Work by IBM on the w-o-G Project ceased in about March 2009. I deal with the circumstances leading up to this in further detail in the chronological section below.

*The QHIC Project*

32. As appears above, IBM's work on the QHIC project was defined principally by SOW 7, SOW 8A and SOW 8.
33. SOW 7 formed part of the original Contract executed in 2007 (tab 138).
34. SOW 8A became part of the Contract upon execution of Change Request 13 (CRN0002), executed on 21 January 2008 (Change Request 13 is at tab 1 of the bundle, SOW 8A is at tab 141).
35. Statement of Work 8 became part of the Contract upon the execution of Change Request 16, executed on 22 January 2008 (Change Request 16 is at tab 2 of the bundle, SOW 8 is at tabs 139 and 140).

36. Some of the design and build work ultimately used in the QHIC Project was also done under SOWs 5 and 12, which related to the w-o-G workstream, but which in some cases involved developing common software elements.
37. SOW 7 (tab 138) recorded that:
- a. the Contractor (IBM) would implement a minimal Payroll solution (page 2);
  - b. in determining the scope for the LATTICE replacement interim solution, the Contractor, in conjunction with the Solution Design Authority would determine critical agency requirements (page 4);
  - c. the agency-specific requirements would be kept to an absolute minimum, to satisfy the basic functions of paying, rostering and managing Queensland Health's human resources (page 4);
  - d. the solution was to be based upon the Department of Housing solution (at page 2).
38. Deliverable 3 under SOW 7 was the QHIC Scope Definition Document. I ultimately formally signed a copy of this document in August 2008, after commencing as Program Director (see tab 5). At that time my understanding was that it had been agreed much earlier. I do not recall any different view being expressed by anybody. I understand that this document was initially agreed following a series of workshops between IBM and Queensland Health which are recorded at page 25 of the document. These workshops occurred before I commenced as Program Director.
39. More specific and detailed design and specification documents were, to my knowledge, created as part of the work under SOW 8, although I am not familiar with these documents. Under the Detailed Design phase of SOW 8 (see section 5.1), IBM was to develop functional specifications for reports, forms, enhancements and interfaces, as well as process definitions for in-scope processes (see section 4 on page 13). To my knowledge IBM completed, and was paid, for this work.
40. SOW 8 (version 1.0) was agreed on 22 January 2008 (see tab 139 of the bundle). When I commenced as Program Director in July 2008, version 1.2 of Statement of Work 8 was in force (tab 140). It recorded that:
- a. a number of issues internal to Queensland Health prevented the scope in the original Statement of Work 8 from being delivered (part 1.1, p 3);
  - b. it was agreed between the parties on 17 January 2008 that a number of issues remained unresolved, and that resolution of those issues may result in a change to the scope of work required under SOW 8, and this, at the discretion of IBM, may necessitate a change to SOW 8 under the change control procedure in schedule 12 to the Contract (part 1.3, p 3);

- c. the accountabilities for various project roles had been agreed and were set out in part 2.3, and indicated that:
- i. Queensland Health Enterprise Solutions Transition (**QHEST**) had responsibility for defining Queensland Health's agency requirements;
  - ii. IBM and QHEST were jointly responsible for developing scope, and documentation for business processes;
  - iii. IBM and QHEST were jointly responsible for developing scope and documentation for Integration (Legacy and other);
  - iv. IBM was responsible for the functional and technical design of the software;
  - v. IBM and QHEST were jointly responsible for build relating to technical integration (between SAP and WorkBrain);
  - vi. QHEST was responsible for build relating to the integration of legacy software (part 2.3, p 11);
  - vii. IBM was responsible for other integration (part 2.3, p 11).

41. It is typical to have shared accountabilities and responsibilities in a project of this kind.

42. Although the task of creating an interim replacement for the LATTICE software was a challenging one, I believed during my time as Program Director, and still am of the view, that the original principles of:

- a. taking an existing payroll system (in the Department of Housing);
- b. making minimal changes to adapt it for use in another agency to provide an interim and basic replacement for that agency's payroll system,

were, and are, sound.

#### **COST OF THE INTERIM PROJECT, CONTRACTUAL AMENDMENTS AND DELAY TO GO-LIVE**

43. The QHIC Project cost more than the fixed price specified under SOW 7, SOW 8A and SOW 8 because contractual variations were asked for, and approved by, Queensland Health and CorpTech. These contractual variations expanded the scope of the work to be performed by IBM, or extended the life of the project, by:

- a. adding to the scope of the functionality of the software to be provided by IBM;
- b. requiring IBM to take over project roles previously agreed to be undertaken by CorpTech or Queensland Health;

- c. extending the length of IBM's engagement to undertake additional work or because of delays (attributable to CorpTech or Queensland Health) in achieving project milestones.
44. These changes were made with the mutual agreement of IBM and CorpTech. I generally signed-off on change requests on behalf of IBM.
45. During the course of the QHIC Project, there were 34 change requests approved which had a financial impact upon the project. Details of these 34 change request are set out in Table 1 attached to this statement. Their combined impact was to increase the cost of the Project by \$18,834,190.02.
46. There were a further 14 change requests which did not themselves affect price and these are set out in Table 2 to this statement.
47. The majority of changes had their genesis in requests from Queensland Health (usually) or CorpTech (sometimes). Thus, although IBM generally completed the formal change request documentation, I cannot recall a change request relating to the QHIC Project which arose from IBM itself seeking to enlarge the scope of work for the project. In my time as Program Director I was conscious to try (as far as possible) to keep the scope of the QHIC Project fixed. Despite this, there were a raft of changes which Queensland Health indicated were essential, and which were approved by CorpTech.
48. A full description of the (final) functional specifications for the QHIC Project, the source document for these specifications, and how they were to be tested is set out in a document entitled "Requirements Traceability and Verification Matrix" (the **RTM**) which IBM developed to try to track all original in-scope items and new scope added by change requests.
49. This document was not a deliverable under any SOW, but was a document which IBM put together to provide a simple reference point for the agreed software functionality, given the large number of changes which occurred during the project. This document is included in the bundle at tab 3.
50. Queensland Health were reticent to accept, or assist IBM in accurately preparing, this document. In an email from Adrian Shea to me on 29 July 2009, Mr Shea notes that the RTM is not a contractual document, and that "defects" not reflected in the RTM may still require fixing before go-live. IBM's position was that a "defect" not shown in the RTM could only arise if Queensland Health had underspecified their requirements, or if a new business requirement had otherwise arisen.
51. A summary of the most significant Change Requests, which impacted the price of the QHIC Project, are set out below. For the purposes of the descriptions below I have had to

refresh my memory by reference to the documents. I did not at the time, and do not now, have a deep understanding of the technical details arising under these Change Requests.

Change Requests 60/61

52. Under Change Request 61 the scope of IBM's work was extended to build a direct system to integrate the (new) SAP Human Resources software program with the (old) Finance program (FAMMIS) which Queensland Health was operating (tab 9 and page 96 of Volume 4 of the tender bundle). The increased cost arising from the delay caused by this extra work is the subject of Change Request 60 (tab 11 and page 88 of Volume 4 of the tender bundle). The cost arising from the delay was \$1,887,940. Change Request 60 was approved by the Change Advisory Board Chair (David Ekert) on 27 June 2008, and was agreed to by CorpTech on the same day, when it was signed by Barbara Perrott.
53. There were later disputes about the functionality required as part of the HR-FI interface which IBM, under this change request, agreed to build. I understood these to be separate issues and I deal with them separately below.

Change Request 73

54. Change Request 73 related to the additional configuration of the software to automate "concurrent employment" (a person being employed in two different positions simultaneously) (see tab 24). The inclusion of Concurrent Employment was identified as an outstanding issue in the QHIC Scope Definition at p 21 (tab 5). CorpTech and IBM had agreed in SOW 8 that the resolution of outstanding issues may lead, at the discretion of IBM, to a Change Request (tabs 139 and 140 at page 3).
55. The increased cost arising from this Change Request was \$414,354.05. This Change Request was approved by the Change Advisory Board Chair (Brett Matthews) on 22 July 2008 and agreed to by CorpTech on 22 September 2008 when it was signed by James Brown.

Change Request 87

56. Change Request 87 involved the retention of three additional staff by IBM – one project administrator and two migration analysts to meet the new requirements at a cost of \$464,276 (tab 10). This followed a request from CorpTech that IBM supply these additional resources. That CorpTech was originally to supply these resources appears from a comparison of the resources table inserted by this Change Request into SOW 8 with the resources table it is to replace.
57. This Change Request was approved by the Change Advisory Board Chair (David Ekert) on 27 June 2008 and was agreed to by CorpTech on the same day when it was signed by Barbara Perrott.

Change Request 99

58. This Change Request moved certain software security and testing responsibilities (referred to as Cross-Functional Application, or "XFA" accountabilities) from Corptech to IBM at Corptech's request, and increased the cost of the Interim Project by \$724,052.38 (tab 47). The CorpTech Cross-Functional Applications team was originally to be responsible for the design, build, test and deployment of user security roles (see QHIC Scope Definition (tab 5) (at page 89)).
59. This Change Request was approved by the Change Advisory Board Chair (Brett Matthews) on 20 November 2008 and was agreed to by CorpTech on 21 November 2008 when it was signed by Barbara Perrott.

Change Request 184

60. This Change Request resolved a number of significant outstanding issues relating to the scope of the project, the testing of software, the structure of the project team and delays (tab 89). Change Request 184 increased the cost of the Interim Project by \$9 million which wrapped up a large number of discrete changes relating to scope, structure and timing, including:
- a. An agreed schedule to commence go live on 6 November 2009 (at p 2); and
  - b. <sup>a new schedule of</sup> ~~New~~ deliverables (recorded in Appendix B to the Change Request) among which were:-
    - i. New deliverable 27 - Concurrent Employment Completion Report;
    - ii. New deliverable 28 - WorkBrain Manual Entry Screen Functional Specification and WorkBrain Manual Entry Screen Technical Specification;
    - iii. New deliverable 29 - Leave Request Functional Specification and Leave Request Technical Specification; and
    - iv. ~~New deliverable 30 - WorkBrain IS18 Functional Specification and WorkBrain IS18 Technical Specification.~~

61. This Change Request was agreed to on 29 June 2009, when it was executed by Natalie MacDonald, the Associate Director-General of the Department of Public Works.

Change Request 194

62. This Change Request resolved an ongoing issue about whether remedying 12 particular items categorised by Queensland Health as "defects" was outside of the scope of IBM's responsibilities (tab 85). CorpTech agreed to pay IBM an additional \$100,000 to rectify the listed "defects". The language in this change request is somewhat confusing, because

it indicates that IBM will accept the classification of the items as "defects" in return for payment of an additional sum (which I would understand as an acknowledgment that the relevant fixes were out of IBM's scope, as I believed to be the case).

63. This Change Request was agreed to on 7 May 2009, when it was executed by Margaret Berenyi, the Executive Director of CorpTech.
64. I have been shown a document which suggests that all of the "defects" listed in CR194 were resolved (by IBM) by 15 June 2009 (tab 87).

Change Request 202

65. This Change Request contemplated IBM providing additional resources to assist Queensland Health in carrying out customer testing activities and also provided for an extension of time for completion of the project, at an additional cost of \$1,850,000 (tab 97). This change request was agreed to on 12 November 2009 when it was executed by Natalie MacDonald, the Associate Director-General of the Department of Public Works.

Change Request 206

66. This Change Request related to the design, build and implementation of Queensland Health's Priority Enterprise Bargaining requirements, SAP Super Note and other new requirements for the software (tab 103). This Change Request was agreed on 24 December 2009 when it was executed by Natalie MacDonald, the Associate Director-General of the Department of Public Works. The increased cost arising from this Change Request was \$1,550,000.00.

*Associated Delay*

67. Where possible, IBM attempted to accommodate scope and other changes to the project within the existing schedule. Nevertheless, delays affected the project as a result of a number of matters. Those matters included the following.
68. *First*, the ongoing addition of functional requirements, examples of which are set out above, meant that build and testing activities had to be revisited frequently. That is, the project could not move cleanly from one phase to the next. IBM kept having to return to the build phase in order to incorporate changes associated with newly communicated business requirements, and then repeat testing activities, with the new changes. At a simple level:
- a. The product IBM was ultimately asked to build became more than a "minimal" solution, so it took longer than a "minimal" solution would have taken to build; and
  - b. Because features of the product IBM was asked to build were not communicated by Queensland Health at the outset, the software was built less efficiently than it

could otherwise have been, which in turn meant additional (often repeated) testing had to be undertaken.

69. I cannot recall being involved in another project in my career in which the business requirements communicated by the client have changed so much or so frequently, especially after detailed consultation with the client.
70. *Secondly*, many of the activities which IBM was obliged to undertake in its role as Prime Contractor (for example, business requirement gathering) required the active and timely co-operation of the Government, and especially from Queensland Health staff in providing information and making decisions about business requirements or design issues. Timely execution of the QHIC Project always required full commitment from everyone involved and a sense of urgency in all tasks. I perceived that different officers within Queensland Health and CorpTech had different views about the urgency of the roll-out of the LATTICE replacement software. To give just a few examples:
- a. In late September 2008, CorpTech withdrew a key testing team member who had been seconded to the project. This had a significant impact on the timing of WorkBrain testing.
  - b. On 17 February 2009 I sent an email to Michael Kalimnios, Barbara Perrott and James Brown (copied to Mal Grierson and Peter Munro) in which I expressed concern about the go-live date slipping if concerted efforts were not made to urgently resolve outstanding issues relating to the HR-FI integration (page 132 of Volume 8 of the tender bundle). Yet these issues were not resolved until the execution of Change Request 184 some months later.
  - c. On 24 February 2009 I sent an email to Mr Shea and others raising concerns about the future timeline of the project and a lack of commitment from Queensland Health reflected in delays in approving documentation, qualified sign-offs and the recent delivery of numerous change requests.
  - d. In the QHIC Project Issues document dated 12 March 2009 (tab 82), an issue (IS-00241) is identified based upon the fact that "QH Finance Branch did not adhere to the agreed 3 day turnaround time for sign-off of HR-FI documents due to the unavailability of key QH Finance Branch resources";
  - e. In the QHIC Project Issues document dated 12 March 2009 (Tab 82), an issue (IS-00247) is identified based upon the fact that "defects and issues assigned to QHEST are not being resolved in a timely manner due to dependency on a small number of key business resources to resolve issues resulting in QHIC project being unable to meet the schedule".

71. *Thirdly*, some of the work which IBM was to undertake, including some of the testing, took longer than expected. When faced with these difficulties the IBM team would put in extremely long hours, or retain extra assistance (at its own cost) to attempt to overcome the difficulty.
72. *Fourthly*, there was a very large amount of time spent on User Acceptance Testing (**UAT**) during the course of the project. It ran for virtually all of 2009. UAT was not run by IBM (though IBM offered and provided, at various points, extra assistance). I received frequent reports from the Program Director and Test Manager for IBM throughout UAT that it was affected by:
- a. Poor quality of test scripts;
  - b. A lack of discrimination between errors in the system and missing functions or features which had not previously been communicated to IBM;
  - c. Deficiencies in the testers' skills and competency; and
  - d. A lack of work effort by (at least some) testers.
73. Some of these concerns are set out in a letter I sent to CorpTech dated 4 March 2009 (see page 166 of Volume 8 of the tender bundle).
74. *Fifthly*, if a go-live date was not going to be achieved for one of the reasons set out above, the entire project was, to an extent, reset. By this I mean that when a go-live date was pushed forward to the next available window suitable to Queensland Health and CorpTech (often months away), Queensland Health would inevitably ask for more changes to be made to the software either because of new requirements (for example, changes arising from new enterprise bargaining agreements) or requirements about which IBM had not previously been informed. That would require further build work, and then further system and system integration testing.
75. Accordingly, if a go-live date was missed, it was not possible to just push it back by a few weeks. In this way, delays would be compounded.

#### **QUALITY OF IBM'S WORK AND MANAGEMENT**

76. Some non-specific criticisms have been made of the quality of IBM's work during the course of its engagement, and associated suggestions have been made that IBM failed to follow a project management methodology.
77. IBM had internal quality assurance processes in place for the life of the project which were led by Des Herreen, a manager within the Quality and Risk Management division of IBM's Global Business Services. This involved weekly reporting and a number of reviews.

78. The implementation of project management methodology was a matter for the Project Directors of each stream of work. Paul Hickey and John Gower managed the QHIC Project during the vast majority of my time as Program Director. They enjoyed my confidence in their management of the QHIC Project and I had no reason to doubt their implementation of IBM's Ascendant project management methodology. IBM uses a proprietary version of the Ascendant methodology, which it has developed at significant cost and which is closely tied to IBM's processes.
79. My experience was also that IBM was complimented on many occasions for the quality of the work it presented to CorpTech and Queensland Health. By way of example, on 13 March 2009, Brian Frederick from Service Management at CorpTech wrote to me to express thanks for the work the IBM team had done in relation to Parallel Payroll Validation Testing. A copy of this email is at tab 83.
80. That is not to say there were never any issues with the work provided by IBM. However, where any quality issue was brought to my attention I ensured it was addressed as a priority. I considered that the IBM team performed to a high standard.

#### **TESTING AND DEFECTS**

81. I am aware that a suggestion has been made that IBM did not properly complete system testing and system integration testing for the QHIC Project. That is not correct. IBM delivered test completion reports to CorpTech and they were accepted by both Queensland Health and CorpTech. A copy of a signed approval sheet showing acceptance of IBM's Test Reports was sent to me by email on 17 December 2009 (tab 99). Later that day I received endorsement emails for the Test Completion Report from Naomi du Plessis from Queensland Health and Jane Stewart from CorpTech (tabs 100 and 101).
82. I am also aware that the Commission is interested in the decision to amend the classification of defects for the purposes of User Acceptance Testing, and the entry and exit criteria for phases of testing and for the decision to go-live. User Acceptance Testing was the responsibility of Queensland Health.
83. Ultimately, more sensitive criteria were agreed and adopted for use both for the categorisation of defects during User Acceptance Testing, and for entry and exit criteria from that testing and for go-live. There was, in my view, nothing inappropriate about this. The appropriateness of these decisions is demonstrated by the fact that, after go-live (to the best of my knowledge):
- a. No known defect or workaround caused any problem of significance;
  - b. The few new defects which arose after go-live were able to be dealt with quickly and had only a relatively minor effect on system operations.

84. The context for the decision to adopt more refined criteria for User Acceptance Testing, and to vary entry and exit criteria was, as far as I can now recall, as follows:-
- a. Although there were criteria relating to the classification of defects contained in Schedule 26 of the Contract, these related to defects in the software after go-live and were for the purposes of warranties given by IBM to apply at that time. They did not relate to testing. As far as I am aware, there was no contractually agreed definition of defects for the purposes of testing before go-live nor was there (until Change Request 184 was executed) any contractually agreed entry or exit criteria relating to User Acceptance Testing. The distinction between the contractual definition of defects for the purposes of the warranties given by IBM and the categorisation of defects for the purpose of testing is recorded in the minutes for the Board meeting held on 19 May 2009 (see page 91 of Volume 9 of the tender bundle).
  - b. Sometime after SOW 8 was executed, a set of criteria for testing defects was agreed and included in the Master Test Plan which was a deliverable under SOW 8.
  - c. Once User Acceptance Testing, conducted by Queensland Health, began, there were a very high number of reported defects, particularly severity 2 defects.
  - d. There were frequent disputes about whether these asserted defects were in fact defects or arose from an absence of some functionality which the user expected, but which IBM had never been asked to provide. In the former case, it was IBM's job to fix the defect. In the latter case, if the functionality was required by the client, it was necessary for IBM to expand the scope of the project to encompass that (new) requirement. An example of this kind of issue is set out in an email I sent to Adrian Shea on 25 June 2009 (tab 88) attaching three spreadsheets showing asserted defects in SAP and WorkBrain which IBM contended reflected new or changed requirements. I was not directly involved in the classification of defects or resolving disputes of the kind referred to above. IBM's Project Manager and Testing Manager would lead discussions about defects on IBM's behalf.
  - e. There were also frequent disputes about the severity of defects. The assignment of severity levels during UAT was the responsibility of the customer, and it was done based upon the subjective view of the particular tester who discovered the defect.
  - f. The goal was to deliver a working payroll replacement solution as soon as practicable because there was significant risk associated (IBM was told) with the existing LATTICE system.
  - g. The reporting by KJ Ross during User Acceptance Testing was formulaic and focussed upon quantitative (rather than qualitative) measures of defects, so that the raw number of reported defects appeared to be the most significant factor.

85. Against this background, the Project Directorate and the Project Board agreed to vary certain severity criteria and certain exit and entry criteria as a practical way to move through the testing process while ensuring that the software was properly tested and defects resolved, with priority accorded to defects which would affect pay.
- ~~86. As far as I can now recall, the original idea of redefining defects for the purposes of LIAT originated with Queensland Health, and was motivated by a desire to ensure that any defect which affected net pay, to any extent, was given priority for resolution or the development of an acceptable work-around.~~
87. Another consideration was a mutual desire to try to reduce the amount of time and effort being spent by IBM personnel on assessing whether a defect was in fact a severity 2 defect, instead of being able to focus upon fixing real severity 2 defects. Simplifying the criteria for a severity 2 defect was thought likely to assist in this regard.
88. I do not think that any of these changes undermined the User Acceptance Testing process, or the rigour which was applied to ensuring that the system was in an appropriate state to go-live. I also do not consider that varying the criteria for severity 2 defects made IBM's job any easier. It meant that a defect which had only a minor effect on a small number of employees would still be classified as a severity 2 defect and had to be accorded priority. My view was that a further criterion imposing a minimum threshold for the number of persons affected by a net pay defect should have been introduced as part of the severity 2 criteria. However, Queensland Health rejected this approach (and it did not prevail).
89. At any rate, pursuant to the Contract IBM remained responsible for fixing all defects after go-live during the support and warranty periods.
90. In this context I cannot see anything irregular with the parties discussing and refining defect criteria, and entry and exit criteria, as the project progressed. If the parties agreed on the definitions of severity levels (for testing) initially, it was open to them to vary those definitions having regard to all the circumstances at the time. In the context of this project, adopting more refined criteria was a sensible and pragmatic approach to progressing the project in circumstances in which the Queensland Health Shared Services Provider had confirmed that there were acceptable work-arounds and the impact of the defects would be minimal.
91. Ultimately, the vast majority of severity 2 defects were resolved, and work-arounds were formulated for those which remained. This was dealt with in a defect management plan which was endorsed by the Project Directorate. As far as I am aware, there were no significant issues which arose with the system post go-live attributable to defects recorded in that plan, or the work-arounds associated with them.

### **THE DECISION TO GO LIVE**

92. The final decision to "go-live", that is, to switch over from the old LATTICE system to the new SAP/WorkBrain system, was made by the Project Board on the morning of Sunday 14 March 2010, following a recommendation from the Project Directorate which met earlier that morning.
93. I attended the Board Meeting and (along with all other attendees) voted in favour of the system going live.
94. The recommendation of the Project Directorate was based upon careful review of the UAT Testing report prepared by KJ Ross, a report prepared by Terry Burns and Shaurin Shah, and a Defect Management Plan prepared by IBM in conjunction with Queensland Health.
95. The final decision was many weeks in the making and followed the completion of a series of simulations and cut-over activities, the progress of which was reviewed daily (see tabs 148-174).
96. Queensland Health employees gained their initial access to the new system the next day, on Monday 15 March 2010 and the first (fortnightly) pay cycle was completed on 23 March 2010.
97. I explain below the process which culminated in this final decision.

### **THE PERFORMANCE OF THE SOFTWARE AFTER IT WENT LIVE**

98. The WorkBrain and SAP software performed well after it went live.
99. I was not at the time, and have never since been made aware of any system error, defect or work-around, whether identified before or after go-live, which was responsible for any significant number of persons being incorrectly paid. To the contrary, the reports I received at the time were that the system was effective and an improvement upon the old LATTICE system.
100. As to the limited software issues which did emerge after go-live:-
  - a. It is not unusual for some software problems to arise after a system goes live. In fact, it is unusual for there not to be any problems.
  - b. The main software problem which emerged after go-live was an unexpected performance issue which affected the speed at which WorkBrain operated and sometimes resulted in users being "locked out" of WorkBrain. This issue did not directly affect pay calculations as such (but would slow down some users' access to WorkBrain). But in any event steps taken by IBM and CorpTech resulted in this issue being resolved within a short amount of time (no more than a few weeks).

- c. Other system issues which arose were of a minor nature and were able to be fixed, or dealt with by work-arounds within a short amount of time. This is a common experience on most large software implementation projects.
101. To the best of my knowledge the cause of large numbers of Queensland Health staff reportedly not getting paid, or being paid incorrectly, was the result of the decision of Queensland Health to introduce a new policy that if rosters, or roster variations were not submitted on time, an employee would not be paid. This was the consistent message I received from both Queensland Health and IBM staff directly involved in the go-live process in ~~2009~~. 2010.
102. The coincident timing of the introduction of the new business process relating to rosters with the introduction of the new software seems to have, unfortunately, lead to an assumption that there was a serious fault in the software. I am not aware of any factual basis for that assumption. There were other complaints about underpayment but which related to a period when LATTICE was operating and were clearly not related to the system provided by IBM.

#### **CONVERSATIONS WITH MAL GRIERSON**

103. During my interview with the Commission I was asked specifically to comment on my conversations with Mr Mal Grierson during the course of my time as Program Director.
104. At my request, I met with Mr Grierson weekly. If he was unavailable or absent I would meet with Robyn Turbit or later Natalie McDonald. Because of the frequency with which I met Mr Grierson it is very difficult now, some three to five years later, to remember what was said on any particular occasion.
105. My best recollection is that:-
- a. Mr Grierson regularly expressed frustration associated with changes to scope and resulting delays. He was critical of each of CorpTech, Queensland Health and IBM at different times.
  - b. In this context he would from time to time ask for my views about CorpTech's performance and the best mechanisms for IT services to be provided within and to the public sector. I recall providing him with examples of government shared services models from other countries in response to his questions. This was my area of particular experience.
  - c. He was helpful in following up and taking action on specific issues which I raised with him, including organisational changes and delays in sign offs of deliverables, at risk payments being withheld by reason of issues beyond IBM's control and like matters.

- d. I recall a specific conversation with Mr Grierson about Mr Beeston's involvement as head of the Strategic Program Office. I told Mr Grierson that I felt Mr Beeston's approach to the project was counterproductive, that he was making threats that he would "get" IBM one day and that he was not interested in the delivery of the program (that is, a useful outcome to the government), only trying to catch IBM in breach of the Contract.

#### **OTHER MATTERS**

106. I have been told that the Commission is interested in documents which record or document the technical details of the award rules which were to be incorporated into the WorkBrain product. I have limited familiarity with the technical documents used during the project, but I have recently come across a document showing the complexity of the various pay rules and pay groups programmed into WorkBrain. I provide a limited interpretation of the document in the email attaching the spreadsheet, which I sent to James Brown in 2010 following a request from him that I try to locate it. The spreadsheet and covering email are at tab 131.

#### **CHRONOLOGICAL SECTION**

107. The section below is based upon my best recollection of events informed by a review of the documents referred to below which I have used to refresh my memory.

##### *November 2007 to June 2008*

108. I attended an Executive Steering Committee Meeting on 19 June 2008 as an observer only. At this meeting, I was introduced as Paul Hickey's replacement as Program Director. The minutes of this meeting are at page 37 of Volume 5 of the tender bundle.

##### *July 2008 - December 2008*

109. Between July 2008 and December 2008 build and testing activities continued on the QHIC Project and IBM finalised its Forward Planning for the w-o-G workstream under SOW 4 and presented a series of "go-forward" plans to CorpTech.
110. I deal with these two different streams below.

##### *QHIC Project*

111. When I commenced as Program Director in July 2008, the go-live date for the QHIC Project was 18 November 2008. I understand that this date arose because of a delay associated with Change Request 60.
112. On 8 August 2008 I sent a letter to Barbara Perrott, Executive Director of CorpTech. This letter notified CorpTech that the currently planned "go live" date would not be achieved

and set out the primary causes of the delay. This letter is at page 230 of Volume 5 of the tender bundle.

113. Formal notification of this delay could not have been unexpected by anybody. The fact that the QHIC Project was behind schedule (even taking into account the extension under Change Request 60) was flagged in a series of weekly status reports provided to CorpTech (including Mr Campbell, Mr Beeston, Mr Brown and Mr Hood) in July. By way of example, the 18 July 2008 weekly status report for the QHIC Project recorded that the team was reporting Red overall because:
- a. Agreement had yet to be reached on all aspects of the design of the HR<>FI integration following a recent meeting with Queensland health on 16 July 2008; and
  - b. There was a delay with system testing associated with testing WorkBrain.
114. Barbara Perrott sent me an email on 30 July 2008 (copied to Mr Brown and Mr Gower) in which she indicated that she was supportive of the need to clarify timing and introduce realism to deal with issues relating to the QHIC Program schedule which I had raised in an email of 28 July 2008. A copy of this chain of emails is at tab 13.
115. Similarly, in the 1 August 2008 weekly status report for the QHIC Project, it was recorded that:
- a. The 18 November 2008 implementation date was under stress and replanning was ongoing;
  - b. There were a number of new or foreshadowed change requests;
  - c. Certain system testing issues had been encountered;
  - d. Agreement was yet to be reached on all aspects of the HR<>FI integration design, although IBM had delivered three of four conceptual and technical designs in the prior week; and
  - e. There were real issues with communication between stakeholders (that is, between the Strategic Program Office of CorpTech and the QHEST section of Queensland Health) resulting in misaligned expectations.
116. I sent a further letter to Barbara Perrott on 8 August 2008 regarding SOW 4 deliverables and associated delay (page 232 of Volume 5 of the tender bundle) and on 19 August 2008 I sent a letter to Barbara Perrott which notified CorpTech of a delay to work under SoW 13 due to the inadequacy of the "To-Be Process Designs" IBM had received from DETA (page 286 of Volume 5 of the tender bundle). Like the delay associated with the QHIC Project,

neither of these delays was a surprise and had been flagged earlier in weekly reports and in many conversations I had been having with Barbara Perrott and James Brown.

117. On 15 August 2008 I sent a letter by email to Mal Grierson responding to a report (which I am told is at page 227 of Volume 5 of the tender bundle) circulated within CorpTech on 8 August 2008 (tab 15).
118. On the same day I received an email from Nick Kwiatkowski, a Senior IT Architect for IBM working on the QHIC Project, following a meeting he had with Peter Douglas relating to the progress of the QHIC Project, and in particular, HR<>FI integration (tab 16). Mr Kwiatkowski indicated that:
  - a. Queensland Health was having issues with CorpTech, including CorpTech service delivery and management;
  - b. As far as Queensland Health was concerned, they only needed to replace the payroll in the short term, and any other HR functionality (i.e. improved HR<>FI integration) would be a bonus.
119. This was not a consistent message from Queensland Health or CorpTech and contributed to the length of time it took to finally resolve the minimum requirements Queensland Health needed to integrate the LATTICE replacement with the existing FAMMIS finance system.
120. On 2 September 2008 I received a letter signed by Barbara Perrott which was in response to my earlier letter of 8 August 2008 with respect to the delay to "go live" for the QHIC Project. The letter asked IBM to confirm in writing that it would meet the 11 November and 15 December agreed dates in SoW 8. This letter is at page 4 of Volume 6 of the tender bundle. I received a follow-up letter on 4 September 2008 correcting an error in the penultimate paragraph of the 2 September letter relating to a date (see page 7 of Volume 6 of the tender bundle).
121. As set out above, it was well known before I sent IBM's letter of delay of 8 August that the November 2008 date was not going to be met for a variety of reasons.
122. On 8 September 2008, I sent an email to Barbara Perrott (tab 20) which outlined topics which Barbara and I had discussed and reached some agreement on in relation to the future management and conduct of the SSP, including:
  - a. That work was underway to improve governance to meet all parties' responsibilities under Schedules 22 and 22A of the Contract;
  - b. IBM would be paid the "at risk" amount associated with deliverables accepted within one month of the acceptance date in recognition of the fact that delays have been contributed to by many different people;

- c. There would be a review of the acceptance procedure for deliverables and "at risk" payments.
123. I sent a further short clarification email shortly later (tab 21).
124. On 10 September 2008 I attended a meeting of the QHIC Release Committee. At this meeting IBM provided a report on the project's status. The QHIC Project Steering Committee Report was tabled at this meeting, which had a scheduled technical go live date of 9 March 2009, business go live by 23 March 2009 and first payroll run of 6 April 2009. A copy of the minutes of this meeting is at page 11 of Volume 6 of the tender bundle. A copy of the QHIC Project Report is at tab 23.
125. On 11 September 2008 I attended the Executive Steering Committee Meeting. At this meeting, I provided an update with respect to IBM's involvement in the QHIC and DETA projects. I gave a presentation about the progress of the QHIC Project. A copy of this presentation is at tab 23. The presentation noted under the heading "Critical Issues and Risks" that a build activity was taking longer than expected because of clarifications required (from Queensland Health) to the Business Attributes Document (BAD) (which had been provided by Queensland Health). The presentation also reflected a target go live date of 23 March 2009.
126. In the course of the presentation I mentioned that I was looking into the possibility of co-locating the IBM, CorpTech and Queensland Health QHIC personnel (who, at that time were located in various buildings). This suggestion was ultimately realised and the entire QHIC team moved to premises on Adelaide Street. At the meeting I also provided an update with respect to the system testing that had then been completed, and reported on a Change Request to the SAP core build. A copy of the minutes of this meeting is at page 12 of Volume 6 of the tender bundle.
127. On 25 September 2008 I attended a meeting with James Brown and other CorpTech employees to provide an update and obtain feedback on the progress of the SSP. A copy of the minutes of this meeting is at tab 35.
128. On 7 October 2008 I also received a copy of the QHIC Weekly Report prepared by Paul Hickey (this report was also sent to Corptech and QHEST personnel). The report highlighted that the QHIC Project was reporting amber. Key issues and risks are set out at the end of the report and include delays associated with changing requirements and the provision of further clarifications to design specifications from Queensland Health.
129. On 13 October 2008 I received correspondence from Barbara Perrott in relation to our delay notifications made on 8 August 2008 and 19 August 2008 (above). The letter recorded the fact that ongoing discussions were occurring to formalise the future timing of the project. This letter is at page 293 of Volume 6 of the tender bundle.

130. On 31 October 2008 I forwarded positive interim Payroll Performance Validation results to Barbara Perrott and James Brown. A chain of emails relating to this is at tab 40 (including the attached test results).
131. On 6 November 2008 I attended an Executive Steering Committee Meeting. At this meeting, I spoke to the tabled report "Business Solutions Program: IBM Report to the Executive Steering Committee 31 October 2008" and noted that, while there was a delay in End to End (System) testing, defects were trending in the right direction. The minutes of this meeting are at page 14 of Volume 7 of the tender bundle.
132. On 18 December 2008 I attended another Executive Steering Committee Meeting. At this meeting, I delivered the Business Solutions Program: "IBM Report to the Executive Steering Committee 18 December 2008". It was noted that the QHIC Release Steering Committee had approved a four week extension to "go live" to 23 April 2009. At this meeting I also reported encouraging results with respect to Payroll Performance Validation testing. The minutes of this meeting are at page 324 of Volume 7 of the tender bundle.
133. On 19 December 2008 I received from Paul Hickey the results of the Parallel Payroll Validation test number two, which were positive. The report noted that the testing for Pay Sunday had been passed with a processing time of 7hrs 19 minutes against a target of 8 hours, and that the testing for Pay Monday was within 30 minutes of the target of 6 hours.
134. On 23 December 2008 I attended an extraordinary meeting of the QHIC Project Release Steering Committee together with Paul Hickey. The meeting was also attended by Michael Kalimnios, Tony Price and James Brown (among others). At the meeting it was recognised that IBM had not technically passed the Parallel Payroll Verification test, but that it would continue to work and that John Beeston would work together with Paul Hickey to craft a further change request to help go forward. A copy of the minutes of this meeting is at page 334 of Volume 7 of the tender bundle.
135. On 24 December 2008 Phillip Hood, the Acting Executive Director of CorpTech wrote to me regarding SoW 8 and associated Change Requests 129, 174, 177 and 179. This letter constituted formal notice to IBM that the customer (CorpTech) did not accept that IBM had met the condition precedent set out in Change Request 179 and that, consequently, neither Change Request 179 nor any of its predecessors (CRs 129, 174 and 177) would be incorporated into the Customer Contract. This letter is at page 356 of Volume 7 of the tender bundle. This formal letter of notice was sent as an attachment to an email sent from John Beeston of CorpTech to me and copied to Paul Hickey. A copy of this email is at page 358 of Volume 7 of the tender bundle.
136. The letter does not specify what specific aspect of the condition precedent was not met by IBM. My recollection is that the only condition precedent which IBM did not meet was the

requirement that parallel payroll validation testing for Pay Monday be completed within a 6 hour window. As set out above, the test was completed in 6 hours and 30 minutes.

137. The letter appears to contradict the discussion which had occurred at the Project Release Steering Committee meeting which was to the effect that an extension would be agreed to complete the testing.

w-o-G Go-Forward proposal

138. During the second half of 2008, IBM finished its forward planning work under SOW 4 and presented the results and findings to CorpTech. This process included IBM providing proposed SOWs 20, 22 and 29, which converted the best estimate prices for SOS 2 and SOS 3 (under schedule 16 to the Contract) into fixed prices.
139. The initial presentation of this work to CorpTech occurred on 15 August 2008. I attended this presentation, which was based upon a PowerPoint presentation entitled "SoW 4 – Forward Planning, Fixed price Statements of Work and ITO Reconciliation Review Meeting" (the **August Presentation**) (tab 17).
140. The August Presentation identified that part of the new SOWs which represented work within the scope of SOS 2 and SOS 3, and also identified additional work.
141. As the August Presentation makes clear, the fixed prices under the proposed SOWs 20, 22 and 29 (excluding new scope) totalled \$60,598,544 against an aggregate best estimate price of \$60,282,691 (an increase of only 0.5%). The price for additional services was \$29,150,205. The nature of these additional services is explained in subsequent slides.
142. The August Presentation was well received. John Beeston sent me an email thanking IBM for its work after the presentation had concluded (see tab 18).
143. IBM was subsequently asked to provide updated pricing based on different assumptions about the amount of work it was to do. This updated pricing appears in a presentation dated 31 October 2008 (the **October Presentation**) (tab 41). I do not now recall attending the presentation, but I would have attended. I have been shown several documents relating to this presentation, as follows:
- a. On 30 October 2008 I received an email at 10.36pm from Brooke Freeman attaching a "rationale on price increase" which was to assist in discussions regarding the "new price we present tomorrow". The attached document identifies the changes in the scope of what IBM had been asked to provide since August 2008 (totalling approximately \$45.4 million in value, with a couple of unquantified impacts) (tab 39);
  - b. The PowerPoint slides for the October Presentation show a total cost of \$96,857,134, comprised of:

- i. Design: \$26,553,087;
  - ii. Build: \$57,702,417; and
  - iii. Implement: \$12,601,630.
- c. Some key differences between the price in the August Presentation and the October Presentation are shown on page 8 of the October Presentation, and included:
- i. Significantly decreased CorpTech involvement in the Build team;
  - ii. An increased WRICEF count from 547 to 1008 (reflecting a doubling of work-effort to provide a much higher level of agency specific functionality);
  - iii. Additional testing; and
  - iv. Finance retrofit (that is, upgrading the Finance product in agencies which had already received an earlier version of the SAP Finance product before IBM was appointed as Prime Contractor).
144. On 4 November 2008 I sent Mr Brown a further presentation entitled "Go Forward Strategy Update" (tab 42). It embodied a further proposal which differed, again, from the October Presentation. The Go Forward Strategy Update did not contain pricing, but I exchanged emails with Mr Brown on 4 November in which I confirmed that the price associated with this alternative proposal was approximately \$50 million. A chain of emails reflecting this exchange is at tab 42.
145. Subsequently:
- a. At 12.16 pm on 4 December 2008 I emailed a short powerpoint presentation to Mal Grierson for a meeting that afternoon. The presentation identified an IBM go forward cost of \$52.4 million, comprising \$25 million for the original ITO scope and \$27.4 million for additional scope items (tab 59);
  - b. At 10.23 am on 5 December 2008 Robyn Turbit emailed to me a CorpTech slide deck which wrongly identified the total contract price under IBM's contract as \$70.3 million (tab 62). This figure failed to include ~~\$28~~<sup>19</sup> million of costs relating to Schedule 15 of the contract (the fixed price component). I identified this in my later email to various IBM personnel (sent at 10.34am on 10 December 2008) in which I noted that leaving out this amount had caused a "perceived massive overrun in our charges to Corptech". The heading of "IBM Costs" on slide 2 is also potentially misleading because the figure of \$62.1 million includes CorpTech resources (although this is noted in the body of the slide);

- c. At 8.53 am on 11 December 2008 Brooke Freeman emailed to me a copy of a CorpTech spreadsheet purporting to show both IBM costs and CorpTech direct program costs (tab 63). She had marked in purple areas that she thought needed further discussion within IBM, and she also raised a couple of miscellaneous queries with Rachael Franklin.
- d. At 7.28 am on 19 December 2008 James Brown emailed to me a summary of CorpTech's understanding of the current contractual financial position including IBM's 4 November proposal (tab 64).
- e. At 1.47pm on 9 January 2009 I received an email from James Brown providing cost information (based on the 4 November position) for a meeting the following Monday (tab 67). I forwarded that email to Brooke Freeman and John Gower at 8.59am on 12 January asking them if they could make the meeting (tab 68). Ms Freeman noted in a response that the spreadsheet sent back by CorpTech was basically unchanged as a result of IBM's feedback the previous year (tab 69);
- f. At 8.01am on 14 January 2009 I received an email from James Brown raising specific queries regarding the costs we had discussed in our Monday meeting (tab 70). I forwarded that email to Brooke Freeman at 8.50am (tab 71), and she replied at 9.41am having annotated a copy of Mr Brown's email with her responses (tab 72);
- g. At 2.47pm on 15 January 2009 I emailed Ms Freeman to ask her for her evaluation of CorpTech's final position, having received updated spreadsheets from James Brown at 2.40pm that afternoon (tab 73). Ms Freeman emailed me at 9.11am the next day, noting that CorpTech's spreadsheet made IBM appear to be 81% over budget, when in fact it was only 9% over (tab 74). Ms Freeman provided her comments on specific areas where out of scope work was now included. I asked that she provide her spreadsheet to me (so I could edit it and forward to CorpTech), and she did so by way of email sent at 10.30am on 16 January 2009 (tab 75);
- h. At 12.57pm on 16 January 2009 James Brown forwarded a further updated spreadsheet to me (tab 76). I replied to James Brown at 11.12am that day (tab 74). I noted that IBM strongly disagreed with the out of scope items being included in Schedule 16. I also said that IBM would be keen to present its rationale for this classification to CorpTech or to an independent arbitrator. Mr Brown replied on 20 January stating that he would be happy to meet and discuss IBM's position (tab 77).

146. As set out above, a decision was subsequently taken by the Government to pause work on the w-o-G program. I recall that I first became aware of this decision in a conversation with Mal Grierson in or about early March.

*January 2009 – June 2009*

147. In January 2009, there was still an effort to have the system being developed by the QHIC Project team ready for go-live by March 2009. Ultimately this could not be realised. One significant cause was that the User Acceptance Testing conducted by QHEST from January onwards had to be aborted for reasons explained below.
148. There followed an extended exchange of formal correspondence, as well as very many informal discussions, which related to a proposal to expand the scope of the project to add further functionality to the HR<>FI interface design and some other sundry matters. The matters set out in the correspondence were substantially dealt with some months later when Change Request 184 was executed in June 2009.
149. On 4 January 2009 Paul Hickey sent me a candid email (tab 66) setting out his views about the progress of the QHIC Project. He noted that:
- a. WorkBrain Awards testing was successfully completed on 31 December 2008, with all 221 calc groups passed;
  - b. End-to-end testing was on track to be completed in time for UAT;
  - c. The defect backlog had been reduced;
  - d. Queensland Health had done a "backflip" over a payroll processing issue;
  - e. 31 change requests had been approved (at a cost of over \$1 million) since mid-2008 (when Paul took over as Project Manager);
  - f. HR<>FI integration issues were still not locked down because of issues being brought forward by Queensland Health (by this I understood Paul to mean evolving requirements from Queensland Health). These requirements would add 110 work days of effort. Paul had the view that these requirements represented a change in scope to that previously agreed with Queensland Health;
  - g. UAT was not ready to commence, at least in part because Queensland Health had still yet to finalise their test scripts.
150. On 21 January 2009 I received a letter from Barbara Perrott setting out CorpTech's position and expectations regarding SoW 8 and the overall LATTICE Replacement project. This letter is at age 56 of Volume 8 of the tender bundle.

151. On 23 January 2009 I sent correspondence to Ms Perrott responding to her letter of 21 January 2009 (above). This letter is at page 91 of Volume 8 of the tender bundle.
152. On 28 January 2009 I received further correspondence from Ms Perrott. In this letter, CorpTech proposed that the parties (CorpTech, Queensland Health and IBM) meet with lawyers to formally discuss the outstanding issues. This letter is at page 96 of Volume 8 of the tender bundle. The email attaching the letter was received by me at 5.15pm on 28 January 2009. The meeting referred to in the letter was to be held at 9.00am the following day, at the offices of Malleon Stephen Jaques. I was unable to obtain the assistance of external lawyers or in-house counsel at such short notice. After I brought the letter to the attention of Sophie Malloch, in-house counsel for IBM, I received an email from Sophie confirming that she was in no position to attend the meeting, as she was in Sydney (tab 80).
153. Ultimately I decided to attend the meeting with Paul Ray on behalf of IBM. I have had the content of the file note of this meeting attached to one of the statements of Mr Swinson explained to me, and I broadly agree with its contents.
154. On 17 February 2009 I sent an email to Michael Kalimnios, Barbara Perrott and James Brown (copied to Mal Grierson and Peter Munro) in which I expressed concern about the go-live slipping if concerted efforts were not made to urgently resolve outstanding issues relating to the HR-FI integration (page 132 of Volume 8 of the tender bundle).
155. I sent two further emails indicating that scope needed to be immediately tied down for IBM to provide a final price for the increased HR-FI integration issues and to get work underway. Scope needed to be agreed before progressing with the work. These emails are at pages 137 and 141 of Volume 8 of the tender bundle, respectively.
156. On 23 February 2009, I sent a "without prejudice" letter (including a proposal and set of assumptions) to Ms Berenyi (page 147 of Volume 8 of the tender bundle). In the letter and attachments, IBM noted that:
  - a. IBM had worked with CorpTech and Queensland Health to clarify the scope required since August 2008, when IBM issued a delay notification to the government;
  - b. IBM was making a proposal for the finalisation of the QHIC project, based on the assumption that there would be no further changes to scope;
  - c. IBM strongly recommended that Queensland Health engage an independent third party to conduct a review about the cost-effectiveness and long term implications of automating its current HR-FI business processes.

157. The final point reflected the fact that IBM was doing new work (at Queensland Health's request) to improve and add functionality to the integration between the HR and Finance software systems being used by Queensland Health. This was a change from the aim to provide software with minimal functionality (and for example, as communicated to Mr Kwiatkowski on 15 August 2008 (tab 16)).
158. On 24 February 2009 I sent an email to Mr Shea and others raising concerns about the future timeline of the project and a lack of commitment from Queensland Health reflected in delays in approving documentation, qualified sign-offs and numerous change requests recently delivered.
159. On 2 March 2009 I received a "without prejudice" letter from Ms Berenyi responding to my letter of 23 February 2008 (page 161 of Volume 8 of the tender bundle).
160. On 4 March 2009, IBM provided a response to Ms Berenyi's letter (page 166 of Volume 8 of the tender bundle). In that letter, I noted an ongoing disagreement regarding scope. I also noted IBM's concerns about the way in which Queensland Health was conducting User Acceptance Testing, and made an offer to CorpTech for IBM to supply a User Acceptance Testing Manager or other support personnel.
161. On 13 March 2009 I sent an email attaching a letter and other documents to Ms Berenyi providing IBM's detailed response to her earlier letter of 2 March 2009 (above) regarding IBM's Revised Strategy to Complete the QHIC Project. This email with attachments appears on pages 170 and 315 of Volume 8 of the tender bundle.
162. On 31 March 2009, IBM received a letter of response from Max Smith, the then acting Director-General of the Department of Public Works (page 320 of Volume 8 of the tender bundle).
163. On 6 April 2009, I sent a letter to Mr Smith (page 7-1 of Volume 9 of the tender bundle) outlining IBM's revised proposed strategy to complete delivery of the QHIC Solution under SoW 8.
164. On 26 April 2009 I sent an email to James Brown at CorpTech (copied to Margaret Berenyi and John Gower) regarding IBM's proposal to resolve the outstanding severity 2 defects and suggesting that CorpTech raise a change request to deal with this issue. This letter is at tab 84 of the bundle.
165. On 27 April 2009 I attended a QHIC Meeting in relation to Entrance into UAT. At this meeting, Amanda Doughty noted that there was a list of severity 2 items that were currently classified as "in dispute". CorpTech was to raise a Change Request for these defects to be resolved. The minutes of this meeting are at page 36 of Volume 9 of the tender bundle.

166. This Change Request was raised later that day by Malcolm Campbell, and was subsequently approved on 18 May 2009 (tab 85). IBM rectified all of the "defects" referred to in this Change Request by 15 June 2009 (tab 87).
167. On 30 April 2009 I attended a meeting of the QHIC Project Board. The minutes of this meeting are at page 44 of Volume 9 of the tender bundle. These minutes record my objections to the minutes of the previous meeting. This was a recurring concern of mine. I had noticed a number of times that minutes would be circulated (usually after some delay) which recorded matters which had not been discussed or had not been resolved at the meeting. I approached the minute taker at the time (Heidi Coleman) and asked her what process was followed for finalising the minutes. She told me words to the effect that she sent a draft to Tony Price for approval. I subsequently spoke with Mr Price and expressed my concern. Mr Price said to me words to the effect that the only changes he made to the minutes were to "clarify" things. All the "clarifications" which I and John Gower had noticed involved the omission or watering down of a concession or admission of fault made by representatives of Queensland Health during the meeting. This would happen repeatedly, to such a point that my objections to previous minutes became a joke. In the interests of harmony, I elected not to continually make a big point about it, though it was a frequent issue.
168. On 5 May 2009 I attended a combined meeting of the QHIC Steering Committee and the QHIC Project Board. The minutes of this meeting are at page 50 of Volume 9 of the tender bundle. They record that the process for identifying and classifying defects had been agreed with IBM. They also record that any defect that affected net pay would be classed as a severity 2 defect.
169. On 12 May 2009 I attended the QHIC Project Board Meeting. The minutes of this meeting are at page 81 of Volume 9 of the tender bundle. John Gower attended this meeting with me. The minutes record him making reference to outstanding "items". That was a purposefully neutral term adopted by IBM to refer to all reported defects, recognising that many were not, in IBM's view, defects at all.
170. Later, the meeting minutes record a decision to "disregard" all current language. I do not now recall the details of that decision, but doing the best I can, I think that at this point a decision was taken that the most meaningful and practicable way to categorise defects (or items) was by reference to whether the defect was one which affected go-live (such as a defect affecting pay), or related to functionality which was not essential for go-live or for which an acceptable work-around could be agreed. The change to the categorisation of defects discussed at this meeting was reflected in the new acceptance criteria for go live at page seven of Change Request 184, which was agreed just over one month after this meeting.

171. The meeting minutes also note the reporting of interim results from Parallel Payroll Testing (PPRT) which indicated a pay variance of only \$4,000 between the sample group tested as between the old LATTICE system and the new system, and recorded that this variance level was identified by Queensland Health audit, and others, as suitable and acceptable at that point in time.

*June 2009 – December 2009*

172. User Acceptance Testing was conducted throughout the period of June to December 2009 and IBM worked to fix defects during this time. Issues about whether reported defects were in fact defects continued to arise.
173. I sent email correspondence to James Brown of CorpTech on 4 June 2009 outlining the activities IBM had undertaken to do in order to address the UAT backlog and new defects. These included pre-validation of defects, grouping of defects by common functionality and devoting extra resources and extra hours to the project. This email is at tab 86 of the bundle.
174. I received correspondence from Natalie McDonald, Associate Director-General of the Department of Public Works on 25 June 2009. Ms McDonald noted that, given the current progress, and that all parties had progressed negotiations in good faith, she would support an amendment to the draft Change Request 184 by increasing the proposed additional payment of \$5 million by a further \$4 million. This letter is at page 125 of Volume 9 of the tender bundle. The additional sum reflected the extension of the length of the project, which was attributable in large part to the late communication of new requirements to IBM.
175. I wrote to Ms McDonald on 25 June 2009 noting that IBM appreciated the continued support of the Department of Public Works and Queensland Health. I agreed in principle with the proposal put in Ms McDonald's letter of 25 June 2009. This letter is at page 127 of Volume 9 of the tender bundle.
176. On 30 June 2009, Change Request 184 was approved (see tab 89).
177. I received an email from Brett Cowan of KJ Ross & Associates on 5 July 2009 (tab 90) reporting that the QHIC Project had reached a significant milestone in that all UAT test cases had been executed. Mr Cowan also commented that the number of defects/issues identified during UAT had been significant and that there was still a lot more work to be done.
178. I sent an email to Adrian Shea on 6 July 2009 (tab 91) noting that there were still 65 non-net pay issues outstanding, of which 21 have been demoted to Severity 3, Priority 1. There were still 44 other issues to get through by UAT. I commented that we (IBM) were

going "hell for leather" to get through these in time for the commencement of the next phase of UAT.

179. I sent an email to Margaret Berenyi of CorpTech and Adrian Shea at Queensland Health on 30 July 2009 with respect to go live dates. A copy of this email is at page 333 of Volume 9 of the tender bundle. This email outlined that, on that day, John Gower and I had both received comments about whether the go live date had now been moved to March. I advised that a delay until March would mean a minimum additional IBM cost of \$8 million.
180. On 6 August 2009 I attended a QHIC Board Meeting. At this meeting, it was noted that the UAT entry and exit criteria would be distributed on 7 August. It was agreed that IBM would resolve all severity 1 and 2 defects (excluding defect 1100 and the ALCS "defect") and have them all system tested by 10/11 August. A copy of the minutes of this meeting is at page 15 of Volume 10 of the tender bundle.
181. On 19 August 2009 I attended a QHIC Board Meeting. At this meeting, it was noted that we (IBM) were comfortable that we could reach the milestone of zero open severity 2 defects by 21 August 2009. However, there was disagreement between the parties with respect to classification of the defects. This was to be raised at the Project Directorate Meeting of 20 August 2009. A copy of the minutes of this meeting is at page 75 of Volume 10 of the tender bundle.
182. On 25 August 2009 I attended a further QHIC Board Meeting. The minutes record that minutes from the prior (19 August 2009) meeting were not available. At this meeting it was reported that another phase of UAT had begun. I confirmed, on behalf of IBM, that IBM's intent was to fix any defects or problems raised and not "disqualify the records for the sake of continuing". By this I meant that IBM would at that stage attempt to put aside debate about whether identified defects were new requirements or not for the sake of progressing as quickly as possible. A copy of the minutes of this meeting is at page 125 of Volume 10 of the tender bundle.
183. User Acceptance Testing was ongoing during August and September 2009.
184. On 5 October 2009, I wrote to Adrian Shea to provide a "high level snapshot" of issues relating to support to be provided by IBM for Queensland Health post-go live. This letter is page 5 of Volume 11 of the tender bundle.
185. I received an email from Brett Cowan of KJ Ross & Associates on 8 October 2009 providing a UAT4 Status Report. This email is at page 36 of Volume 11 of the tender bundle.
186. Margaret Berenyi and I corresponded by email between 12 October 2009 and 13 October 2009 with respect to an issue which had arisen during the conduct by CorpTech of Stress & Volume testing. These emails outlined a plan to deal with the issues being experienced at that time in S&V testing. These emails are at tab 94 of the bundle. IBM responded by

bringing in a specialist manager (Mr Greer) to investigate, manage and assist in the resolution of the problem. Some of the work done in relation to this issue is summarised in a powerpoint presentation dated "October 2009" a copy of which was forwarded to me on 16 October 2009. On 30 October I received an email from Greg Greer with two attachments recording the resolution of the S&V Testing issues which had been encountered (see tab 96).

187. User Acceptance Testing continued throughout late 2009 and into the beginning of 2010.

*January 2010 – March 2010*

188. On 21 January 2010 I attended a QHIC Board Meeting at which it was decided that the project was to enter into SIM2 on Monday (25 January 2010), and that the "proposed go live date" or "target go live date" was to become the "go live date" for all future communications. "SIM2" refers to a simulation or practice go live. It was agreed at this meeting that the Defect Management Plan in place passed the criteria needed to enter into SIM2. A copy of the minutes of this meeting is at tab 105 of the bundle.
189. On 22 January 2010 I attended a QHIC Board Meeting. At this meeting The Board decided to delegate the final decision to commence SIM2 to the Project Directorate. The Board also agreed to formally exit the fourth iteration of UAT and that the project would move over to technical cutover activities. A copy of the minutes of this meeting is at page 173 of Volume 13 of the tender bundle.
190. On 22 January 2010 I sent email correspondence to Andrew Kaczor, Katie Bambrick, Peter Munro, Steven Pearson and Ian Raymond. A copy of this correspondence is at tab 106 of the bundle. I reported that at the QHIC Board Meeting of that same day, all deliverables were accepted by the Board as having been achieved, with the exception of the "transports", which were due to begin production that day, as scheduled. I understood that "transports" in this context referred to introducing final changes into the software. The Board had delegated their authority to the Project Directorate to confirm on Monday that all remaining activities had been completed and, therefore, that all criteria for the 25 January milestone and \$1.55 million payment had been met.
191. At the QHIC Project Directorate Meeting of 29 January 2010, which I attended, the Project Directorate recommended to the Board to commence SIM2, Gate 2 – Entrance into Business Cutover. A copy of the minutes of this meeting is at tab 107 of the bundle.
192. SIM2 status updates were provided to me and others regularly. A bundle of these updates is included from tab 148 to tab 174.
193. On 29 January 2010 I also received by email a document entitled "QHIC Performance Validation Report Round 5 v 1.0" (which appears in tender bundle volume 13 from page 225). My attention has been drawn to the fact that on page 17 the report records that a

WorkBrain certification had been "withheld". I note that the certification refers to "release 0.192" of WorkBrain which was not the go-live release. The go-live release of Workbrain used was release 0.194 (see Project Directorate Minutes of 2 February 2010 at tab 108).

194. On 1 February 2010 I attended a QHIC Board Meeting. It was noted that the Project Directorate had recommended commencement of cutover – technical phase. The Board noted that there were risks related to entering into technical cutover in relation to defect management, including workarounds, S&V testing and the Citrix roll-out. The Board agreed to accept these risks and approved entrance into technical cutover. A copy of the minutes of this meeting is at page 34 of Volume 14 of the tender bundle.
195. At the Project Directorate Meeting of 2 February 2010, which I attended, Naomi du Plessis confirmed that UAT had been completed. A copy of the minutes of this meeting is at page 83 of Volume 14 of the tender bundle.
196. On 4 February 2010 I received an email from Heidi Coleman (QHEST) attaching the QHIC Board's recommendation to commence with cutover activities. This email and its attachments are at page 145 of Volume 14 of the tender bundle.
197. On 10 February 2010 I attended a QHIC Board Meeting. At this meeting, it was noted that there were multiple issues with respect to business readiness which were in need of resolution prior to go live. A copy of the minutes of this meeting is at page 236 of Volume 14 of the tender bundle:
  - a. At this meeting, a briefing note "QHIC Project Risk Profile" was tabled. The Board discussed this at length and accepted the content of the report. Mr Adrian Shea signed off on the brief.
  - b. The "Post Go-Live Defect Management Plan" was also table at this meeting by Mark Dymock, IBM. The Defect Management Plan referred to 47 defects. This plan was discussed at length and the Board ultimately agreed with the recommendation of the Project Directorate to proceed with this plan. A copy of this plan is at tab 114 of the bundle.
  - c. With respect to the topic of "business readiness" it was noted that there were currently multiple issues in need of resolution prior to go live. It was noted that:
    - i. The Business Transition Team were to propose a line manager/employer support plan; and
    - ii. SSP and QHEST were to provide a work-around list.
198. Business readiness was again an issue at the QHIC Project Directorate Meeting on 16 February 2010. The minutes for that meeting note that no line managers within the SSP

had received information about attending information sessions. A copy of the minutes of this meeting is at page 339 of Volume 14 of the tender bundle.

199. I understand that, after go-live, issues arose with line managers not submitting rosters or roster adjustments in time to be entered into the new payroll system. IBM was not involved in the training of Queensland Health line managers. As I say above, the decision not to pay staff unless the roster or roster adjustment was received and entered into the system was a Queensland Health decision (not related to the design of the interim LATTICE replacement by IBM).
200. At the QHIC Project Directorate Meeting of 23 February 2010 (at page 42 of Volume 14 of the tender bundle), which I attended:
  - a. Tony Price advised that "communications" would remain amber for the Board meeting scheduled for 24 February 2010 but that it should be green as the risk had been mitigated. I understand that this risk also related to business readiness issues. I recall challenging Tony Price about the state of business readiness and seeking to obtain more information about what was being done. Mr Price responded with words to the effect that his attitude was that he should not be questioned about those aspects of the project, because IBM was not involved in them.
  - b. It was noted that PCV1 (payroll calculation validation) results were provided with manual checks on employee pay. This involved checking the results of the new system against manual calculations. At this meeting, Janette Jones reported that the largest variation found during this testing was five cents. This was deemed a very successful result.
  - c. It was agreed that the QHIC Project Directorate would present the Board with a briefing note which was to be signed off to indicate approval to enter into Gate 2.
201. At the QHIC Board Meeting of 24 February 2010, which I attended, it was noted that the item "communications" could be changed from amber to green, at the request of Tony Price. No evidence, other than the oral statement of Tony Price, was provided to support the suggestion that all risks relating to communications (with Queensland Health staff) had been mitigated. A copy of the minutes of this meeting is at tab 112 of the bundle.
202. Final business cutover from the old system to the new system officially started on 1 March 2010.
203. I was kept up to date with the progress of business cutover activities. A bundle of status update emails relating to this activity is at tab 148 to tab 174.
204. It was possible, throughout this process, to roll-back to the old system if necessary. No-one suggested that should occur.

205. On 2 March 2010 I sent email correspondence to Katie Bambrick, Sarah Adam-Gedge, Ian Raymond, Peter Munro, Michael Dixon and Andrew Stevens of IBM. A copy of this correspondence is at tab 115 of the bundle. I referred to the QHIC Project Board's endorsement of the QHIC project team's planned readiness for business cutover of the new parallel system. Subject to any unplanned issues and/or variation to the cutover schedule, the final go live date (that is, the date on which business cutover is complete and the new system becomes useable) was to be 14 March 2010.
206. On 7 March 2010 I received an email from Geoff Edwards which stated that the project was currently four hours ahead of schedule. A copy of this email is at tab 116 of the bundle.
207. On 12 March 2010 I received an email from Paula Dann attaching the latest version of the QHIC cutover schedule. It was noted that the project remained on track for go live on Sunday 14 March 2010. A copy of this email is at tab 117 of the bundle.
208. On 13 March 2010 I received an email from Geoff Edwards recording that the final cutover tasks were being executed and that the QHIC Board would meet on the morning of 14 March 2010 to make the GO/No GO decision to proceed to business go live. A copy of this email is at tab 118 of the bundle.
209. I attended a QHIC Project Directorate Meeting at 6.30am on 14 March 2010. A copy of the minutes of this meeting is at tab 119 of the bundle. At this meeting, the QHIC Board approved business go live for the LATTICE Payroll Replacement Project. At this meeting, it was noted that all but one of the criteria needed for go live had been met. Following this meeting, the QHIC Project Directorate submitted a formal brief to the Board recommending go live. A copy of this brief is at page 168 of t Volume 15 of the tender bundle.
210. The QHIC Board then met by phone at 8.30am on 14 March 2010 and accepted the recommendation of the Project Directorate to go live. I have not been able to locate a copy of the minutes from this meeting.
211. In the QHIC Project Directorate's Brief for the Board, it was noted that all but one criterion had been met. The one criterion that remained outstanding - "Technical Environment and Connectivity" - which was assessed as "amber", was identified as being ultimately caused by a conflict with McAfee virus protection on Citrix servers located within the Queensland Health network. Following removal of McAfee virus protection from these servers, the response times were acceptable for business go live.
212. On 14 March 2010 I sent an email to Peter Munro, Sarah Adam-Gedge, Katie Bambrick, Andrew Stevens, Andrew Kaczor, Steven Pearson, Ian Raymond, Glen Boreham, Michael Dixon and Jeffrey Wells informing them that the Board had just approved go live and that

the first pay would be lodged with the banks by 24 March 2010. A copy of this email is at tab 120 of the bundle.

213. Phillip Hood, the Executive Director of CorpTech at the time of go live sent an email on 14 March 2010 announcing that the QHIC Project Board had approved the decision to progress into Business Go Live. A copy of this email is at page 167 of Volume 15 of the tender bundle.

*March 2010 – June 2010 (Post Go Live)*

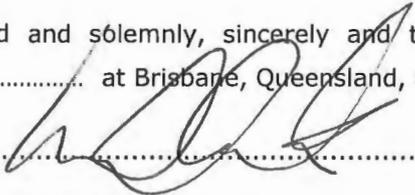
214. On 14 March 2010 I received an email from Naomi du Plessis (QHEST) noting that the first day had gone "very well". Ms du Plessis said she was "very pleased with the outcome of the first day". This email is at page 177 of Volume 15 of the tender bundle. Later that same day, Naomi du Plessis sent a further email advising that the first day had gone very well and that "we are all very pleased with the outcome of the first day". A copy of this email is at tab 120 of the bundle.
215. Later that evening I received an email from Naomi du Plessis. This email recorded that only 18 calls had been logged with the CorpTech service desk, but that a severity 2 WorkBrain performance issue was still a cause for concern (see page 202 of Volume 15 of the tender bundle).
216. I received a further email from Naomi du Plessis on 17 March 2010 which was directed to the QHIC Board and Project Directorate members. This email recorded that the first interim payrun was successful, with only a few data-related errors. This email is at page 207 of Volume 15 of the tender bundle.
217. On 22 March 2010 I received an email from Janette Jones (tab 123) providing an update on the progress of the payroll. Janette indicated that though some issues had arisen, they were being managed and were unlikely to have any effect on the system as a whole.
218. On 23 March 2010 I received an email from Philip Hood (tab 124) confirming that the first payroll cycle had been completed successfully and the Commonwealth Bank of Australia had confirmed receipt of employee salary files.
219. On 26 March 2010 I received an email from Mark Dymock indicating that performance issues were being experienced in WorkBrain. He informed me that several fixes or other steps were being taken over the weekend, but that more work was needed. In response I indicated that Mr Dymock should raise a "critsit". This chain of emails appears at tab 125. A "critsit" is an IBM escalation process which involves the engagement of an IBM manager external to a project to commence full-time and dedicated work to deal with a particular issue until it is resolved.

220. I made the decision to call in a "critsit" manager because I knew that everyone involved in the project at that point was fully engaged with existing tasks, and I thought it preferable to have someone who could dedicate their full attention to resolving the issue. Using a "critsit" manager is a standard IBM management approach in these circumstances.
221. To my knowledge improvements were made very quickly and the issue was substantially resolved within a few weeks.
222. On 29 March 2010 I received an email referring to a media report that certain Gold Coast Queensland Health staff had not been paid. I made some inquiries as a result of becoming aware of this issue and recall speaking with Janette Jones. She told me that she had investigated what had occurred and that the cause of the non-payment was because roster data had not been loaded by the line managers for the relevant employees. I reported this back to my IBM colleagues. A copy of this email chain is at tab 126.
223. On 6 April 2010 I received an email from Philip Hood confirming that the second pay cycle had been completed successfully. A copy of this email is at tab 127.
224. On 10 April 2010, I sent an email to Matt Mollett, an IBM external communications employee, responding to some allegations in a Courier Mail article. I indicated to Mr Mollett that:
- a. The system was running well;
  - b. The functionality had been well-received, although some performance issues had been experienced;
  - c. The only real issue was payroll data not being loaded in time, primarily due to "people/process-related" reasons (that is, a failure to submit or have approved a roster or roster variation).
225. On 22 April 2010 I received an email from Mark Dymock (tab 129) recording the results of a meeting involving IBM, Queensland Health representatives (including Michael Kalimnios and Janette Jones) and others. Mark reported to me that Mr Kalimnios had stated that most of the issues that had been raised already existed in the old LATTICE system and were mostly policy related issues. Mark also reported that Ms Jones had stated, in effect, that:
- a. The system had met her expectations, other than in respect to issues relating to the speed of WorkBrain;
  - b. There had not been any unexpected major functional system problems since go-live and the prediction in the UAT Completion Report of a large number of new system errors post go live had proved to be wrong;

c. Many of the complaints from users and line managers related to scope that was always planned for future releases of the product.

226. On 27 April 2010 I sent an email to Peter Munro (tab 130) which recorded a conversation I had recently had with Janette Jones, who had said to me that the most recent payrun was the most successful in Queensland Health's history.

Signed and solemnly, sincerely and truly affirmed and declared by William Neville Doak of ..... at Brisbane, Queensland, this 29<sup>th</sup> day of April 2013.

  
.....

**William Neville Doak**

  
.....

**Witness**

Nicola Kent  
.....

**Print name**

**TABLE 1 – Approved Change Requests under Statement of Work 8 with financial impact**

<b>No.</b>	<b>CR#</b>	<b>Value</b>	<b>Date Approved by CorpTech</b>	<b>CorpTech approver</b>	<b>Raised by</b>	<b>Date Raised</b>	<b>Tab in Bundle</b>
1.	CR000060	\$1,887,940.00	27-06-08	Barbara Perrott	Paul Hickey	18-06-08	11
2.	CR000073	\$414,354.05	22-09-2008	James Brown	Paul Hickey	22-09-08	24
3.	CR000074	\$41,149.87	22-09-2008	James Brown	Paul Hickey	22-09-08	25
4.	CR000087	\$464,276.00	27-06-2008	Barbara Perrott	Paul Hickey	23-06-08	10
5.	CR000094	\$19,506.87	22-09-2008	James Brown	Tom Bell	22-09-08	26
6.	CR000099	\$724,052.38	24-11-2008	Barbara Perrott	Paul Hickey	19-11-08	47
7.	CR000103	\$19,663.22	22-09-2008	James Brown	Tom Bell	22-09-08	27
8.	CR000104	\$42,349.42	22-09-2008	James Brown	Tom Bell	22-09-08	28
9.	CR000113	\$28,926.64	22-09-2008	James Brown	Tom Bell	04-09-08	29
10.	CR000114	\$3,431.00	26-09-2008	James Brown	Jason Cameron	26-09-08	36

11.	CR000133	\$4,521.84	22-09-2008	James Brown	Jason Cameron	22-09-08	30
12.	CR000135	\$17,336.44	22-09-2008	James Brown	Jason Cameron	22-09-08	31
13.	CR000136	\$11,911.81	22-09-2008	James Brown	Jason Cameron	22-09-08	32
14.	CR000137	\$17,088.76	22-09-2008	James Brown	Jason Cameron	22-09-08	33
15.	CR000138	\$3,431.00	26-09-2008	James Brown	Jason Cameron	26-09-08	37
16.	CR000141	\$23,144.38	22-09-2008	James Brown	Jason Cameron	22-09-08	34
17.	CR000148	\$20,495.34	24-11-2008	Barbara Perrott	Paul Hickey	19-11-08	48
18.	CR000153	\$7,410.41	24-11-2008	Barbara Perrott	Paul Hickey	19-11-08	49
19.	CR000154	\$20,987.78	24-11-2008	Barbara Perrott	Paul Hickey	19-11-08	50
20.	CR000155	\$7,194.96	24-11-2008	Barbara Perrott	Paul Hickey	19-11-08	51
21.	CR000157	\$22,083.78	24-11-2008	Barbara Perrott	Paul Hickey	19-11-08	52
22.	CR000158	\$10,129.53	24-11-2008	Barbara Perrott	Paul Hickey	19-11-08	53

23.	CR000159	\$13,483.12	24-11-2008	Barbara Perrott	Paul Hickey	19-11-08	54
24.	CR000164	\$22,539.40	25-11-2008	Barbara Perrott	Paul Hickey	19-11-08	55
25.	CR000169	\$19,529.32	25-11-2008	Barbara Perrott	Paul Hickey	19-11-08	56
26.	CR000175	\$17,262.31	20-01-2009	Phillip Hood	Paul Hickey	22-12-08	78
27.	CR000176	\$68,990.39	20-01-2009	Phillip Hood	Paul Hickey	22-12-08	79
28.	CR000184	\$9,000,000.00	30-06-2009	Natalie MacDonald	Malcolm Campbell	26-06-09	89
29.	CR000194	\$100,000.00	18-05-2009	Margaret Berenyi	Malcolm Campbell	27-04-09	85
30.	CR000202	\$1,850,000.00	12-11-2009	Natalie MacDonald	Paul Ray	02-11-09	97
31.	CR000204	\$36,000.00	01-12-2009	Natalie MacDonald	Paul Ray	25-11-09	98
32.	CR000206	\$1,550,000.00	24-12-2009	Natalie MacDonald	Paul Ray	22-12-09	103
<b>TOTAL VALUE</b>		<b>\$18,834,190.02</b>					

**TABLE 2 – Approved change requests under Statement of Work 8 without direct financial impact**

<b>No.</b>	<b>CR#</b>	<b>Date Approved by CorpTech</b>	<b>CorpTech approver</b>	<b>Raised by</b>	<b>Date Raised</b>	<b>Tab in Bundle</b>
1.	CR000025	19-02-08	Barbara Perrott	Paul Hickey	18-02-08	4
2.	CR000030	09-04-08	Barbara Perrott	Paul Hickey	08-04-08	7
3.	CR000032	20-03-08	Barbara Perrott	Paul Hickey	13-03-08	6
4.	CR000056	30-05-08	Barbara Perrott	Paul Hickey	30-05-08	8
5.	CR000061	27-06-2008	Barbara Perrott	Paul Hickey	18-06-08	9
6.	CR000129	12-11-2008	Barbara Perrott	Paul Hickey	04-11-08	45
7.	CR000174	28-11-2008	Barbara Perrott	Paul Hickey	27-11-08	58
8.	CR000177	08-12-2008	Barbara Perrott	Paul Hickey	04-12-08	43
9.	CR000179	12-12-2008	Phillip Hood	Paul Hickey	04-12-08	44
10.	CR000200	28-08-2009	Margaret Berenyi	Paul Ray	14-08-09	92

11.	CR000201	13-10-2009	Margaret Berenyi	Paul Ray	13-10-09	95
12.	CR000207	17-12-2009	Natalie MacDonald	Paul Ray	07-12-09	102
13.	CR000208	24-12-2009	Natalie MacDonald	Paul Ray	22-12-09	104
14.	CR000209	25-02-2010	Natalie MacDonald	Paul Ray	03-02-10	113