



## SPARK AND CANNON

### TRANSCRIPT OF PROCEEDINGS

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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

MR P. FLANAGAN SC, Counsel Assisting  
MR J. HORTON, Counsel Assisting  
MS A. NICHOLAS, Counsel Assisting

IN THE MATTER OF THE COMMISSIONS INQUIRY ACT 1950

COMMISSIONS OF INQUIRY ORDER (No. 1) 2012

QUEENSLAND HEALTH PAYROLL SYSTEM COMMISSION OF INQUIRY

BRISBANE

..DATE 8/04/2013

Continued from 22/03/13

DAY 11

**WARNING:** The publication of information or details likely to lead to the identification of persons in some proceedings is a criminal offence. This is so particularly in relation to the identification of children who are involved in criminal proceedings or proceedings for their protection under the *Child Protection Act 1999*, and complaints in criminal sexual offences, but is not limited to those categories. You may wish to seek legal advice before giving others access to the details of any person named in these proceedings.

THE COMMISSION COMMENCED AT 10.05 AM

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**CAMERON, JASON ROBERT** called:

COMMISSIONER: Mr Flanagan, good morning.

MR FLANAGAN: Mr Commissioner, good morning. May Mr Cameron be shown Mr Atzeni's annexures on page 60, please?

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COMMISSIONER: Yes.

MR FLANAGAN: Mr Cameron, when you last gave evidence, you said in relation to this email and the document which it annexed, namely, a strategic analysis of rostering transition by Workforce Edge dated 16 April 2007, but you neither recalled receiving the email nor opening the document. Is that correct?---That's correct.

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Since we last adjourned, have you had time to think about your answers?---I still believe that to be the case.

All right. Is it still your evidence that in spite of the document being sent to you with a notation for "eyes only", that you cannot recall whether you opened it or otherwise actioned it?---That's correct.

Can I just remind you what was happening at or about this time for IBM? May I show you this document, please? I take it that you've actually read the Workforce Edge report?---Yes, I have.

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You'd appreciate that it's a report that's specifically addressing the replacement of ESP rostering system and the LATTICE payroll system, but in particular the transitioning from the ESP rostering system to Workbrain?---Yes, correct.

And it identifies, does it not, a number of implementation risks and other such matters for that transition?---Yes.

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Even on the most cursory examination of the executive summary at page 65 of the report of Workforce Edge, one sees that the primary subject matter of the report is Workbrain?---Correct.

If you look at this email, it's an email from Mr Bloomfield to Mr Monroe. Who is Mr Monroe?---Mr Monroe was Mr Bloomfield's boss, so he was the head of public sector for Australia/New Zealand.

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All right. Now, the email says, "As discussed last Friday, an opportunity we are currently progressing at CorpTech is the Workbrain development piece that has been the sole

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source to us and we are looking very good to pick it up." 1  
Do you see that?---Yes.

This was something you had discussed with Mr Bloomfield  
that  
CorpTech were looking at IBM for the purposes of the  
Workbrain implementation?---Yeah, to do the build for  
CorpTech, correct.

Yes. And doing the build for CorpTech meant doing the 10  
build for Queensland Health, did it not?---And any other  
agencies that were implementing Workbrain.

Quite. But for your purposes, given your position as at  
May 2007, you were still at QHEST, weren't you?---May 2007,  
yes, I was.

Yes. So for your purposes, what was interesting about this  
report was the implementation of Workbrain and the  
transitioning for a rostering system from ESP to Workbrain 20  
at Queensland Health. Yes?---Yes.

This is a report that dealt specifically with that, didn't  
it?---That and also what actions Queensland Health may need  
to take from a change management perspective to roll out  
functionality of Workbrain within the organisation.

Quite. You ultimately knew that IBM obtained the Workbrain  
contract from CorpTech. Did you not?---I don't believe so,  
as a result of this proposal. I'm not sure. 30

Another document that we've been able to obtain, in fact,  
yesterday - may I show you this - whilst that's coming, may  
I tender the email of 9 May 2007 at 10 am, being an email  
from Mr Bloomfield to Mr Peter Monroe with a copy to  
Mr Keith Pullen.

COMMISSIONER: Yes. Mr Bloomfield's email to Mr Monroe of  
9 May 2007 is exhibit 33. 40

ADMITTED AND MARKED: "EXHIBIT 33"

MR FLANAGAN: Mr Commissioner, before I deal with this  
document, I should outline that there are certain parts of  
it that a claim for confidentiality are made, and I should  
at this stage ask Mr Doyle to make that claim on behalf of  
IBM. It's not in relation to the entire document.

COMMISSIONER: Mr Doyle? 50

MR DOYLE: Commissioner, I believe you have a copy of the  
document?

COMMISSIONER: Just now, yes, I have. I haven't seen it  
before.

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MR DOYLE: Page 13. The claim structured is made with respect to the figures which appear on that page, which would reveal aspects of IBM's internal thinking as to risk, profit and return.

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COMMISSIONER: Yes. It's in the same category, isn't it, as the early documents, which weren't published.

MR DOYLE: Yes.

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COMMISSIONER: What should I do, make the whole thing an exhibit but not put it on the web site or just delete page 13 from publication?

MR DOYLE: If it's convenient, we are proposing providing you a copy of page 13 with figures redacted which you could then submit to - - -

COMMISSIONER: All right. Thank you. So then exhibit 34 is IBM's complex deal meeting of 3 August 2007. The copy that will go on the commission's web site will be that provided by Mr Doyle.

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ADMITTED AND MARKED: "EXHIBIT 34"

MR FLANAGAN: Thank you. Now, Mr Cameron, I'll make it clear. I'm not suggesting this document was sent to you. It's a document entitled Complex Deal Meeting 20 August 2007 and checking the numerous recipients of this email, you are not one of the persons who is named on that email. Do you understand that?---Yes.

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What I'm bringing this document to your attention for is to show that ultimately, if you look at page 7 of this document, in the second dot point, ultimately CorpTech avoided going to market as originally intended for the Workbrain development and had given this work to IBM. This is a reference to: "Since my commencement"; that is, Mr Bloomfield's commencement, "in late February, CorpTech have avoided going to market as originally intended for the Workbrain development and have given this work to IBM." Can you tell the commission when IBM received the Workbrain work from CorpTech?---To be honest, I don't know.

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You don't know?---No.

It would have been, however, a matter that you would have discussed with Mr Bloomfield that IBM were seeking to obtain the Workbrain work from CorpTech. Yes?---I don't recall a conversation with Lochlan but obviously I do and am aware of the proposal that we were doing to take on that piece of work.

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All right. I'll put it more specifically. As at late April, early May, you knew IBM was after the Workbrain implementation work from CorpTech. Yes?---Yes.

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And you knew that at the time that you received this report of Workforce Edge from Mr Atzeni. Yes?---What was the date of the - - -

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The date of the email from Mr Atzeni for "eyes only" is

30 April 2007?---And, sorry, what was the time of the proposal for Workbrain and when was that submitted?

The email that has now become exhibit 33 is 9 May 2007? ---Right.

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And by that stage, can I say, if you read the email again, which is exhibit 33, "As discussed last Friday, an opportunity we are currently progressing at CorpTech is the Workbrain development piece." That is, it was something that was well and truly on the table and was being progressed, so we can take it, can we not, that it was being progressed as between IBM and CorpTech at the time that you received from Mr Atzeni the Workforce Edge report in relation to the ESP Workbrain transition. Yes?---That's right.

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Yes?---Yes.

Now, that puts it in some sort of context for you, does it not?---Yes.

So when you received this report, how did you action it? ---My evidence still is the same, is that I don't recall reading it or opening it.

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Mr Bloomfield was your immediate superior?---Yes, he was.

You knew as your immediate superior that he had come on board in February 2007. Yes?---Yes.

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That he was trying to grow the IBM government role, particularly with CorpTech. Yes?---Yes.

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Part of that growing of that role was the Workbrain solution. Yes?---Yes.

And the implementation of Workbrain with CorpTech. Yes? ---Yes.

You received a document which was actually a specific report by an outside contractor sought by QHEST for the purpose of the transitioning of ESP to Workbrain. Yes?---Yes.

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You would have opened that document at the time, wouldn't you?---I don't believe I did.

All right. You gave it to Mr Bloomfield, didn't you?---No, I don't believe I did.

Look, as a matter of commonsense given your position, you would have given it to your superior knowing that IBM was seeking the CorpTech work. Yes?---No, I can't say that.

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You're reluctant to not answering the question or not recalling, Mr Cameron, is because you knew this document was confidential to Queensland Health, didn't you?---No, I honestly don't believe I read the document.

So the words "For your" - I'll correct myself because you corrected me once - - -

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THE COMMISSIONER: "For eyes only."

MR FLANAGAN: "For eyes only" meant that your curiosity wasn't sparked for the purposes of opening that document?---I can only say what I remember and I don't remember opening the document.

Would you agree with this proposition then; had this document gone to Mr Bloomfield, yes, had you sent it on to Mr Bloomfield and we don't have an email suggesting that you did?---Mm.

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Had you sent it on to Mr Bloomfield, it would have been of assistance in progressing IBM's program to obtain the Workbrain implementation from CorpTech. Yes?---I still read the document in that it specifically identifies if certain parts of the Workbrain application were implemented, it identified what change requirements would need to be implemented or what impact it would have on Queensland Health, so certainly from - like, that's from a change perspective. My recollection of the Workbrain proposal provided by CorpTech wasn't one where it had to be responded in a way of how you would implement or what would implement with Workbrain, it was a collection of

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already-defined application components, ie. requirements that had already been identified by CorpTech and 1

it was to provide a fixed price just to provide those already-identified requirements.

If one was to break that answer down to a very specific response to my question, are you saying to this commission that that document or that report was of no use to IBM in seeking the CorpTech work for the Workbrain implementation. Is that what you're saying to the commission?---I don't know what value it would have provided based on the request made by CorpTech because it was effectively asked to give a fixed price to deliver - or my understanding or recollection is that it was asked to provide a fixed price for a set number of developments. 10

Quite. One of those developments was in relation to the change from ESP to Workbrain in Queensland Health. Yes? ---Yes. It was basically providing a Workbrain solution so yes, it would have replaced ESP. 20

Yes. One would have thought that's a simple proposition - - -?---Yes.

- - - and the answer is yes, is it not?---Yes.

Given that, if you had a report from an independent contractor that identified risk and the actual procedure or processes that would be involved in rolling out ESP to Workbrain - sorry, rolling out ESP, I will withdraw that - in implementing Workbrain to replace ESP, that would have assisted IBM in determining a fixed price, surely?---Not necessarily. I see the fixed price was still only based on the requirements that were identified in a schedule provided by CorpTech. 30

Can we deal with this in a different way then; let's just assume for the moment that you had read the document, that your curiosity was sparked with a notation from Mr Atzeni, that you opened the document, you read the document; why wouldn't you have passed it on to Mr Bloomfield in the ordinary course of events as your superior. Tell us why you wouldn't have passed it on?---I don't know. Maybe I would have if I didn't think it was something that was confidential, I would, and if I thought it was confidential, I probably would have not passed it on and spoken to Mr Atzeni that it was a confidential document. 40

With the notation "For your eyes", you knew it was confidential, didn't you?---Not in the - based on the role that I was working on in Queensland Health, I believe that that would have been a validly - or a document that Damon could validly pass on to me based on my role there at the time. 50

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Did you believe it was a document that you could validly pass on to Mr Bloomfield?---Having read it now, I don't know. 1

Would you have any qualms at the time of passing it on to Mr Bloomfield had you thought it would assist IBM in fixing a price for the implementation of Workbrain for CorpTech? ---I don't personally see how it would have made any difference, only because of the nature of the proposal for Workbrain so I don't know it would have helped us in that - in that - answering that particular proposal. 10

Quite, but what you're suggesting to the commission there is actual - a mental process by you of reading the document, determining whether it could be use to IBM for it present seeking the work of CorpTech for Workbrain and determining it wasn't. Now, you never went through that process, did you?---No, I didn't consider it the process.

No. You don't have any recollection of even opening the document, do you?---That's correct. 20

Do you have any recollection of actually requesting the document from Mr Atzeni?---No.

No recollection, or you deny that you did request the document?---I didn't request the document because I didn't know that - well, my recollection is that I didn't even know that an independent process was taking place. 30

Right. I will ask you two questions and then we will leave this topic: did you open the email and read the report? ---I don't believe I did, no.

Did you action the report by sending it on to Mr Bloomfield or another IBM representative?---No, I don't believe I did.

And that's your evidence and circumstances where you say you knew that IBM was chasing the Workbrain work from CorpTech, is it?---Yes. 40

And that's your best recollection, sir?---It is.

May I take you to page 328 of your annexures?---Mine?

May I tender that document subject to the redaction as sought - - -

THE COMMISSIONER: Yes. We will give it 34. 50

ADMITTED AND MARKED: "EXHIBIT 34"

MR FLANAGAN: Can I make it clear though in my examination of Mr Bloomfield, I will refer to one figure on that document but as I understand the confidentiality claim,



it's the comparison of the figures that leads to the confidential information - - - 1

THE COMMISSIONER: Yes. If there is a particular reason why you should refer to the figure, you can refer to it. The requirements of the commission to discharge its obligations overrides confidentiality - - -

MR FLANAGAN: This is where we left last time we met, Mr Cameron. If you look at page 328 of your exhibits - - -?---Yes. 10

- - - this occurs after IBM had actually provided a presentation to senior management of both CorpTech and Treasury for what we call the RFP process. Yes?---Okay. It is page 328?

328. At the very top of the page that we're going off. So your exhibits are actually marked at the top of the page? ---Yes. Sorry, thank you. 20

THE COMMISSIONER: I made the same mistake, Mr Cameron?---I was looking - thank you. Yes?

MR FLANAGAN: Now, it starts at the bottom with Mr Atzeni sending you an email:

*How was the CorpTech presentation? Are you hopeful? Have just read a risk raised against by the SSP that may have some difficulties of some mitigations and forthcoming soon. Would be good to catch up with you soon, coffee.* 30

Now, you reply:

*G'day Damon, presentation went well. I think they are finally starting to take notice. We think we should find out on or around the 14<sup>th</sup>. We will probably still need to complete an RFO between now and then. Can catch up today around 11.30 am today if you are free.* 40

When did you first find out that Mr Atzeni was to be on the evaluation panel for the ITO?---I don't recall Damon ever telling me that he was on the ITO. My recollection is that the first time I realized that he was was when we went to a question and answer briefing session after the ITO had been submitted.

And you saw him there?---I'm not a hundred per cent but I vaguely recall that. 50

So when you saw Mr Atzeni at the evaluation panel, did you think something to yourself? Were you surprised or what? ---To be honest, I can't recall. I didn't know that he was on the ITO panel. As I said, I can only vaguely recall that he was there. I'm not 100 per cent certain that he was. I guess I didn't really know that agency representatives would be on the ITO panel.

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From reading these emails and from what we've looked at so far in the history of your professional relationship with Mr Atzeni, it's clear, isn't it, that as between you and Mr Atzeni you knew that he wanted IBM to obtain the work? ---We had a good relationship, but at no stage did he ever indicate to me that he would choose IBM for any work that we were performing.

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It's not the specific words I'm interested in?---Okay.

My question is more specific. You knew that Mr Atzeni wanted IBM to partner Queensland Health in the roll-out of the payroll implementation and the roll-out of the change from ESP to Workbrain?---We were always trying to - we were trying to build a relationship with Queensland Health to assist them in their change management activities, but he never indicated that he would look to choose IBM to do that and I was always aware that Queensland Health were also talking to other parties to help them with those change management activities.

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He says, "How was CorpTech presentation? Are you hopeful?" Isn't that suggesting that he's asking, "Are you hopeful of getting the work?"?---Yes.

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So he's inquiring whether IBM has won this process called the RFP. Yes?---Yes.

He's saying, "Are you hopeful of obtaining the work?" Yes? ---Yes.

Do you know of any communications that Mr Atzeni had in a like manner with either Accenture or Logica or SAP?---No, I don't know.

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No. You're the person who's working outside his office at this time, aren't you? No, actually, I withdraw that? ---Yes.

You're actually back at IBM at that time, aren't you?---I am back at IBM. Correct.

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All right, yes. Thank you. I'm just going to put this question to you again. You knew at the time that Mr Atzeni was writing to you that he wanted IBM and only IBM to partner Queensland Health in the payroll solution?---No, I can't say that because he never told me that he wanted IBM

specifically to do a roll-out, so no. I know he was always concerned about two things: (1) of being able to meet Queensland Health's time line to replace LATTICE and he was also interested about the Workbrain product and whether it could provide Queensland Health with the solution to replace ESP. 1

Does that mean you didn't know that he wanted IBM to partner Queensland Health in the roll-out?---He never said to me directly, "I want IBM." 10

Quite. That's not my question. I'm not interested in what he said to you directly. My question is you knew that Mr Atzeni wanted IBM to partner Queensland Health in the roll-out, didn't you?---In the build or the change management?

All right. I won't go any further. May I go to volume 2 of 33, page 153? 20

COMMISSIONER: Perhaps you can put the question again on Mr Cameron's terms and say did he favour IBM on either or don't you want to. It's right, isn't it, that the Accenture proposal and its past performance had been to use SAP as the - - - ?---Yes. 20

- - - awards interpreter or the awards engine, whatever you call it?---That's correct.

It might be who it was that (indistinct) in its proposal for the ITO?---For Accenture's proposal? 30

Yes?---I'm not sure what they ultimately put in their proposal.

No, but they had been working with SAP enough capacity for some years, hadn't they?---Yes.

Without much success, I gather, in the Department of Housing?---Housing, yes. That solution - - - 40

Mr Atzeni was concerned, wasn't he, that Accenture hadn't done well there and there was a concern that he wouldn't do well in Health?---That is correct. That is correct.

Whereas you offered something different?---We did offer something different. I think the - - -

But you didn't know that?---Sorry? 50

You didn't know that he wasn't happy with the notion of Accenture doing it and IBM offered something different, which he thought might be a solution?---I am aware that he thought that we were offering something different.

With the real prospect of success?---With the prospect of success, true. 1

A better prospect of success than Accenture?---Yes.

So it's right, isn't it, that you knew he favoured IBM?  
---Well, not necessarily because in CorpTech and for a long period of time, there was always - some of the awards always had to be built for Queensland Health. 10

No, no, don't confuse things or try to evade things with the sort of detail which we weren't talking about. It's right, isn't it, that you understood that Mr Atzeni favoured IBM for the role of replacing the Health payroll system?---Yes. He thought Workbrain would be a better solution.

Yes; which IBM was offering?---Yes. Correct.

So he favoured IBM. 20

MR DOYLE: With respect, I think the question is ambiguous. He favoured the proposal by IBM because it offered a better solution. If what's being asked is, "Did he favour" - and it was put, "IBM and nobody but IBM, whatever they are proposing," that's why this witness is resisting answering that. If the question is focused on what IBM was offering, that would be a different question.

COMMISSIONER: All right. No, I'll adjust it then. You knew Mr Atzeni was favouring IBM because it offered Workbrain?---Offered Workbrain and also to be - an option to be able to provide that in a time frame that would meet their 2008 issue with LATTICE. 30

So the reasons it seemed good to Mr Atzeni - he thought IBM should get the job. Is that not right? Didn't you know that at the time?---Well, that's probably true.

Why not tell Mr Flanagan that half an hour ago?---Only because I just don't know what Mr Atzeni's - what he was thinking at the time. 40

All right.

MR FLANAGAN: May I take you to page 153 then of volume 33-2?

COMMISSIONER: 153?

MR FLANAGAN: 153, page 153, Mr Commissioner. 50

COMMISSIONER: Yes.

MR FLANAGAN: It's actually item 35.16.

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COMMISSIONER: I see. Thank you.

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MR FLANAGAN: I'm just trying to put again Mr Atzeni's passing on off the report of the Workforce Edge report to you in context because there are a number of things that were going on at the time, not just the seeking of the Workbrain solution, but there was also the first meeting, if you like, between Mr Bloomfield and Mr Burns where Mr Bloomfield had met Mr Burns, together with Ms Perrott and others. Do you recall that?---Not specifically, no, but I take your word for it.

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All right. As at 2 May 2007, Mr Bloomfield sends a number of people an email, including yourself:

*Guys, following on from our discussion this afternoon, I would like to get us together to discuss the CorpTech opportunity to enable us to do the relevant planning for Terry Burns, that is project plan, resource plan, cost model. We will need to understand more about the status of the CorpTech project. We need to assemble a list of requests for Terry to enable us to do that work.*

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Can I take you to an email that wasn't sent to you? Actually, I'll check that, but just to put this in context, can I take you to volume 27, page 230, which should be in front of you?

COMMISSIONER: Sorry, the page again?

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MR FLANAGAN: 230, Mr Commissioner.

This is an email sent by Mr Bloomfield to a number of IBM people on 2 May 2007 at 9.24 pm. The reason I'm showing it to you, Mr Cameron, is because if you look at the third paragraph, you'll see that it says:

*Terry has asked us to put together a proposed approach schedule, resource plan and cost model for the CorpTech program.*

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Do you see that?---Yes, I do.

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And the program that's being talked about there is the Shared Service Initiative roll-out for the whole of government. Yes?---Correct, yes. 1

That same language or similar language then is used by Mr Bloomfield in explaining what the purpose of the meeting is when he says, "Project plan, resource plan and cost model." Do you see that?---Sorry, which paragraph?

It's in the email I've just shown you?---In the email on the - oh, sorry, yes, in the other bundle. Correct, yes. 10

So what I'm saying is that there's a connection in the language and what was being proposed in both the email of 2 May 2007 where Mr Bloomfield is reporting what Mr Burns has told him and then the email to you where he's asking for "the discussions this afternoon in relation to that opportunity". Do you see that?---Yes.

So the CorpTech opportunity being referred to in the email at page 153 of volume 33-2 is, in fact, the whole of government roll-out for the Shared Service Initiative. Yes? Actually, can I be more precise?---Yeah. 20

The CorpTech opportunity that's been identified in Mr Bloomfield's email to you for discussion purposes is the same opportunity that he's identified in the email to IBM representatives following on from his conversation with Mr Burns?---It would seem that way, I would assume so. 30

Yes, thank you. Now, what was discussed?---I don't actually remember going to this meeting. The people that he's invited are David Brooks and Ena Chuze. They're from a company called presence of IT. I don't recall ever meeting a David Brooks while I was at IBM. I do know who Ena Chuze is but I don't recall going to that meeting.

Do you recall any conversation that you had with Mr Bloomfield after his meeting with Mr Burns?---No, I don't. 40

This is the first meeting he has with Mr Burns. He has two meetings with Mr Burns in one day. One he describes as on the record, one he describes as off the record, where he sees it as an opportunity for IBM. Do you recall him discussing with you that fresh or new opportunity for IBM? ---No, I don't. The only - it's probably not answering your question but the only time I ever remember this type of conversation is when I actually met Mr Burns myself with Mr Bloomfield and potentially other people from IBM when he first started. 50

All right. Thank you. Can I take you then to page 330 of your annexures, which you'll find at the top of the page? ---Yes.

After you presented the RFP presentation to CorpTech, there had been a dry run, which I've asked you about, with Mr Burns and perhaps Mr Goddard on or about 3 August 2007. You have no recollection of being actually physically present at the dry run?---That's correct.

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But after you had done the presentation, this is an offer to Mr Hey - - -?---Yes.

- - - to do the presentation for QHEST. Is that correct? ---That's correct.

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Was that of your own initiative or did Mr Bloomfield ask you to arrange that?---No, I would have been asked to arrange that.

All right. The presentation, did it actually take place, to your memory?---I don't think it did and the only reason I say is - well, one, I don't particularly recall it and I believe we asked for Mr Kalimnios to be present, and I haven't met Mr Kalimnios, so I don't recall that actually happening.

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Excuse me for a minute. Can I then take you in the same volume to page 334?---Yes.

I think we covered this. As I understand your evidence, you recall obtaining these - sorry, you recall passing these on to Mr Atzeni because it was quicker for Mr Atzeni to obtain them for QHEST through IBM rather than through CorpTech or, indeed, the Department of Education, Training and Arts itself?---Yes.

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Thank you. Now, finally in your volume, two last emails, may I take you to page 335?---Yes.

Mr Commissioner, this is part of exhibit 32, which has already been tendered at the private hearings of the commission, but an order was required for it to be tendered publicly and I would seek that order now to tender exhibit 32, if I may.

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COMMISSIONER: Yes. The documents that comprise exhibit 32 are now publicly available.

MR FLANAGAN: Thank you. Can I just correct one thing in exhibit 32? I'm going on to an email that was from Cheryl Bennett, Australia IBM. The copy that was originally given to us didn't have all of the recipients of the email.

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COMMISSIONER: I see.

MR FLANAGAN: So it didn't include Mr Cameron, but a better copy has been provided to us which includes

Mr Cameron as being the recipient of the email from Cheryl Bennett. 1

COMMISSIONER: Was that done on the weekend, was it?

MR FLANAGAN: Yes. May I tender that as part of - - -

COMMISSIONER: Yes. I'll make this copy of the email from Ms Bennett to various IBM personnel exhibit 32A. 10

ADMITTED AND MARKED: "EXHIBIT 32A"

MR FLANAGAN: Thank you.

COMMISSIONER: I suppose you can't tell me, Mr Cameron, why we weren't given a full copy of the email earlier? ---Sorry, Mr Commissioner?

Well, we were given a copy of Ms Bennett's email, I think, on 18 March this year, which didn't include, Mr Flanagan tells me, all of the recipients of the email. Can you tell me - I don't expect you can, but can you tell me why we were given an edited version of the email?---No, I can't, Mr Commissioner, no. 20

All right. Thank you.

MR DOYLE: Might I add to that, Mr Commissioner? 30

COMMISSIONER: Yes.

MR DOYLE: I'm told, not knowing this myself, that it was printed from Lotus Notes, which has a limited field to print. That was detected by my solicitors who provided it to the commission before the inspection on the weekend.

COMMISSIONER: Is that so, do you know, Ms Nicholas?

MR FLANAGAN: We actually detected it when, as I understand it, when Cheryl Bennett was interviewed by the commission staff, but we don't make a point of it because the document was provided to us, ultimately. 40

COMMISSIONER: All right.

MR FLANAGAN: May I take you to this document now on the basis that you did receive it from Ms Bennett, in any event?---Yes. 50

It's dated 22/8/2007, so this is well and truly after IBM and Accenture have done their presentation. Yes?---Yes.

You'll see there that it's actually - the timing of it is 3.57 pm. Yes?---Yes.

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CAMERON, J.R. XN



It says:

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*Hi, team. I've just had some intel that I thought I should channel through to you all for discussion. This has evidently been fed through CorpTech today and as I am not totally across it all, I hope it makes sense to you.*

Then it says that:

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*Accenture are sitting at 76 per cent scoring out of 100 per cent. IBM are sitting at 71 per cent scoring. IBM are perceived to want offshore more than Accenture, which is why they have a higher rating at this time.*

And it goes on to say:

*Logica CMG are not bidding as they currently have 30 plus people entrenched in Main Roads, Education, Housing and Health.*

20

Now, did you recall receiving this email?---To be honest, I didn't recall it, but it has been provided to me and I've obviously now since read it.

But you accept that you would have received it at the time, yes?---Yes.

Cheryl Bennett, what position did she hold at IBM?---She was a sales representative that worked across Queensland Government and, in particular, one of her key clients is Queensland Health.

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CAMERON, J.R. XN

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Right. So had you worked with her in the past?---I haven't 1  
- I never really worked with Cheryl Bennett, no.

All right. Did you know her?---Yes, I did.

Now, do you know if any action was taken in relation to  
Cheryl Bennett by IBM for providing this sort of  
info?---No, I don't.

You don't? IBM itself has certain guidelines particularly 10  
for government people from IBM, don't they?---I'm not sure.

You're not sure? All right. Just while I'm on that, the  
people in IBM who work in government such as Mr Bloomfield  
who is a government person, you who works in government -  
I'm told people are called IBMers, I'm told coaching as a  
specific meaning; does "government guy" have a specific  
meaning in IBM?---Not that I'm aware of, no.

No. How is it differentiated between a person who works in 20  
government and a person who doesn't work in government?---I  
don't believe that there was any real differentiation. In  
IBM there were focus teams, I guess, so there would have  
been a focus team of government, potentially one on  
resources or across industries, so I'm not aware of any  
particular terms that were used for any of those groups.

All right. So there is no shortening of a name such as a  
"government guy" to identify a person such as yourself or 30  
Mr Bloomfield who works for IBM?---I don't believe so, no.

Do you know of any name that is used internally in IBM for  
the purpose of identifying an IBM employee who generally  
does government work?---Only if somebody was in that area,  
they would call - that person is working in the public  
sector team.

Public sector team, all right. In the government teams  
themselves or in the public sector teams themselves, are 40  
there various sub-teams?---Not that I'm aware of. It could  
be broken down into - potentially by industry within  
government or by - whether it would be federal, state or  
local but not that I'm aware of in the context of IBM.

At one stage, you were an IBM employee who worked at  
CorpTech?---Yes, I am. Yes, I was.

And there are other IBM employees who worked at CorpTech.  
Yes?---Yes. 50

What were they known as?---Just delivery resources to be  
honest, because in that capacity, you could be assigned to  
not just government roles but also roles across any  
industry, not particularly government.

Can I show you - if you just keep that document in front of you that I have shown you which is part of exhibit 32 as supplemented by the new document for this email of 22 August 2007, may I show you - I will just get the reference to this - volume 6, page 135 and don't bother going to it because I can tell you its illegible. I will show you a copy that is legible. I'll pass this around anyway so everyone has a copy?---Thank you. Thank you very much.

1

Now, in relation to this document, this is an internal evaluation by Queensland Treasury and CorpTech done by the evaluation panel of the RFP responses by both Logica, Accenture and IBM. Yes?---Mm'hm.

10

Also SAP who was participating in the RFP?---Mm'hm.

If you look down the page where ratings are given to Accenture, Logica, SAP and IBM, IBM is in blue, Accenture is in the yellow, Logica is in an orange and SAP is in a pale green?---Yes.

20

If you turn over to the third page of that document, you will see that the final scoring at least for Accenture is 76. Do you see that?---Yes, I do.

All right. And you would agree with me that that score of 76 equates with Accenture was sitting at 76 per cent, scoring out of 100. Yes?---Correct.

30

It has IBM at 71 per cent scoring but on this particular document and evaluation I'm showing you, IBM is at 68 per cent. Yes?---Yes.

The email also says that IBM are perceived to want - offshore more than Accenture which is why they have a higher rating. For that purpose, can I take you to page 3 of the document yet again? For the - I think it's the 1, 2, 3, 4, 5, 6, 7, 8 column, it says, "60 per offshore with 30 per cent of these coming onsite, CT to resource with IBM as final selector. CT" - that's CorpTech - "to upskill train embedded resources." From your own recollection, it was the case that IBM were intending to off-source in relation to their RFP presentation to India and places such as that. Yes?---I can't specifically recall that but it's possible, yes.

40

All right. Can you recall the percentage?---No, I can't I'm afraid.

50

Does 60 per cent offshore with 30 per cent of these coming on site ring a bell at all?---It doesn't ring a bell, no, no.

No?---But it's possible.

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It's possible? It's within range for IBM. Yes?---Yes. 1

All right. Now, having received this information, what happened with it?---I'm not aware that anything happened with it. I certainly didn't do anything with it.

Is this the sort of information that one would ordinarily receive in the course of an RFP?---No.

No. It's actually intelligence about the other side's bid, is it not?---Correct. 10

On its face, one shouldn't receive this sort of information. Yes?---Correct.

Yes. Did it cause you discomfort that you received this sort of information?---I can't recall what I thought about it but it should have.

Even though you're not aware of the IBM government guidelines just as a matter of individual ethics, you knew that this sort of information shouldn't have been received by IBM in relation to the RFP process?---True. 20

Now, are you - - -

THE COMMISSIONER: Are you aware - sorry, Mr Flanagan, perhaps I should - - -

MR FLANAGAN: No, that's fine; please. 30

THE COMMISSIONER: Are you aware of anyone in IBM who received that IBM, speaking to Ms Bennett to ask her where she got it from and to tell her that she should have never pass it on?---No, I'm not aware of anybody doing that.

MR FLANAGAN: It's not something that you would do?---No.

Now, is it of assistance to IBM in this process which ultimately led to an ITO, but is it of assistance to IBM in this process where you're trying to get government work to know what scoring had been given by the evaluation panel of Accenture in relation to IBM?---It could be. 40

Yes. IF you're behind in a process, it's good to know. Yes?---Yes, I imagine it would be.

All right. But particularly here in this case where the RFP was not the end of the process; that is, contracts or a contract was not awarded at the end of the RFP but one or the government proceeded to an ITO, it would be good to know for IBM, would it not, that one of the criticisms made of IBM so that Accenture were rated higher than IBM is that IBM proposed too high in offshore costings. Yes? Sorry, not costings; component. Yes?---Yes. 50

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And one would think that you would try to correct that in the process as it went on, yes?---That would make sense, yes. 1

Did IBM correct it in the process as it went on?---I don't know. I'm not sure.

You're not sure?---No.

Can you just turn your mind to it and any discussions that you can recall, now, of off-shoring components being minimised, or sought to be decreased by IBM as it followed on with the ITO process?---I don't recall ever having any conversations with Lochlan about it, no, or Mr Surprenant. 10

You remained involved in not just the RFP but the ITO with some leave that you took in between, yes?---That is correct.

All right. But you were back for the ITO in terms of presentations to the evaluation panel from CorpTech and other government departments for the ITO, yes?---Yes, I was. 20

Doing as best you can now, can you just try to recall what was said about this aspect of the offshore component for IBM?---As I say, I certainly don't remember any conversations around it or that had influenced any response, so I can't recall that. All I know is that when we initially - well, when won the work we had some representation from our global delivery team working onsite at CorpTech, but I don't know how many or if any global resources we used offshore. 30

Now, Mr Cameron, you have been very clear in your evidence that this is not the type of information that should have been provided by an IBM team member. It refers to it as, "Hi team," so it seems that there is a team to IBM. What's the basis of you being so certain that this is not the sort of information IBM should be in possession of?---I just wouldn't expect you'd get that information easily, it's confidential. 40

Just from your own experience and your own commonsense, do you accept that at least some of that information seems to have been gleaned from the document I've shown you, from volume 6, which is the strength and weaknesses analysis? ---Yes.

Thank you. 50

COMMISSIONER: Should I make the legible part of the volume, substitute these pages for what is in volume 6 of page 125?

MR FLANAGAN: Thank you.

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COMMISSIONER: I will do that. 1

MR FLANAGAN: Could I just be clear, was that exhibit 35, Mr Commissioner?

COMMISSIONER: No, just substitute this - - -

MR FLANAGAN: Substitute it, yes.

COMMISSIONER: - - - as part of exhibit 4. 10

MR FLANAGAN: Thank you.

Mr Cameron, were you horrified when you got Bennett's email? Did it pass you by as being everyday activities within IBM?---I'll be honest; I don't recall what I thought at the time but I would have realised and thought that this was confidential information.

But you shouldn't have - - -?---Yes. 20

- - - and when I say "you", I mean IBM should know?---Yes.

Do you recall discussing with Mr Bloomfield at all, or any discussion with Mr Bloomfield, where it was decided that IBM should do something about this leak of information in relation to the evaluation of the RFP?---I don't believe I had any conversation with Mr Bloomfield about it.

With any other person?---Not that I can recall, no. 30

All right. Was your level of discomfort such that you thought you should talk to someone else in IBM about it?---To be honest, I don't remember what I thought about it - to be honest.

COMMISSIONER: Thinking about it now and applying the wisdom of hindsight, what do you think you should have done about it?---Yes, I should have raised it to Mr Bloomfield or higher. 40

MR FLANAGAN: Can I just deal with the timing of this email, because the email is dated 22 August 2007?; it's at 3.57 pm? Could I ask you to look at volume 6, page 140? Sorry, it is volume 6, page 144. It's an email from Mr Burns to a person at Queensland Treasury and other persons, including Mr Swinson, where he's asking that a letter goes out to the entities that had responded to the RFP?---Yes. 50

And it's dated 17 August, if you look at page 146 - this is the third paragraph:

*Our feedback to you is that Accenture's and IBM's responses were the most highly rated. We are now entering a formal process to select a prime contractor.*

1

Just to confirm that, if they look at page 147 there's a specific letter to Mr Bloomfield, but you can take it, it was sent on or about 17 August 2007. Yes?---Okay.

So what I'm suggesting is that as at about 17 August 2007, IBM knew that contracts would not be awarded pursuant to the RFP process, but they would be entering into an ITO where Accenture and IBM had been rated the highest at that stage?---Right.

10

And it's after receiving that letter and knowing that an ITO process is to be followed that this information from Ms Bennett is received. Yes?---Yes.

22 August 2007?---Correct.

20

You agree with this proposition: that sort of information is of use in an ongoing process leading to an ITO to IBM? ---Yes.

And it shows a potential weakness in IBM's bid for the work. Yes?---Yes.

And it also shows that IBM is coming second to Accenture at a certain point of time following on from particular evaluation process. Yes?---Yes.

30

COMMISSIONER: Mr Cameron, there is no doubt, is there, Ms Bennett's email of 22 August relates to the RFP process? ---That's correct.

I suppose you don't know the answer, but can I ask you anyway? On 20 February, I signed a document obliging that IBM to produce all documents relating to the RFP and that email wasn't produced until a month later when it was said that it wasn't caught by the requirement. Can you explain that?---No, I can't.

40

No? All right. Thank you.

MR FLANAGAN: May I then turn to page 336 of your annexures, Mr Cameron?---Yes.

This is an email from Joseph Sullivan. Who is Joseph Sullivan?---He was an IBM employee working at CorpTech on the Workbrain team.

50

How long had he been working at CorpTech on the Workbrain team?---I'm not entirely sure but it would have been a number of months.

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CAMERON, J.R. XN

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All right. Can I just show you, for that purposes then, if I may, volume 33-2, which should be in front of you, at page 134? 134, Mr Commissioner. **1**

COMMISSIONER: You may want - - -

MR FLANAGAN: -2?

COMMISSIONER: No, 1. Unless it's in two parts, is it? Mine's the same as everyone else's. Part 1 goes to page 152. **10**

MR FLANAGAN: No, it's item 35.14, page 134, in 33-2. It's 35.14, at page 134, but the volume is consecutively numbered so it's page 134.

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So it's page 134. So it's from Lochlan Bloomfield to Joseph Sullivan and you'll note there that Mr Sullivan has a CorpTech Queensland government email address. Yes?  
---Yes.

1

It's the case, isn't it, that it didn't really matter sometimes whether you worked for SAP or Accenture or CorpTech itself or IBM?---Yes.

If you worked at CorpTech, physically, you were given a CorpTech email address. Yes?---That is true.

10

So if there was an exchange between - for example, a SAP person and an IBM person, that exchange could happen via two CorpTech email addresses. Yes?---Yes.

If that happened, it would go on the G drive at CorpTech. Yes?---No.

20

No?---No. So emails wouldn't necessarily sit on the G drive. That would be more for document management, so for physical documents to be stored on the G drive.

Right. Where would the emails be stored if they were between - a CorpTech email address and another CorpTech email address?---Within the CorpTech email system which would be separate from the G drive that we're talking about.

30

Did you have any knowledge of how easy it was to get into the CorpTech email system, as opposed to getting into the CorpTech G drive?---I wouldn't think it would be possible to get into the CorpTech email system, but you could get into the CorpTech G drive.

How would one get into the CorpTech G drive?---Everybody on the project had access to the CorpTech G drive.

If you wanted to, for example, protect information such as the ITO in its first draft or responses to the RFP or responses to the ITO, how would one do that with the G drive?---CorpTech would get a technical resource to lock down particular directories so that only authorised people could get access to those directories. So it would be limited by name or group.

40

All right. The reason I was going to show you this email, however, is it's dated 2 May 2007, so it would seem that Mr Sullivan was working at CorpTech at least at May 2007. Yes?---Yes.

50

He had worked there long enough to have a CorpTech email address?---Yes.

He was the IBM - one of the persons from IBM who were working on Workbrain. Yes?---Correct. 1

That would have included Mr Sullivan working on the progression of IBM's deal to obtain the Workbrain implementation from CorpTech. Yes?---Yes.

To which we've already referred?---Yes.

Did Mr Sullivan ever come into possession of the Workforce Edge report of 16 April 2007?---No. 10

Would you agree that that would have been a handy document for Mr Sullivan in his position to have in terms of progressing IBM's chances of obtaining the Workbrain work from CorpTech?---Again, no, I don't believe so.

All right, thank you. If I can then go back to this email from Mr Sullivan. It would seem that Mr Sullivan was an IBM employee working at CorpTech, at least since May 2007, in relation to - - - ?---Yes. 20

- - - Workbrain. Yes?---Yes.

Good. It says:

*Lochlan, I have spoken to resource management and they said they have no issues with me staying for next week to work on the RFO and possibly beyond.*

30

Had Mr Sullivan worked on the RFP with you and Mr Bloomfield?---I don't recall. I'm not sure.

But at least it would seem that he was trying to make arrangements or seek approval for him to stay on for next week to work on the RFO and possibly beyond. Yes?---Yes, that's true.

You see, this is an email dated 28 August 2007 sent at 4.02 pm. So it's after the Perrott letter has been sent out stating that you were actually now in an ITO process. Yes? I'll remind you of that letter and that email from Mr Burns being dated 17 August 2007?---Okay. Yes. 40

So when he's referring to the RFO there, he's referring to the ITO process envisaged in Mr Burns' email letter? ---Right.

He says:

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*They have requested that I ensure that there is a B and P code available and that I have your okay for my expenses to be charged to this code. Can you please confirm this? As I told Jason this morning -*

and that is a reference to you, is it not?---Yes, it is.

1

*I had been unable to locate any of the vendor proposals on the G drive. One of the government guys who told me he had looked through them all said that they have all been removed, along with quite a few other directories that were with them. So it looks like we were just a little bit too late.*

10

Yes?---Yes.

Mr Cameron, as we read that email, it would seem that a conversation took place between you and Mr Sullivan in

relation to him searching the G drive for the vendor proposals. Yes?---Yes.

Tell us what was said?---I don't recall that conversation nor do I recall this email, but I have been told it was in relation to IBM putting in a complaint to CorpTech that they thought that our proposal had been leaked or accessed.

20

Who told you that?---My counsel.

When?---Probably about two weeks ago.

Before you had been told that, did you have any recollection of that?---No, I didn't.

30

You didn't know that at the time?---I didn't remember any of it. I didn't remember the phone call or this email or that IBM's proposal had been leaked.

See, as one reads that email it would seem, "It looks like we were just a little bit too late." Do you see that? ---Yes, I do.

That would suggest, would it not, that Mr Sullivan was looking at or seeking to find the vendor proposals from the RFP on the G drive. Yes?---Yes.

40

He says that:

*One of the government guys who told me he had looked through them all said that they had all been removed, along with quite a few other directories.*

The reference there to "a government guy" or "one of the government guys" is one of the IBM personnel working at CorpTech. Yes?---I would probably take that to be a CorpTech person.

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Why?---Because it would be just the fact that it says "government guys" he's probably referring to a CorpTech person not necessarily an IBM person.

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CAMERON, J.R. XN

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"Who told me he had looked" - sorry, just before I go on. 1  
Mr Joseph Sullivan - you still him know, don't you?---Yes,  
I do.

Yes. You're still in contact with him?---No, I'm not.

Do you have his mobile?---No, I don't.

Do you have his address?---No. He's overseas at - - - 10  
You're still in contact with him though, are you?---No.

You're not?---No, I don't talk to him. I haven't spoken to  
Joseph since he left IBM.

Do you know where he is?---In the UK somewhere.

Working for IBM?---I don't know.

COMMISSIONER: When you last had contact with him, was he 20  
working for IBM?---I know he left IBM. He started to work  
for an independent organisation in the UK. I have a  
recollection that a number of years ago that company then  
may have been bought out by IBM, but like if he's still in  
that organisation or not, I don't know.

MR FLANAGAN: Could I go to volume 33-1, item 33.9,  
page 36? Just keep page 336 handy to you because I'll come  
back to it, but could I just go to 33-1, item 33.9,  
page 36? Have you been shown this document before?---No, I 30  
haven't. Is this from Terry Burns to Barbara Perrott?

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Yes. So it's dated 31 August 2007. It's an email sent at 8.28 pm: 1

*IBM called me yesterday to tell me that a staff member at an agency had mentioned that they had access to the RFI evaluation matrix.*

Now, the RFI evaluation matrix you can take it is the document I have shown you, the blown-up document, which was the strengths and weaknesses, evaluation of the RFP proposals. Yes?---Right. 10

Now, we know that Ms Bennett had already sent to you and Mr Bloomfield and others information that would seem to flow from that strengths and weaknesses document. Yes? ---Yes.

Including the score of Accenture of 76 per cent. Yes? ---Yes. 20

And the fact that one of the weaknesses of the IBM bid was the excessive percentage for overseas work. Yes?---Yes.

*IBM called me yesterday to tell me that a staff member at an agency had mentioned that they had access to the RFI evaluation matrix.*

Now, that's the same matrix that I have shown you. Yes?---Yes. 30

*which list of vendor's strengths and weaknesses -*

so it's actually referring specifically to the strengths and weakness matrix which is the document that has been blown up.

*This was due to the document being filed in a folder where the access restrictions were opened and not restricted which is a separate issue. IBM were concerned that the draft RFO -* 40

now, the draft RFO is actually the RFO document or the ITO document that would be going out to the vendors for tender. Yes?---I'm not - I'm not sure.

Well, when it says the draft RFO, that can only mean the ITO itself that was ultimately sent out on or about 12 September 2007. Yes?---Unless it was IBM's presentation response in August. 50

No, this is only 31 August. You don't put in your presentation response until September.

THE COMMISSIONER: I think Mr Cameron was saying it might refer to the RFP - - -?---Correct.

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CAMERON, J.R. XN

MR FLANAGAN: Why would it say RFO?---Because to be honest, people generally use the terms interchangeably as the RFP, RFO - people would sometimes make mistakes - - -

1

Yes, but there is absolutely in draft about the RFP response of IBM to the RFP, is there? It's the response that has gone in. As at 31 August 2007, IBM have put in their full response to the RFP. Yes?---To the RFP, yes.

Yes. There is nothing draft about it, is there?---No.

10

No. So IBM were concerned that the draft RFO can only mean and can only be a reference to the actual ITO document that is to be issued to the vendors. Yes?---I'm not sure.

You're not sure.

*It might also have been compromised in this way. I have checked and am assured that this was not possible. John Swinson advised us that we write to the four vendors, seeking a formal statement from them to keep on record. Accordingly, I have drafted a letter over your signature along the following lines: 'Dear X, possible security breach regarding confidential CorpTech documents. We believe that a breach of CorpTech standards, security procedures may have occurred recently which could have resulted in confidential documents relating to the current vendor selection process being made available to unauthorized persons.'*

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Yes? Do you see that?---Yes.

*We are requesting that you advise us urgently whether any person in your organization has had access to such confidential documents.*

Now, as I read that email, there is no complaint about the vendor proposals or the vendor responses to the RFP being available to people. Yes?---Yes. I mean, it says "draft RFO" but I don't know what other information would be provided to CorpTech around that time. I don't see that it could be anything to do with the ITO.

40

Well, if you look back at page 336, if we are to read it the way you read it and that the draft RFO is actually a reference to the proposal that IBM had put in to the Queensland government in response to the RFP which is Mr Burns' email of 25 July 2007, if we read it that way, why would Mr Sullivan in his email to Mr Bloomfield be referring to the fact that he is unable to locate any of the vendor proposals on the G drive, not just IBM's proposal but any of the vendor proposals. Do you see the distinction?---Yeah, I can only assume that he is saying, "Well, are any there?" as opposed to just IBM's.

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CAMERON, J.R. XN

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But why would you say, "We're just a little bit too late"? 1  
---I have no idea.

You discussed it with him, you see. As I told Jason this morning, do you have any recollection of the conversation you had with Mr Sullivan in this respect?---No, I don't.

Can I take you back to exhibit 32?

THE COMMISSIONER: Do you have that there, Mr Cameron? 10  
Have you got exhibit 32 there?---Sorry, Mr Flanagan, which - - -

That's the bundle of emails under Ashurst 18 March?  
---Thank you.

MR FLANAGAN: This is an email from Mr Bloomfield, dated 3/8/2007 at 9.39 pm - - -?---I'm sorry, I don't have that, Mr Flanagan. I'm sorry.

THE COMMISSIONER: There's a letter from Ashurst to - - -? 20  
---To Mr - - -

And behind that there are I think three emails?---Okay, thank you.

Four emails, in fact. It's one of those Mr Flanagan is taking you to.

MR FLANAGAN: It's an email from Mr Bloomfield, dated 3/8/2007. Actually, when I say it's "to", it's not even - 30  
we can't tell who the emails are from and to whom but we can take it that Mr Bloomfield has received this and it actually is detailing an email that had been sent by Mr Porter of Accenture to an unknown person at this stage of the inquiry but it details that for the RFP process, Accenture were intending to give a not-to-exceed figure and they were also intending to have a six to nine-month transition period, transitioning into the whole of government work. Yes? Have you read this before?---No, 40  
I haven't; no.

Would you read it to yourself now, please?---Sure. So this is the one - which starts, "We had a session today with Bradley"?

Correct. As you read this, assume it's Mr Porter writing to someone else not at IBM but Mr Porter writing in relation to a meeting that they had had with the under-treasurer, the deputy under-treasurer and Ms Perrott?---Okay. Okay, Mr Flanagan. 50

Now, first of all, does it give you a level of discomfort that an email, a private email of Mr Porter of Accenture - first of all, you knew Mr Porter?---I knew of him, Mr Porter.

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CAMERON, J.R. XN

Yes, and you knew what position he held with Accenture?---I 1  
knew it was high.

It was very high. Yes?---Yes.

And that an email that he sends to a confidante dealing  
with the meeting that he had had and Accenture had had with  
the under-treasurer, the deputy under-treasurer and the  
executive director of CorpTech comes into possession of 10  
Mr Bloomfield. Does that give you some discomfort?---Yes.

Yes. What would you have done, given that you were an IBM  
employee at the time - what would you have done, sir, had  
you received this type of email with that type of  
information?---I would have raised it with somebody.

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Would you have sort to use that information for the purposes of assisting the presentation of IBM in response to the RFP process?---I would have raised it with somebody.

1

Did it ever come to your attention that Mr Bloomfield had come into possession of this type of information?---No.

Did he ever discuss with you or did he ever say to you, "I know" - for the RFP process, "I know that Accenture is going to put in a do not exceed price"?---No, I never had that conversation with Mr Bloomfield.

10

From your own experience, if you knew the opposition was going to put in a do not exceed price, as opposed to a fixed price that IBM was intending to put in with best estimates or whatever or range, is that the type of information that would assist a competitor in the market in relation to obtaining ICT contracts?---I'm by no means a pricing expert, so even some of these terms are a bit foreign to me, but obviously - so I'm not too sure in the context of what this means. I guess I'm not sure, but information would be valuable, I guess.

20

In any event, you would not attempt yourself to use this information?---No.

If an IBM person had actually forwarded you this email and in the position of Mr Bloomfield, what would you have done? Do you understand my question; that an IBM person - - - ? ---Yes.

30

- - - had forwarded you this email. What you would have done?---I would have taken it up with either Mr Bloomfield or higher.

All right. Just assume for the present purposes, if you turn over the next page, that Mr Bloomfield sends this on to Mr Surprenant - we've been told Mr Surprenant was a person from IBM who assisted Mr Bloomfield, both in relation to the RFP process and the ITO process. Yes? ---Yes.

40

What position did he hold in IBM?---Sorry, Mr Surprenant?

Yes?---He was brought in specifically to assist Lochlan with building the strategy for CorpTech.

Yes?---So he was an IBM employee. I can't recall where he was working prior to coming and joining us to build this strategy, but he was a Shared Services specialist.

50

From overseas or from Australia?---I can't recall. I know he was working overseas at a point, but when he came to work with us, I'm not sure whether he was working locally in Australia or not.

Did Mr Bloomfield answer to him or did Mr Surprenant answer to Mr Bloomfield?---Mr Surprenant would have answered to Mr Bloomfield. 1

Thank you. If you look at that it says:

*Paul, following is an email sent from Simon Porter to a mutual friend in the industry who knows Barbara Perrott. It gives us some insight into Accenture's thinking. We can speak on Sunday about how we allow for this in our presentation. Please keep this to yourself.* 10

You actually attended meetings with Mr Surprenant and Mr Bloomfield in relation to putting together the RFP response of IBM. Yes?---Internally working together as a team, I was part of the team that put together the RFP response.

Yes. You were actually brought back from QHEST for the very purposes of assisting IBM in putting together the proposal in response to the email of 25 July 2007 and subsequently to the ITO. Yes?---Correct. 20

You had a meeting soon after 3 August 2007 because, just to put it in context, that's the day of the IBM dry run before Mr Burns. Yes?---Right.

Then you present on or about 6 August - you present before the senior management of CorpTech and Queensland Treasury. Yes?---Yes. 30

Your evidence already is that you recall attending that meeting. Yes?---Yes. There were two meetings that I remember - I recall attending one. I'm not too sure about the other.

Yes. My question is this: do you have any recollection of Mr Bloomfield saying, "Look, one of the risks we might run in relation to this presentation is that they might ask us about a do not exceed price because that's what Accenture is going to do"?---No. No, I don't believe I had any conversation to that effect with either Mr Bloomfield or Mr Surprenant. 40

Had Mr Bloomfield said to you, "We know that Accenture is going to put in a do not exceed price and we know that Accenture is going to have a transition of six to nine months," would that have caused you some discomfort as to where that intelligence came from?---It would if you'd spoken to me about it, but I wasn't aware of this information. 50

From your own memory now, and I won't take you to these documents because I'll go through this with other

witnesses, the transition period in the ITO for IBM was exactly half of Accenture, namely three months?---Right.

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For a much lesser price for transition than Accenture. Yes? Did you know how it came to be that your transition period was precisely half of Accenture's?---No, because I had no input into that part of the ITO or that process.

Right. In terms of identifying your pricing for the ITO, which required fixed price for certain components and best estimates for others, it was never part of IBM's intention to put in anything - it was never IBM's intention to put in a do not exceed price, was it?---I don't know. I never had conversations with Lochlan or Paul around IBM pricing.

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But if you look back at Mr Porter's email where they're saying they're going to be putting in a do not exceed price and they're trying to find out what are Barbara Perrott's levels of comfort, if you like, for plus or minus \$200 million, it gives you a fair indication of the sort of price range or price or do not exceed price that Accenture is going to put in in its RFP. Yes?---Based on this, yes.

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Yes. If you go into an ITO process, it also gives you an excellent idea of what Accenture is going to put in to the ITO process, does it not?---Yes. This would give us an indication of what they were thinking.

Can I take you to exhibit 34 then?

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COMMISSIONER: Have you finished with this one for the moment? Are you coming back to it?

MR FLANAGAN: I'm coming back to it. Yes.

COMMISSIONER: All right.

MR FLANAGAN: Would you excuse me just for a minute, commissioner.

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COMMISSIONER: Yes, of course.

MR FLANAGAN: I don't have the email that goes with this and we can get it for you, but you can take it from me that your name is not on the email as a recipient of this document, but I just want to ask you your knowledge about it because it's a document dated 20 August 2007. It's a document that we obtained yesterday. It would seem to be a complex deal meeting. A complex deal meeting, is that the terminology used by IBM for the purposes of an internal meeting in seeking to obtain a complex deal, which this was?---Yes. Yes, that is correct.

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If I could take you to page - just excuse me for a minute. Yes. Could I take you to page 16 of that document, please? It's a document of Mr Bloomfield that he distributes to

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numerous people in IBM, but at page 13 it says, "IBM risk: CorpTech may ask IBM to offer a not to exceed price (this is what Accenture will be saying)" Do you see that?---Yes, I do.

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Was it ever brought to your attention that Accenture would be actually offering a not to exceed price?---No.

No?---No, I wouldn't have had any conversations with Lochlan about this.

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All right. But that would seem to be, would it not, use by Mr Bloomfield as at 20 August 2007 of the information contained in Mr Porter's email that he had received through whatever means, yes?---It would appear that way.

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All right. Would you have done that?---No.

Why not?---It's confidential information.

COMMISSIONER: Improperly obtained, you suspect?---Sorry, sir?

10

You expect improperly obtained?---Yes.

MR FLANAGAN: For your part, you don't have any memory of a transition period of three months was determined as the transition period for IBM and the ITO?---No, definitely I wouldn't have been involved in that process.

Why is that? Without putting too fine a point on it, is that something that's decided at a higher level?---Yes, so effectively during that ITO process the main people putting together the strategy would have been Lochlan and Paul Surprenant.

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Thank you. I am leaving exhibit 32 at this stage if there's anything you wish to ask about, Mr Commissioner.

COMMISSIONER: Yes, just one point. Mr Cameron, again, you may not know the answer but I want to ask you anyway. Looking at these emails that Mr Flanagan's asked you about, we've dealt with Ms Bennett's email, but looking at Mr Sullivan's email to Mr Bloomfield and you and others, "This is the ones I told Jason this morning, I've been unable to locate any of the vendor proposals." That email relates, doesn't it, to the RFP?---I believe so, yes.

30

Similarly, the two emails from Mr Porter to someone which Mr Bloomfield got hold of and then dealt with, there's no doubt is there that Mr Porter's emails relate to the RFP? Looking at the date, they're early August 2008, before the ITO was issued in September?---Sorry, sir, what was the date?

40

The ITO invitations went out on 12 September?---Correct.

The RFP process, I think, finished formally, the business was dealt with in the first week of August?---That's true.

So looking at these emails from Mr Porter of 2 August, they clearly deal with the RFP - - -?---That would make sense, yes.

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- - - and they relate to it?---Yes.

Again, they weren't produced in answer to my summons of 20 February. Can you explain why?---No, I can't. 1

No? All right. Thank you. Yes, Mr Flanagan.

MR FLANAGAN: Thank you, Mr Commissioner. One final topic, Mr Cameron. In paragraph 154 of Mr Bloomfield's statement which is yet to be tendered, but have you read his statement before?---No, I have not. 10

In paragraph 154 of his statement, he suggests that in the estimates for the price range, the indicative price range in response to the RFP, which for IBM was between \$153 million to \$190 million. In paragraphs 151 to 156, he seeks to explain the differences between the RFP price of that range and the ITO price of approximately \$98 million? ---Right.

Because it would, on a prima face basis, seem to be quite a difference between the indicative price range put in on 7 August 2007 and the ITO price range of \$98 million put in on September 2007?---Yes. 20

Sorry, 8 October 2007. One of the explanations he gives is that in-built into the indicative price range for IBM was \$25 million in travel cost. I wont take you to the documents, but for the ITO process there's clarification sought as to the travel cost of IBM, which is \$5 million for travel for the ITO response in clarification to the price questions by the evaluation panel. On its face, there seems to be a difference of \$20 million between the estimate of cost for the RFP and the estimate of cost through clarification for the ITO. Were you ever a party to discussions or decisions made as to how travel would be dealt with for the RFP?---No, I was not. 30

Did you know that in-built into the indicative price range of \$153 million to \$190 million was \$25 million for travel?---No. 40

I know you're not a pricing expert but you had done some pricing for Queensland Health as early as April 2007, where you came up with the \$19.5 million or whatever it was. Just from your own experience in pricing, for a project such as the roll-out of the shared services initiative, the \$25 million is prima face high for travel, is it not?---It would depend on the duration of the project and where your resources were coming from, a number of factors could be taken into account. So maybe yes or potentially no, it would all depend on your resource mix and where they were coming from. 50

You can take it from me that we haven't found any documents that would support the assertion that \$25 million of travel had been incorporated into that figure - - -?---Right.

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- - - of 153 to 190. But is there any explanation you can give having been involved in the IBM process as to how on 1

7 August 2007 you have a figure that includes approximately \$25 million for travel to a clarification, to a figure that is \$98 million plus travel, which is clarified to be around \$5 million worth of travel. What possible explanation is there for that difference of \$20 million?---I wouldn't be able to give you one. I don't know. 10

That's the evidence-in-chief of Mr Cameron.

COMMISSIONER: Thank you. Mr MacSporran?

MR MACSPORRAN: Thank you, Mr Commissioner.

Mr Cameron, you were at QHEST, as I understand it, between about February and July 2007?---That's correct.

Two to three days per week?---Correct. 20

And during that period, you dealt with you, as you've told us, Mr Atzeni in terms of addressing Queensland Health's requirements?---Yes.

You said last time you were here that you became during that same period that Accenture were also talking to QHEST? ---Yes.

Isn't it the case there was no secret about that fact, that QHEST was dealing with both IBM and Accenture and possibly others?---There was no secret about that, no. 30

Just tell me briefly, if you could, how you became aware that QHEST were dealing with Accenture in particular?---I was aware of meetings that Mr Hay was having with Accenture, in fact, I saw Accenture arriving before meetings and having meetings with Mr Hay while I was at QHEST. 40

So was that open, was it?---Yes.

There were comes and goings which everyone working there could observe?---Yes.

And those working there being contractors from IBM, Accenture and the QHEST employees would all know who the personnel involved were?---Yes.

You'd know them by sight, you'd recognise them?---Yes. 50

So if someone from Accenture came in you'd know that's an Accenture person talking to someone at QHEST?---Correct, because I'd worked with the majority of the Accenture people at CorpTech.

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And whilst you may not have been present for conversations, do I take it that it was common knowledge around the workplace there that what the conversations were about, in a general sense?--A general sense. 1

All right. You said last time your awareness that there was concern about the LATTICE system collapsing?---Yes.

And you used that word "collapsing"?---Yes. 10

Was that the sentiment being expressed within QHEST?---Yes, it was.

Were you party personally to any conversations about that perception?---I was told that was the case and that was their perception while I was at QHEST, yes.

You mentioned last time, and this is at day 10, page 34 - you said, "They were concerned because their LATTICE system that they were saying was coming, they were concerned that it was going to collapse any stage and they had a time frame for which they believed it needed to be replaced." So there was some urgency about it?---Yes, there was. 20

It's all very well to sit back and say in hindsight that the system actually survived or battled on, as it were, until the go live date in March 2010?---Yes.

But at the time, we're talking about back in 2007, there was widespread concern, was there, about the imminent collapse of the LATTICE system?---Correct. So from my recollection there were two components. One was the actual physical ability for the system to be able to continue and there was also concern around the number of employees they had weekly or fortnightly, having to remediate or manually process pays and the cost of that to Queensland Health and also their inability from a business perspective to be able to configure LATTICE with upcoming enterprise bargaining agreements. 30

Again, that was a fairly common topic of conversation in the workplace at this time?---Yes, it was. 40

A real concern?---Definitely.

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In terms of who was expressing a concern, you deal with this in some respects at paragraph 47 of your statement. Do you have that with you? If you go to 47, it's on page 8?---Yes.

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Exhibit 31?---Sorry, 48. Yes.

I think you in the third sentence say, "It was very well known at the time that Nigel Hey, Michael Kalimnios, Damon Atzeni and others all had significant concern," and so on. Can you just tell us for the record what your source of information about that was? You've told us about Atzeni, I think, and Mr Hey perhaps?---Yes.

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What about Mr Kalimnios? How did you find out that he personally had some concerns about this system?---Only that I would be talking to Mr Hey and Atzeni and they were raising their concerns with Mr Kalimnios and I believe he was as concerned.

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Just again for the record, you say "and others". Do you know by name who expressed or you understood had expressed the similar concerns about this?---Yes. So there were a number of people that were involved with the QHSSP; Paul Monahan, who was the head of that organisation at the time, was concerned, so was a lady called Joanne Boland and I'm just trying to remember the other lady's name, Janette Jones.

Did you know in particular what position Janette Jones held?---She effectively was responsible for executing the pays at Queensland Health on a weekly basis. So she reported directly to Paul Monahan.

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So she was, what you could say, directly at the coalface - - -?---Absolutely.

- - - every fortnight trying to get this system operational - - - ?---That's correct.

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- - - and to make sure it functioned so that the entire QH workforce could be paid?---Correct.

You said SAP the Shared Services Providers?---That's true.

You mentioned last time, again at 1034, that there were a series of workshops held?---Yes.

Again, was this an issue that arose with those workshops routinely?---The impact assessment workshops, yes.

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That was at least in part a source of your knowledge about the concerns being held about the LATTICE system?---Yes.

All right, thank you.

COMMISSIONER: Mr Doyle?

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MR DOYLE: Thank you.

Mr Cameron, I want to ask you first to clarify, if you will, the process of the whole of government build and implementation. Do you understand my question? I've put that rather badly. You spoke when you were last here of there being a distinction between build and implementation, it seems?---Yes.

10

I want to understand what is involved in the build and implementation of the whole of government solution, at least as you understood it back in 2007?---Sure.

And before IBM's involvement, that is under the regime where CorpTech were arranging it?---Okay. So I'll start with build first. So obviously there are a number of requirements that had been identified through a process that would meet the requirements of all agencies and those requirements would then turn into functional specifications and the build was to configure and develop the group of products to build the solution, technically, to meet the requirements of all the agencies.

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To say "to build the product" does that mean to write or to modify some software systems?---Yes. So all of the software components needed to be either configured and/or developed to meet the requirements of the government and that is what we would refer to as build.

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In order for someone to undertake that, is it necessary for the agencies, that is the departments or the agencies, who are the ultimate end users of that build, to tell the builder what their requirements will be?---Correct.

Or what their wishes are?---What their wishes are. Correct.

All right. Assuming that's done and the software is built and the code is written as required?---Yes.

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Is there then a stage of implementing that to the particular agencies?---Yes, there is.

How is that done from CorpTech's point of view?---Okay. So obviously by implementing a new system, that may require changes to processes that are operated or executed within the agencies. It would also mean that, you know, people will have new roles, that they may need to be trained. It would mean that they would need to identify who was performing what role. It may require changes to the organisational structure from potentially operating a process centralised or decentralised. So it would be

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looking at what change impacts were going to be part of that roll-out and making sure that the organisation was ready for it - the implementation of the technical system.

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In the course of your evidence, you've used the expression "change management"?---Yes, I have.

Is that what you've just described?---I have described change management.

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Is that something that each agency has to - or should at least - undertake to prepare itself on a seat of the shared solution from CorpTech?---Yes, that's correct.

Tell me, is that true for the agency's receipt of each of SAPHR, Workbrain, SABA, RecruitASP and SAP Finance?---Yes, that's correct.

So for each of those activities or each of those software solutions there will be a need for change management at the customer or agency level?---Yes.

20

Thank you. You spent some time at Queensland Health, we've heard. In your time there were you involved in advising or giving assistance to Queensland Health, firstly, to identify what their requirements were?---Yes, I was.

And then in the change management process you just described to us ?---Yes.

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You told us of something called assessment or impact assessment workshops. What are they?---Yes. There were two components to those workshops. One was identifying any agency specific requirements that weren't part of the whole of government template that were necessary for the agency to continue to be able to do their business. So they were identified. The second part of those impact assessment workshops was to look at the template that was being provided or the technical solution that was being provided by CorpTech and understanding what those change management impacts were on the organisation and how they were going to mitigate those change management impacts.

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Right. Did you attend some of those workshops whilst at Queensland Health?---Yes, I did.

Who else attended? I'll ask the question more directly. I assume there were Queensland Health personnel attending?---Yes.

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Was there anyone from CorpTech attending?---There would have been. I can't recall particular names, but, yes, they were run also by CorpTech employees.

In order to convey to CorpTech the agency specific requirements?---Correct.

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COMMISSIONER: As a matter of interest, how could you undertake detailed change management before you knew what the solution was going to be?---So the whole of government template solution had already been defined, so that had happened a year or two prior where all the agencies gathered and communicated what their requirements were. So that base template was already known and these impact assessment workshops were based to say, "Okay. We all understand what those base template requirements are, is there anything else from an agency specific viewpoint that you absolutely need to continue to run your business?" and that's what they were identifying in those workshops, but the prime requirement for those workshops was to determine the change management impact of implementing that core solution, which was the whole of government template.

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And then there would need to be adjustments, would there, if there were agency specific requirements or functionalities?  
---Correct.

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All right, thank you.

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MR DOYLE: Can I just clarify that? Is it the case that one of the things that an agency might wish to do when identifying its specific requirements is to persuade CorpTech to expand what it's going to provide as part of the Shared Services Solution?---That is true.

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You may not be (indistinct) of this but there might be instances where the agency doesn't get its way so it has to separately provide for its own specific requirements?---Correct.

10

But whatever the solution which is provided by CorpTech, whatever its form is to take, there's change management implications for the agency?---Absolutely.

Now, in the course of entering Mr Flanagan's question, he put it to you really in the form that you were engaged in informal scoping. Do you recall that question?---Yes. Vaguely, yes.

20

You were asked a question about informal scoping. Is what you were doing at Queensland Health in assisting them in the way you have just described something you had described as informal scoping or scoping at all?---Only in the event of understanding the change management scope, not any build scope.

Right. So we should understand that's what you were referring to if at all, and you spoke of informal scope? ---Yes.

30

You also told Mr Flanagan that you understood that the agencies were free to seek assistance in the implementation roll-out. Do you recall that?---Yes.

What did you mean by that?---It was my belief that agencies had the option to obtain assistance to perform their implementation roll-out or change roll-out, that they were able to obtain assistance from external suppliers.

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To do what though?---To assist them in identifying what those change impacts would be, and then assist them in actually executing the change management impacts that have been identified through the course of accepting the solution.

Thank you. You were shown a 12 March 2007 proposal, a proposed concept model it was called?---Yes.

I will get you shown that again, please. It's in volume 27 at page 5. Can you tell us, please, if you have got a coloured copy?---I do have a coloured copy.

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Now, you were asked some questions about what was being proposed by this document in various respects. Do you recall that?---Yes.

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And broadly speaking, the document deals with some proposal about a role IBM were seeking to take in respect of CorpTech and then separately he deals with the role in respect of Queensland Health. Do you recall that?---Yes, I do.

I would like you, please, to explain to us by reference of this document what role it is suggesting IBM take in CorpTech. We will deal with it first, we will come back to Queensland Health?---Okay. So if I'm looking at page 10 which is a colour representation, the proposal is suggesting that IBM take a lead role in the development of the Saba, RecruitASP and Workbrain products. It is also suggests that it take a project management or have resources involved in the project management group and also representation on the steering committee, and also a representation across streams which would go across the products which include integration, tech coordination, testing, data migration for which IBM had no representation at the time.

Right. Well, can I just ask you to look at it again, please? It has got finance on the left-hand side of that table?---Yes.

What has been proposed had nothing to do with finance. Is that as we should understand this page?---Yes, that is true.

THE COMMISSIONER: Is that because Logica really have that contract?---Yes, that is true and from my recollection, the finance product had effectively been built and had already rolled out to a number of agencies.

MR DOYLE: So what we're really concerned with is the HR component of this?---Yes.

And above that box there is a little box called steering committee which has three colours in it?---Yes.

One represents Accenture, one the government and one IBM. Is it the case that this proposal was to seek to have an IBM representative on that committee?---Yes, it is.

Together with the other two parties?---Correct.

Also, you have drawn our attention to the box called project management group. At the time of this proposal in advance, was there an IBM representative on anything which would be described as the project management group?---No.

And this is proposing that there should be such a person? ---Correct.

Underneath should we understand that those four boxes of Saba et cetera are concerned with who is to undertake the

role of building those software - building as in coding the software - - -?---That's correct. 1

- - - for those different systems?---Yes.

This proposal is - are we able to understand it that Accenture continued to do it for SAP?---Yes, that's correct.

But that otherwise IBM do the other three?---True. 10

THE COMMISSIONER: What that a new prospect, a new proposal? Was IBM involved in any of those building enterprises before this proposal?---IBM had individual resources in the Saba, RecruitASP and Workbrain teams. IBM definitely weren't responsible for the delivery of the Workbrain component. I'm not too sure about RecruitASP because I think the relationship - I think RecruitASP were targeted to build that so I'm not sure whether it was Accenture's responsibility for delivering that, I can't recall, and Saba, I believe that that was under Accenture management as well. 20

MR DOYLE: Right. So that RecruitASP may have well been done by a RecruitASP person?---True.

Or Accenture and you can't recall?---I can't recall, no.

All right. But this document is proposing at least that IBM will take over the control of that?---That's correct. 30

As well as do Saba and Workbrain?---Yes.

And then there's the four boxes underneath and I think you say that they are streamed - sorry, are they activities which would be involved in each of the - that is to coordinate each of SAP, Saba, RecruitASP and Workbrain? ---That is true.

And you were proposing that this document proposes that IBM have an involvement in that?---That's correct. 40

Together with Accenture?---Yes.

And prior to this proposal, so to speak, did IBM have such a role on those four streams?---No, we had no representation in those streams.

Thank you. Are those streams also concerned with the building - that is in the coding - of the software? ---Definitely from the integration and technical coordination, they were definitely build and obviously as part of building these products, the two activities, testing and data migration, are build components, yes. 50

All right, thank you. Now, to the right of that, there's a box which is marked IR which is implementation roll-out, is it?---Yes, it is.

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Can you tell me, please, what this proposal is putting forward as IBM's role in that activity?---I believe it was indicating that IBM could be a party to performing the change management or implementation roll-out of activities at agencies.

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Right, together with CorpTech?---Together with CorpTech and Accenture.

Thank you. Now, would you turn then please to the next page and you will see a heading called - halfway down the page called Queensland Health?---Yes.

I would like you to explain, if you can, what this document is proposing as IBM's role in relation to Queensland Health, and it's right to say, isn't it, that it's a more enhanced role than the one we have just talked about it in respect to it's a role of CorpTech?---Yes. I take this paragraph or section to propose for IBM to take on the change management implementation roll-out of the CorpTech solution within Queensland Health.

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Right. And by change management, do you mean the kinds of things that you were explaining to us a little while ago? ---Yes, that's true.

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The steps needed to be done by Queensland Health to deal with the Shared Service to be supplied to it?---Correct.

All right. If you go, please, to that page, in the fourth paragraph under the heading Queensland Health, you will see a passage commencing, "IBM strongly believes"?---Yes.

It was suggested to you that by that, IBM was seeking to displace Accenture in the build of the SAP HR solution. Is that correct?---That's not true.

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All right?---There was no intent to take on the SAP build of payroll. This would be around having the understanding of what the payroll solution was and that IBM would have the capability to determine what the change impacts were to implement the solution within Queensland Health from a change management perspective.

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All right. Thank you. Now, you can put that aside. I'll ask that you be shown volume 3, you may have it there?  
---Thank you. 1

Turn to page 70?---Thank you very much. Yes.

I know you're familiar with this document, but if you turn back a page you'll see there's an email from you to Mr Atzeni - - -?---Yes. 10

- - - forwarding this document to him?---Correct.

COMMISSIONER: What page are you on?

MR DOYLE: 70. This is an estimate of some cost to do something?---Correct.

What I'd like you to do is just explain - I've just taken you to the concept document, 12 March document, which describes what IBM was proposing to do with respect to Queensland Health. Can you tell me if this is the same as or a different proposal, if the work involved in what is set out here is the same as or different to that concept?  
---Yes, so this proposal wasn't to take on the development of the payroll product, it was only to provide an estimate around developing out of scope or out of scope of Queensland government template items that were specific to Queensland Health, and an estimate on configuring Workbrain. 20

Right. Now, why do you say it wasn't to take on the - putting aside development of some out of scope activities, why do you say it wasn't to take on the build of the payroll?---Because it was assuming, I think, by one of these assumptions down below that release 3.7 and 4 functionality across the products to be delivered by CorpTech as per the current schedule, so we'd be taking on what was already built by CorpTech. 30

But you were proposing to provide an estimate at least of satisfying some additional requirements, is that so?  
---Correct. 40

All right. Thank you. Put that aside now, please. You'll recall, and I'm sorry to jump around in this way, you were asked some questions about a meeting which was arranged in which you attended with a Duncan Ferguson and Damon Atzeni in late July 2007?---Yes.

In which they provided you some information?---Yes. 50

Can you describe, please, again what it is that they told you at the meeting, what was the subject of the discussion?---The subject of the meeting was to obtain an understanding of the award structures within Queensland Health and potentially the complexity of those awards.

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Right. How long did that meeting go, do you recall?---An hour it was scheduled for. 1

Now, in the course of what's being described as the RFI or the RFP, that is, the events in July and August 2007, are you aware of there being requests for information by IBM, and probably by others, to CorpTech for details about things relevant to the proposals they were to submit? ---There would have been request for information, I believe. 10

Were you involved in that process, do you know?---No.

Okay. Did you see the responses to those requests for information?---I would have had them available, yes.

Do you recall seeing them?---I can't recall.

In the course of the ITO, are you aware whether there was a process for the request for and provision of information? ---Yes. 20

And were you involved in that?---Yes, I was involved in that.

Are you also aware that in the ITO itself there was a great deal of information provided to the interested tenderers? ---Yes.

And it takes the form, doesn't it, apart from the ITO itself, a schedule which refers to a vast array of data and information?---Yes. 30

You know, don't you, that the data which is provided includes details of all of the awards, agreements and Acts which govern or affect the terms of employment of employees within the state?---Yes.

And it includes all of the detail of the complexity of the awards for Queensland Health?---Yes. 40

Was there anything said to you in your meeting with Mr Ferguson and Mr Atzeni which you can now recall as not conveyed in the ITO itself?---No.

You were asked some questions concerning your obtaining and sending to Mr Atzeni the detailed requirements, do you recall that? You were shown it again this morning, I think?---Which one, sorry? 50

You were shown you having obtained some information and providing it to Mr Atzeni concerning detail?---Yes.

Can you tell me, please, are you able to recall whether the detailed requirements were provided to IBM in the course of the RFI or RFP process?---Yes, they would have been.

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Okay, by whom?---Somebody from CorpTech.

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You referred to them, but the document you forwarded Mr Atzeni is being freely available. Do you recall that?  
---Yes.

Please explain why you've said that?---The group called which Damon Atzeni was part of, client representatives, and these representatives would meet regularly and discuss particular requirements of the agencies, and that's how they came up with, I guess, the agency requirements. And they would also share information, when they identified requirements it might be specific to each agency and also share those with the other agency representatives because then they could determine whether those requirements could then be submitted to CorpTech as being included in the standard offer. And if some agencies decided to implement those requirements, they would look to jointly fund those requests. From an implementation assessment workshop piece, if an agency had already identified how to mitigate a particular change issue then that would significantly help another agency, or potentially help the other agency in identifying the change aspects for their agency and would save them a lot of time and effort.

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20

All right. Well, you told us that document was provided to IBM in the course of the RFI or the RFP. Did you recall seeing it at the time and reading it, having regard to its contents?---I don't particular recall it, no.

30

Okay. Thank you. Now, do you have exhibit 32 with you? That's that bundle of letters with some emails attached to it, you were taken to it before. I'd like you to go, first, to the third last sheet, which is the email from Sheryl Bennett. Do you see that?---Yes.

And I want to ask you some questions about the information that it contains, which you'll recall you've said you thought you wouldn't have used, or words to that effect I think it's right to say. The third dot point refers to IBM being perceived to want to offshore more than Accenture. Do you see that?---Yes.

40

Is that factually correct, that is, was it known that IBM generally or in relation to Queensland or government work wanted to offshore more than Accenture?---I would have had no idea what Accenture were - what their option would have been, and to be honest I don't know, from an IBM perspective, what the ratio would have been or the numbers, to be honest.

50

Would you accept as a proposition that it was known in the market place that IBM used offshore resources more than Accenture?---No.

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Mr Salouk says that it was known in the marketplace that IBM used offshore more than Accenture. Did you know that?  
---No, I didn't know that.

1

All right. Thank you. It also refers to Accenture having a higher rating than IBM, that's something you didn't know at the time?---No, I didn't.

Okay. You knew shortly after this that the two of them had been rated most highly, did you?---Yes.

10

Okay. I understood you to say in the course of your evidence this morning that would have, if you'd seen this document, not made use of it and would have done something to draw it to someone's attention?---Correct.

And one of the things you would have done is to draw it to the attention of CorpTech that the rating information had been made available evidently through its officers, wouldn't you?---As I said, I obviously received this document. I don't recall receiving it.

20

I've put my question badly, it's my fault. This is from Ms Bennett to various people, including you?---Yes.

And you don't now recall seeing it?---Yes, that's right.

But you were asked this morning about, in effect, what is the proper response to it rather than what you recall giving at the time. The letter says, "This has evidently been fed through CorpTech today." The emails says - - -?  
---Yes.

30

- - - "This has evidently been fed through CorpTech today," so whatever follows is evidently sourced somehow through CorpTech. Yes?---Yes.

That's as you read it?---Yes.

And one of the things which would be a response to receiving that would be to get onto CorpTech and tell them - - -?  
---Yes.

40

- - - that there's been this leak?---Leak, correct.

And do you know if that's in fact what happened?---No, I don't know what happened.

You were taken to an email again by Mr Flanagan in which Mr Burns records a contact from Mr Bloomfield - - -?  
---Yes.

50

- - - and Mr Burns is reporting that to Ms Perrott - - -?  
---Yes.

Sorry, Mr Burns and Ms Perrott are the right people to whom to bring to attention a leak within CorpTech?---Yes, that would be correct. 1

And to tell them that this document or this information has become available?---Yes.

And that's the right thing, in your view, to do?---Yes.

Excuse me, Mr Commissioner. Might the witness see volume 33, please? At page 36, this is the email Mr Flanagan, or the document Mr Flanagan took you to? ---Yes. 10

Its subject is "RFI Security Breach", and it refers to, "IBM called me yesterday to tell me that a staff member at an agency had mentioned they had access to the RFI evaluation matrix"?---Yes.

Now, this is of course Mr Burns' words, but it is right, in your view, to draw CorpTech's attention to the fact that the RFI matrix, whatever that is, has been made available somehow through. Correct?---Yes. 20

And the most likely source of that would be CorpTech itself?---True.

COMMISSIONER: Acting properly, do you think that the person from IBM who drew CorpTech's attention to the fact that the RFI evaluation matrix could have been read, that IBM itself had got the information from the matrix?---I don't know. 30

All right.

MR DOYLE: And it said that it reported that the matrix listed the strengths and weaknesses, and the email that Ms Bennett said identified, really, the only relevant thing was the ratings - - -?---Yes. 40

- - - and the offshore use of resources by IBM?---Correct.

COMMISSIONER: What was your question?

MR DOYLE: No question yet, I'm just coming to it, I'm sorry. I'm adopting a style of asking a preamble, I'm sorry. I wont do that again. "Adopting", sorry.

COMMISSIONER: I don't mind. I thought the question had been asked and I hadn't picked up the point. 50

MR DOYLE: You were also taken to an email where Mr Sullivan is reporting to his superior, Mr Bloomfield, about something, in the course of which he refers to a conversation with you?---Yes, that's right.

And, again, that's a conversation you've said you can't recall?---That's true. 1

And you can't recall the email, is that as we should understand it?---That is true.

All right. Can I ask you then - I know this is hypothetical in a sense - if one had a concern that the evaluation matrix had become somehow leaked from CorpTech, would it be prudent 10

to attempt to ensure that the documents which have been evaluated by that matrix were not available publicly?  
---Yes.

Can you recall if you had that concern back in 2007?  
---Personally, no.

Still with exhibit 32, if we can, can I ask you to go to the second sheet, which is the email from Simon, and you've been asked to assume and I'll ask you to assume that's Mr Porter. Sorry, did I say volume 32? Sorry, exhibit 32. 20

COMMISSIONER: No, Mr Cameron, you're being asked to look at exhibit 32, the bundle of - - -?---I think it have it, yes.

MR DOYLE: All right?---Yes.

You've got the sheet that I'm talking about?---It starts with, "We had a session today with Bradley, Porter and Perrott"? 30

Correct. Now, I want you to tell, that is, when you first saw this document?---Today.

Thank you. The only thing I wanted to ask you about is the reference in the fourth paragraph where it says, "They say they have about 100 million left." Do you see that? Now, you can read the document to put it in context - - -? 40  
---Yes.

- - - but that seems to be something which Accenture had been told in a meeting with some government representatives?---Yes.

And does the figure 100 million being left ring any bells with you?---Yes, it does.

Was that something that was well known at the time?---Yes, I was. 50

That the government had about \$100 million left for this project?---Correct.

All right. Now, I take it you have no idea who this email was sent to by Mr Porter?---No, not at all. **1**

He asks whoever it's addressed to, to find out whether IBM had some meetings with the government people. Do you see that? It doesn't give you a clue as to who it's addressed to? What I'd like you to help me with: I'll take you to parts of this and see if that helps you understand who Mr Porter may have been directing this email to, to identify who would be in a position to do the things that he's asking that person to do, do you understand? And the first thing he asks is for some feedback that this person can get about the session which Accenture had with the government representatives. Do you see that?---Yes. **10**

And then also, "Interested in finding out if IBM had met those people, that is, Mr Bradley, Mr Ford and Ms Perrott." Do you see that?---Yes.

Doesn't help you? You can't help us with that there?---No. **20**

All right. In the third paragraph you'll see that the person is asked to test Ms Perrott on some things?---Yes.

To find out how much they'll bear, if you like?---Yes.

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And the next paragraph, "To make sure that" - that is Mr Porter is asking this person presumably to have a conversation with Ms Perrott and to make sure she has significant doubts that that can be achieved and that that is that a competitor can offer them a silver bullet at a ridiculously cheap price?---Price.

1

So it's asking something to urge a view upon her about that and then also to let her know through your experience with industry that people have a particular view about CorpTech's approach. Do you see that?---Yes, I do.

10

It doesn't give you an idea who it might be? No?---No.

Thank you. One of the things that this document refers to is that Accenture intends to or was going to do a not to exceed price or had in mind at least a not to exceed price. Can you tell us please did IBM in fact put in, either in its RFP proposal or in the ITO a not to exceed price?---I don't know.

20

You don't know?---No, I don't.

You don't know how the transition period which made its way into the IBM ITO was assessed?---No, I don't.

Or how its price was assessed?---No.

Excuse me. I will ask you one more. I took you a little while ago to that estimate that was provided on 16 March 2007 to Queensland Health?---Yes.

30

You provided that to Mr Atzeni. Did you yourself assess the figures in that document?---No, I didn't.

I mean it was suggested to you, in effect, that you had some experience in pricing?---No, I - - -

You wouldn't overstate things? Is it your role to price jobs for IBM?---No. No, it's not.

40

Was it your role?---No.

Thank you. It's right to say, Mr Cameron, you don't work for IBM any more?---That's true.

You haven't since May 2010. Is that right?---Correct.

You were asked about the location of Mr Sullivan?---Yes.

50

When did you last make contact with him?---Physically made contact, it would have been while he was probably still at IBM. I'm on Facebook, so I know that he's overseas, but physically made contact with him, it would have been years ago.



All right. So you haven't spoken to him?---No. 1

You may share - whatever that is - Facebook with him but - - - ?---But that's it.

Okay. Thank you.

COMMISSIONER: Yes. Mr Flanagan?

MR FLANAGAN: May Mr Cameron be excused? 10

COMMISSIONER: Yes.

Mr Cameron, thank you very much. You're free to go? ---Thank you.

WITNESS WITHDREW

MR FLANAGAN: I call Lochlan John Bloomfield. 20

**BLOOMFIELD, LOCHLAN JOHN** sworn:

MR FLANAGAN: Would you give your full name to the inquiry?---Lochlan John Bloomfield.

You're presently employed with IBM Australia Ltd. Is that correct?---That's correct.

Mr Bloomfield, you've given a statement to the inquiry which is 33 pages long dated 18 March 2013. Would you look at your statement, please? Together with that statement there's four folders of annexures to your statement, are there not?---There are, correct. 30

Thank you. Is that the statement that you have signed in these proceedings?---Yes.

Are the contents true and correct to the best of your knowledge and belief?---To the best of my knowledge, correct. 40

I tender that statement, together with the four volumes of annexures.

COMMISSIONER: Yes, very well. Mr Bloomfield's statement and the annexures together are exhibit 35. Are these duplicated or what's in part of exhibit 4?

MR FLANAGAN: Almost all of them except for around six. 50

COMMISSIONER: The question is what's most convenient. Do you think we could limit the annexures to those six additional documents?

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MR FLANAGAN: I think most of those annexures are now constituted by exhibit 32, in any event. 1

COMMISSIONER: Are they? All right. They will be 35, the statement and annexures.

ADMITTED AND MARKED: "EXHIBIT 35"

MR FLANAGAN: In the period from 1991 to 2007, you were employed by Accenture. Is that correct?---That's correct. 10

You commenced employment with IBM on 18 February 2007? ---That's correct.

How did you come to be employed by IBM?---I was approached at that time by a head hunter who was looking to fill the position of the public sector lead for Queensland.

Who was your predecessor in title at IBM?---Richard Dunstan. 20

Was his employment ceasing with IBM or was he going somewhere else?---Was ceasing with IBM. Correct.

You were head hunted by a head hunting firm to take up the position with IBM. Is that correct?---I'm not sure what firm was involved, but I was approached by IBM directly.

Did you say you were approached by IBM directly?---The initial connection was with the HR person inside IBM. 30

Who was the person from IBM who approached you to leave Accenture and come to IBM?---Julie Nobel.

Any other persons from IBM speak to you to bring you to IBM?---Peter Munro, who was my boss when I started.

What position did Mr Munro hold?---He was the public sector lead for Australia and New Zealand. 40

At Accenture, had you worked in the public sector field for Accenture?---Yes, I had.

That was dealing mainly with the Queensland government? ---Correct; mainly.

And also working with the Queensland government in relation to the Shared Services initiative roll-out?---I really didn't have much to do with the Shared Services initiative when I was with Accenture. I had a very small amount of work to do. I was asked to come in and do a review on the basis that I hadn't had much involvement to date so I could bring a fresh set of eyes to what they were doing, but apart from that, I really was not involved. 50

Can you tell us what your involvement with the Shared Services initiative was whilst at Accenture then?---It was only that two or three-week review, the reference in my statement, and that was to - I really can't recall the details, but I came in to do a short, sharp review on how they were travelling. They were struggling in some of their deliveries at that point in time and I was asked to look into that.

1

When you commenced with IBM in 2007, what was your role? ---I was the public sector lead for Queensland.

10

What did that involve?---That involves both business development and delivery oversight of all of our activity with public sector clients in Queensland which involved not only state government, local government, some public utilities.

What did you understand IBM's role to be at the time that you joined IBM in relation to the Shared Services initiative?---IBM had a relatively small role at that point in time. They had struck a couple of agreements with regard to providing services and software to CorpTech and we had a relatively small number of people on the ground with CorpTech at the time.

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All right. Was it the case that your main role with IBM when you joined IBM was to grow IBM's business within government?---Correct.

30

And, more specifically, within Queensland government? ---That's a big component of it, correct.

Was it the case that as at February 2007, one of the biggest IT projects going on in Queensland government was the roll-out of the Shared Services initiative?---It was. It was one of the biggest.

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So when you joined IBM part of your goal or your aim was to grow IBM's presence in relation to the roll-out of the Shared Services Initiative?---Correct. That wasn't a direction that was sent for me but that was part of my strategy, absolutely. 1

Now, can I take you paragraph 16 of your statement?---Yes.

When you joined IBM, as part of your strategy of growing the business of IBM, particularly in relation to the Shared Services Initiative, you had a number of meetings and introductions to what you described as a range of government agencies?---Correct. 10

You became aware through this process of dissatisfaction with Accenture inside CorpTech, is that correct?---Correct.

Were you aware of that before you went to IBM?---No.

Now, who in particular at CorpTech did you speak to from which you gained the impression that CorpTech were dissatisfied with Accenture?---I can't recall who in particular, it was certainly a mood across that was held by, or a view that was held by a number of people. I can't recall particular people who had said that to me. 20

Yes, but if you're going to grow the business for IBM and you're going to grow the business through the Shared Services Initiative, there's certain people you need to target in CorpTech, aren't there?---Correct. 30

All right?---And I certainly had meetings with people like Geoff Waite. I couldn't recall if Geoff had actually had said those words to me, but what he certainly explained, as others did, is that their implementation at Housing was not going as well as it should.

Yes, now, apart from Mr Waite, did you speak to Darren Bond in relation to that?---Darren Bond, yes. 40

This is as part of your process in paragraph 15 that I'm looking at of introducing yourself and then trying to grow the business of IBM. Did you speak to Geoff Wait, Darren Bond and Phillip Hood in relation to what was happening? ---I probably spoke to all three, yes.

Yes?---But this was probably - this does talk about a variety of government agencies, which it would have included Queensland Police, Emergency Services, Department of Public Works, and there's dissatisfaction in those groups as well. 50

And had you spoken to anyone from the Department of Housing?---At that time, possibly. I can't recall in particular.

May I take you to paragraph 38(a) of your statement then? 1  
---Yes.

Can I ask you to take up volume 27, page 234?---Yes.

Do you have a colour copy of this report called the  
"Proposed Conceptual Model"?---No, I don't.

I can give you my copy so it's in colour?---That would be  
appreciated, thank you. 10

This is the first time, Mr Bloomfield, that you had met  
Mr Waite, is that correct?---It may have been, but I think  
it would have been before hand.

All right. I'm just trying to understand what you mean by  
in paragraph 38(a), "Although I knew of Mr Waite from my  
work at Accenture, I had not been involved with him  
previously"?---Previous - when I was with Accenture  
previously. 20

Right?---So with IBM I may have met him once, Richard may  
have introduced me to him previously.

Now, Richard Dunstan was your predecessor?---Correct.

And at this luncheon, you state that it was Mr Waite who  
asked IBM - sorry, "IBM undertook to provide Mr Waite with  
a new conceptual model that would best position CorpTech  
moving forward with the agency implementations." Do you  
see that?---Correct, yes. 30

"I felt this was significant." Do you see that?  
---Absolutely.

At this luncheon, had it been expressed to you by Mr Waite  
that there was a level of dissatisfaction with Accenture?  
---I can't recall if that was discussed, certainly  
dissatisfaction with the progress of the overall program. 40

All right. And you knew that it was over budget or heading  
to be over budget?---Apparently, yes.

And over time?---Correct.

All right. Now, was it you who proposed to Mr Waite that  
you'd give a new conceptual mode, or did Mr Waite request  
that from you?---I can't recall exactly how it happened.  
We certainly expressed that we thought we could assist in a  
greater capacity. 50

All right. And it says, "Moving forward with the agency  
implementations." Do you see that?---Yes.

Sometimes a distinction is drawn between implementations  
and build, I just want to know what Mr Waite and yourself

meant here when you said, "Moving forward with the agency implementations." What did you mean by the "agency implementations"?---So the, if you like, deployment of the Shared Services Solution to a particular agency. So they had done a lot of work internally for a number of years, they'd only had one agency implementation, which was Housing, obviously at that time everyone's view was that did not progressed too well. As they were looking to increase the number of agency implementations, they wanted to look at better ways to do it, better ways to engage with agencies and make that run more smoothly.

1  
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With the Queensland Housing implementation, at or around this time it went live, is that correct?---It went live, my recollection was more like the middle of the year.

All right?---It won't have actually gone live until, I think, about May or June.

All right. But the implementation is, in fact, a new roll-out of the Shared Services Initiative going live in a particular department, yes?---Correct, and my understanding was that as of March it had already slipped that date, it was originally going to be November 2006, I think, but it had already slipped to the middle of the year.

20

Does the word "implementation" or "agency implementation" there include transition implementation and build?---No, well the build of the Shared Services Solution would be done separately with CorpTech. The development and build of the agency specific components would need to occur as part of that, but the word "implementation" was really - and the agency implementation is about the activity happening with the agency. You couldn't have a successful agency implementation without the relevant build of agency specific work being done by CorpTech, they had to go hand in glove.

30

Yes?---However, that reference to agency implementation was around making sure it was right for the actual agency itself.

40

All right. So what you're talking about there is a new conceptual model that would best position CorpTech moving forward with the agency implementations. We'll come to the actual document, but when you talk about a new conceptual model what did that include in terms of the roll-out of the Shared Services Initiative in particular agencies?---So it was a better way to engage with agencies to ensure that a better understanding was obtained in terms of what they needed in the agency specific work, and then also making sure that the relevant improvements were made also inside CorpTech to respond to those particular requirements and that both of those two teams would work more effectively together.

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BLOOMFIELD, L.J. XN

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Thank you. And if we could take up this document, which is dated 12 March 2007, you've read this document recently, haven't you?---I certainly have. **1**

So you're on top of it, aren't you?---Yes, I think so.

Good, because we'll be seeking your assistance in understanding parts of it?---I'll do my best.

Can I take you first to page 9 - I see, yes, if you could go to page 5 of the document, thank you?---Yes. **10**

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Mr Bloomfield, what I want to take you to here is under the heading CorpTech - do you see that?---Yes. 1

There is a second paragraph, "As such, a cornerstone to our proposed conceptual model for CorpTech is a balance of this three-sided partnership between CorpTech, Accenture and IBM." Now, was it any part of this conceptual model of IBM to oust Accenture or lessen Accenture's role in relation to the proposed roll-out of the Shared Services Initiative? ---No, it was to work out how to best bring the relevant skills from both organisations and effectively work out how we best work together. There was no underlying intention to take out Accenture and then we would fill the gap. It's a matter of making sure we worked out what we could bring to the table. 10

As a matter of commonsense, if you want to grow and you see your role as growing IBM's share of the business in the Shared Services Initiative roll-out, it's going to be at the expense of someone, isn't it?---Potentially. 20

Yes?---Some of what is documented here is actually us having a seat at the table, us having the relevant team members looking across the overall solution which is supplemental to what Accenture was offering, not necessarily reducing their involvement.

I might ask you this; what were you trying to achieve in presenting this report to Mr Waite?---Was to position IBM to effectively provide the best - bring our best to the table in the terms of the work being done at CorpTech. We were under-represented and we had skills and knowledge that we could bring to the table, so to make sure that occurred, plus to make sure that we were - bring some of our ideas in terms of how we would engage better with agencies and CorpTech had been doing previously - or CorpTech and Accenture had been doing previously. 30

You're basically the author of this document?---Correct. I had - other people wrote it with me but yes. 40

Yes, but you're basically the author of the document? ---Correct.

How was it that you sought to grow IBM's business through this document? What role did you want IBM to take over or take on?---So some of the diagrams explained more specifically but in summary to start with was to - once again twofold is to make sure that we had a seat at the table and we were involved in certain activities inside CorpTech which we hadn't previously, that would mean more involvement, and effectively a better, less risky implementation, less risk Shared Services Solution. Secondly, to make sure that CorpTech understood the value that IBM could bring working very closely with the agencies 50



and helping them do the work they need to do in their implementation activities. 1

All right. Now, you knew at the time of writing this document and presenting it that IBM had the 2005 contract in relation to the licensing of particular software. Correct?---Correct. Yes, I did.

Can I ask you then to turn to page 6 of the document that you have in front of you where it deals with the key features of a proposed conceptual model. The first dot point is that, "IBM has the best relationship and working knowledge of the Saba, RecruitASP and Workbrain products. We propose that IBM takes responsibility for each of these application development teams, Accenture would continue in its role in the SAP team." Now, at this time, who was responsible in terms of the Shared Services Initiative roll-out for the application development of Saba, RecruitASP and Workbrain products?---Effectively CorpTech. 10

CorpTech, right. So IBM were seeking to in effect take over the CorpTech roll in relation to those development - sorry, application development teams?---Take responsibility for, so ultimately, up until that point, CorpTech had responsibilities for delivering and would ask us if they needed help or needed resources, but all the risks sat with them in delivery and our view is we could have done a better job in terms of delivering to an outcome, delivering to a defined schedule and making sure that that didn't slip in terms of schedule or the budget didn't increase, so we put ourselves forward as the people to drive that. 20 30

And you envisaged that even though IBM would ultimately be responsible for it, IBM itself would utilize CorpTech personnel?---Absolutely.

All right, thank you. Then Accenture would continue in its role in the SAP team. Yes?---Correct.

Can I take you over to page 7. The first dot point refers to the fact that IBM is represented in the HRVS project management group which was arising from the 2005 contract. Yes?---That's correct. 40

Then the second dot point in a similar way, "IBM would be represented at the SSS steering committee" which IBM at that stage was not?---That's correct, it was not.

Then, "The implementation roll-out team needs to be supplemented with resources that have better product and solution knowledge, namely persons from IBM." Yes? ---Correct. That knew the non-SAP products. 50

All right. Now, that's for the whole of government Shared Services Initiative roll-out, isn't it, so IBM would seek

to take responsibility for the Saba, RecruitASP and Workbrain?---Yes.

1

There is no mention there in this particular part of the document to finance. Why is that?---At the time effectively finance, a lot of the work had been done and we had no involvement in finance, so this was in a lot of ways what we have just been talking about in the previous five minutes, was about doing what we were already involved in but doing it a better way and doing it in a clearer way as opposed to getting involved with finance where we didn't have any involvement previously so we said, let's clean up HRVS because that's where we were already working which needed work in a better fashion.

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If I could take you then still at page 7 to Queensland Health, the second paragraph, "Whilst IBM believes that a similar conceptual model outlining below for QH could be applied to DETA, we are focused on QH due to our knowledge of the agency requirements IBM had been liaising with QH and we have a very good working knowledge of the implementation plans; in fact, we have been actively contributing to them in recent times." Was that a reference to the relationship that had been established between QHEST and Jason Cameron?---Correct.

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All right. In terms of the implementation plans, that's in relation to Mr Cameron attending the workshops that QHEST had been conducting for the implementation?---Those workshops were part - would advise and education those implementation plans, correct.

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Thank you. The next paragraph down on the fifth line, "IBM strongly believes that we are able to cover all relevant aspects of the implementation including payroll as the work in the agency does not require a detailed knowledge of the SAP configuration and customisations." Now, can I take it there that even though you had left SAP and in one sense the HR implementations involving SAP to Accenture with CorpTech - - -?---Yes.

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- - - for Queensland Health what was being proposed by IBM in this conceptual model was a little bit more aggressive, wasn't it? When I say "aggressive", a little bit more far-reaching?---Well, no, it was more - more the case that we were - it made sense that as we work with a particular agency that the work that you do with that agency around job impacts and business process change and change management is coordinated across all those relevant solution areas. It is effectively a - just makes life more difficult if you split it along application lines. The way that they - the way we approach the work and the way that CorpTech wanted work approached was not to split it by product type but by business process and by role, if you like. If some was done in SAP and some was in Workbrain, we didn't draw a line and say, "Well, we can't do that."

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BLOOMFIELD, L.J. XN

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Accenture must do that." We would take a view - our view we would be if you were to - if someone was going to do an agency implementation, they should do it end to end whether it's us or Accenture, either way, it's best we think for all parties to make sure that it's understood end to end and that's what we are trying to achieve.

1

And so what you were trying to achieve here was for Queensland Health for IBM to do it end to end. Yes?---For their implementation and deployment of their solution, correct.

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Yes. Just so I can understand it, does that mean in your conceptual model that you were actually proposing that IBM do the Queensland Health payroll and HR solution from end to end, meaning that it would result in a go live date or a new system?---We would help them with the implementation, activity and deployment right through to go live, correct.

Right. Now, it has been suggested that doesn't include any build factor?---Correct.

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Is that because one would take the product that was being offered as a whole of government solution and simply incorporate it into the agency?---Maybe not simply but incorporated in, correct, and that would have to happen for all agencies and the agencies - it was their choice as to whether they picked someone to help them, ala IBM or they do it themselves. That was always an option for the agency.

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If, say, for example, with Queensland Health because of the complexity of the award system, which I think has something in the order of 240,000 different permutations and combinations, if software was required to implement that, that would be seen as part of the build for the agency itself, is it?---If there are specific awards just for Queensland Health, that would be part of the agency specific build and that would be done as part of the build activity that would happen in CorpTech.

1

Correct me if I'm wrong, no part of this conceptual model put forward by IBM as at 12 March 2007 contemplated IBM carrying out that type of work?---No build activity, if you like.

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All that build activity would be conducted by CorpTech? ---CorpTech and its - that's right - CorpTech and its subcontractors.

And its subcontractors? Was there any role that IBM would play under this conceptual model in relation to CorpTech and its subcontractors building software for, for example, interfaced between SAP and Workbrain?---Well, as is contemplated on the previous page. To use that as an example, if we have awards that are specific to Queensland Health, they will be identified and passed to the team building the Workbrain award, interpretation for example, and that work would be done by, in this model, IBM under CorpTech's guidance or under their control in CorpTech as opposed to in Queensland Health.

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Yes, quite. Then the last paragraph on that page, "Please note, this model represents HR payroll only. However, the intention is that the finance side of the project would have a similar composition of responsibilities between QH and IBM." That's the same responsibilities between Queensland Health and IBM. It's the case, isn't it, if I read this correctly that IBM on an end-to-end implementation for Queensland Health also wanted to do the finance that was otherwise done by Logica?---Once again, the agency still had to determine how they were going to do finance. So this is the work around finance for the agency implementation. QHEST could decide to do it themselves, pick up, pick Logica, pick Accenture. It was yet to be determined how they would do that.

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Yes. But Logica had rolled out finance packages for a number of government departments quite successfully at this stage, hadn't they?---Absolutely, sure.

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Absolutely?---Yes.

There's nothing wrong with this, but you were trying to grow IBM's business by saying: for the Queensland Health implementation at least, we would like to do what Logica was doing for the other departments because we want to have

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control of it, end-to-end, which includes payroll, Workbrain, all the HR solution, including finance. Yes? ---If that made sense.

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Yes?---If it made sense.

But that's what you were proposing here?---Correct; correct.

Yes. Good. May I ask you then to turn to page 8. It says, "IBM takes the role of HR and finance implementation manager. QH have already asked IBM to fill this role." That wasn't quite correct, was it?---That was my recollection at the time. So when it expresses that, the role, that was one role. So it wasn't the whole team. It was effectively - I've got the redacted version, but it's the top blue box was that manager role. Correct.

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But who from Queensland Health had requested IBM to fill the role of implementation manager?---My recollection at the time is that they were keen to have Jason Cameron fulfil that position.

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For that position?---That's my recollection of their intention.

The person from Queensland Health who was keen to have Jason Cameron in that position, was it Mr Atzeni or Mr Hey? ---Jason Cameron? My understanding both. Nigel was certainly the final approval on that particular decision and I thought Nigel was definitely in favour of that.

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May I take you then to page 9 of this document. Here you're identifying the key advantages in relation to Queensland Health for IBM playing your proposed role under the conceptual model. One of those key advantages is the first dot point, "The rostering implementation is a primary concern to QH. IBM's knowledge of this product and its modifications best positions IBM to work with QH to alleviate the concerns around this implementation." That's actually a reference to Workbrain, is it not?---Correct.

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"The trust and credibility that IBM has established with QH will significantly improve CorpTech's credibility in areas such as implementation roll-out and application development." That's a reference again, is it not, to the relationship between Mr Jason Cameron and Mr Atzeni? ---Primarily.

Primarily? Yes. That was a relationship that you were seeking - I don't say this in any pejorative way - to exploit as part of expanding IBM's business of the professional relationship that had been established between Cameron and Atzeni?---Yes, absolutely. I think his knowledge of the agency not only helped us, but also helped Queensland Health. They're better off engaging with a

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vendor who understands their business and that's what we sought to do. 1

Can I then take you down to the first numeral 1, "Our conceptual model proposes the appointment of a QH manager to be co-located with CorpTech application development team."

Did you have anyone in mind when you wrote this document? ---I don't think so. I don't recall that we did. 10

"This will afford QH detailed oversight of the application to build and, in particular, the rostering and facilitate increased buy-in by QH. This QH manager would report directly to HR and finance implementation manager," which if you read the rest of the document, was IBM?---Correct.

All right, thank you?---Sorry, the latter was IBM. QH manager was - - - 20

Correct?---Yes.

Yes.

MR DOYLE: Excuse me, could I interrupt? It's our fault, but the version that the witness has been given does in fact have names obscured, so can I substitute - - -

COMMISSIONER: I see. 30

MR DOYLE: I mean, he seems to know what - for reasons I can't understand. The table that my friend just took him to, which shows on my version, names has been printed in a version that obscures them and that wasn't intended. Everyone else has the right copy.

COMMISSIONER: I'm not sure I have. Can I have a copy, too, just so I can check the outlines? I have a coloured version. Thank you. 40

MR DOYLE: I think if you go to page 8 of 15, you should be able to see names in the boxes.

COMMISSIONER: Yes, yes.

MR DOYLE: Or titles.

COMMISSIONER: No, I have got that. Thank you.

MR DOYLE: The copy we handed - - - 50

COMMISSIONER: No, I do have that. Thank you.

MR DOYLE: - - - Mr Bloomfield had a black line through those by error.

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MR FLANAGAN: Thanks, Mr Doyle. 1

COMMISSIONER: I can't read the names in the - - -

MR DOYLE: No, I'm not sure it helps, but I thought I would correct the version that he's been given.

COMMISSIONER: Can you tell us who they are? I don't know why people choose a blue background for black print. 10

MR DOYLE: No, it's not. It says, "HR and finance implementation manager." That's in the middle box.

COMMISSIONER: All right.

MR FLANAGAN: Is that a convenient time, Mr Commissioner?

COMMISSIONER: Yes, yes. We will adjourn now until 2.30.

THE COMMISSION ADJOURNED AT 1.04 PM 20

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MR FLANAGAN: Mr Bloomfield, can I take you back to the conceptual model, please?---Yes.

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Excuse me, Mr Commissioner.

COMMISSIONER: Yes.

MR FLANAGAN: Can I take you to, on your copy, page 14 please? Under item 4, "IBM to partner with Queensland Health," it says, "As previously noted, QH must commence the implementation roll-out planning and execution immediately to ensure a successful mid-2008 go live. CorpTech and IBM must be sufficiently and appropriately engaged with the department to allow full roll-out activities to be identified." Was that statement in this conceptual model based on Mr Atzeni informing Mr Cameron that vendor statement through Talent2 for LATTICE was to cease by mid 2008?---I don't know if it was specifically to do with what Mr Atzeni had said. It was generally known that that support was ending in the middle of 2008.

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All right, thank you. Can I take you then to paragraph 30 of your statement. This is the estimate of costs that was put together with Mr Cameron of around \$90.5 million. Is that correct?---Yes, correct.

Can you just explain to the commission when you refer in paragraph 30 to, "Out of scope of the whole of government solution," or "Specific requirements that were out of scope of the whole of government solution," can you explain to us what you mean by that?---That's commonly referred to as agency specific requirements.

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Yes. What was that a reference to for the pricing of the \$90 million or so? What was the agency specific requirements that were being priced?---They were quite comprehensive, but high-level requirements at the time, but requirements that sat or related to not only SAP, but to the other applications as well, so quite a lot of requirements.

40

You say that that pricing exercise was quite separate and discrete from the conceptual model presentation that had been sent to Mr Waite. Is that correct?---Correct, yes.

In that sense the pricing was a request from whom in Queensland Health?---From Nigel Hey is my recollection.

You have no knowledge that Nigel Hey, for example, requested it through Mr Waite or through CorpTech or was it an individual request from QHEST?---I really can't recall the specifics. I would say that it would have come straight from Nigel Hey as part of his preparation of the work that he was doing.

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Can we turn to volume 27 then, page 226?

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COMMISSIONER: 226?

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MR FLANAGAN: 226, Mr Commissioner.

On or about 27 April 2007 you received an email invitation from Elizabeth Russell at Queensland Treasury to attend a meeting with David Ford, the deputy under-treasurer, together with Mr Pedler from SAP. Do you see that?---Yes, I do.

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Can I show you volume 33/2 at page 128. Having received this email, you then email Mr Cameron on 27 April 2007 where it's referred to as a meeting with the deputy under-treasurer Mr Ford, Mr Waite, Barbara Perrott, Rob Pedler from SAP and Simon Porter from Accenture, "It's just for his information based on meeting I had with Mr Mike Bernheim yesterday. They are only just getting to decide how to restructure CorpTech. This is the very first meeting. Interestingly, Porter is away so it may end up being Mottershead instead. I can't wait." Mottershead was Ms Mottershead from Accenture. Is that right?---Correct.

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What was her position at Accenture?---She was a partner at Accenture and had worked at CorpTech in a delivery capacity, at least, that I know of. Before I left Accenture, I knew that she was engaged there.

All right. When this meeting occurred with the deputy under-treasurer, Mr Ford, that was the first time that you met Mr Terry Burns. Is that correct?---That's correct.

30

At this meeting we know that Mr Pedler from SAP was present?---Yes.

Do you know whether Mr Porter or someone else from Accenture attended that meeting?---I can't recall who from Accenture was there.

You knew Mr Pedler?---I certainly did.

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How long had you known Mr Pedler for?---I would say probably three years, maybe four years.

Did you socialise?---I knew him in a professional sense. I didn't know him outside of work.

Did he have the same role in SAP as you had in IBM?---To the extent that he was the state manager for SAP - so to the extent that - I wasn't the state manager of IBM, but I was responsible for the majority of our business for global business services. As far as his engagement with IBM was concerned, ie, in public sector, I was the person to go to and, if you like, had equivalency in that regard.

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You had a close working professional relationship with him, didn't you?---I'd say fairly close.

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Would you call him a friend?---Yes, I suppose.

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From your own observation and the time that you worked for Accenture, you certainly knew that Mr Pedler had a close working relationship with Mr Porter, didn't he?---Correct. It's fair to say that Simon was a lot closer to Mr Pedler than I was.

Would you describe Mr Pedler as a mutual friend of both yourself and Mr Porter?---Yes, I would say so.

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In terms of SAP, what was their role in CorpTech?---SAP was responsible for delivering point resources that were specifically required to implement their solution. I couldn't give you much more detail than that. They certainly had an involvement, it wasn't nearly as large as Accenture or Logica, for example, but a critical one albeit very important to the program.

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Thank you. Now, can I take you, then, in the same volume, volume 27, to page 228?---In the same volume, Mr Flanagan?

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Volume 27, sorry?---Sorry.

We had it before, 228?---Excuse me, that was 238?

228?---228? Sorry, yes.

Now, this is an email dated 1 May 2007, at 2.31 pm - - -?  
---Yes.

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- - - to Mark Blandon and copied to Cliff Bailey and Peter Monroe. First of all, who was Mark Blandon at IBM? ---Mark Blandon was responsible for a lot of our shared services work, if I recall correctly. That was one of the responsibilities he had across at least Australian, New Zealand, so had a specialty if you like, I recall.

Before we read this email, do you have an independent recollection of what was discussed at the meeting with the deputy under-treasurer, Ms Perrott and Mr Burns?---No, I don't.

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You don't?---No.

Apart from what's in this email, to refresh your memory, you don't have any independent recollection of it at all? ---No, I don't.

All right. If we just look at this email then, first of all, the subject of the email is "CorpTech Reorganisation: Urgent". What was urgency about the matter at this stage? ---I think to the extent that the - the most important thing is that we - considering what they were looking to do, considering the urgency that they wanted to move to a new approach and review that relatively quickly, and the request that was being made, for example, in the points that we'll discuss I'm sure in a minute, 1, 2, 3 points, that's a considerable amount of work. To get our team mobilised, to get the right skills involved to respond to this would mean that we'd have to do that immediately to make sure that we could respond in a timely fashion.

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At least from your meeting with the deputy under-treasurer, did you see it as a game changer in the sense that CorpTech and Queensland Treasury weren't going to continue with the roll-out as it had been happening?---Correct, yes.

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All right. Indeed, you refer to in that email the fact that the deputy under-treasurer discussed CorpTech's delivery issues and Queensland Treasury now realised that the way they originally structured the CorpTech program was flawed, yes?---Yes.

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And they've appointed Terry Burns, a risk management contractor, to spend four weeks determining those three points that you've already looked at, yes?---Yes, correct.

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All right. Can I just ask you to look at those three points and just keep them in your mind for present purposes, especially the reference to accelerators to help improve delivery, yes?---Yes.

"I am meeting with Terry this week to field some of his questions regarding our previous ideas sent to CorpTech on 12 March 2007." Now, at the meeting with the deputy under-treasurer, did you gain the impression that Mr Burns had already read your 12 March 2007 presentation?---No, there's nothing that was said, not that I can recall.

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All right. So when you say, "To field some of his questions regarding our previous ideas sent to CorpTech 12 March 2007," do you know how it came about that you were going to be questioned by Mr Burns in relation to that presentation?---He or Mr Bradley potentially mentioned that they were interested to hear more of what was put in that 12 March document, that's all I can ascertain from this.

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"After that, he will be looking for IBM's views on the items above, primarily item 3 but also item 2." Do you see that?---Yes, I do.

This is something that you gained from Mr Burns at the meeting with the deputy under-treasurer, wasn't it?---Yes.

So what I'm asking you: do you have any recollection of Mr Burns actually saying to you in the presence of the under-treasurer, Mr Ford and Ms Perrott, "I want to ask you some questions about your 12 March 2007 presentation"?---I don't recall him saying that, I don't recall the meeting per se at all.

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Do you recall him saying that he'll be seeking out IBM's views on the items above?---Yes, correct. The nature of the meeting was to get us ready to present our ideas to Mr Burns.

My question's a bit more specific, and it's important that you turn your mind to it. Do you have a recollection of Mr Burns saying that to you in the presence of Mr Pedler, Ms Perrott and the deputy under-treasurer that he would be seeking IBM's views in relation to those matters, in particular matters 2 and 3?---No, I don't have a recollection of that.

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You don't?---It's only what's here.

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All right. Can we be clear about this, then? This email is recording what happened at that meeting, isn't it?  
---Yes.

It's not recording or seeking to record a private conversation you had with Mr Burns, is it?---Correct.

So if you're recording a view there of what Mr Burns said to you, that's what he said to you at the meeting with the deputy under-treasurer?---Correct.

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Thank you?---I'm just not sure whether it was Mr Burns that actually verbalised the three points or it was Mr Bradley, although Terry would be appointed to do that work I'm not sure if it was Mr Bradley that actually articulated that.

Yes, it's just that it says, "I am meeting with Terry this week to field some of his questions regarding our previous ideas sent to CorpTech. After that, he will be looking for IBM's views on the items above"?---Yes, correct.

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You'll appreciate, though, that it puts your further meeting with Mr Burns in the context of something being announced of what he was going to do being announced in front of the under-treasurer and Ms Perrott?---Absolutely, that was the reason for the meeting.

All right. Thank you. From there may I take you, then, to page 227 of volume 27?---227?

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227?---Yes.

This is an email from yourself to Mr Burns. Now, you've sent the email on 1/5/2007, at 8.23 am?---Yes.

And you've sent it to terry@cavrisk.com. Do you see that?  
---Yes.

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Do you recall how you got Mr Burns' email address?---I don't recall, I can only assume that he gave me his business card.

All right. "Terry, good to meet you yesterday afternoon, my contact details," and you give your contact details there?---Yes.

Now, why did you select Mr Burns of all the people who you had met at the meeting to contact?---Because he had been tasked to perform the role and drive that outcome.

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All right. Thank you. And then from there, could I take you to page 229? Mr Burns replies to your email but he sends it from his CorpTech address. Do you see that?  
---Yes.

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And it's dated 2/5/2007, at 9.02 am, "Thanks for your details, please use my QT address from now on," that is, his Queensland

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Treasury address?---Yes.

"Could we meet as soon as possible, please, to discuss IBM's past and future role on the program?" Now, if we look at the items 2 and 3 at page 228 - - -?---Yes?

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- - - he's been appointed as a risk management contractor to "Spend four weeks determining the new CorpTech implementation scheme, suggest a new organisational structure for CorpTech which does more to leverage its key implementation partners above and identifies accelerators to help improve delivery." Do you see that?---Yes.

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Which one of the three items does Mr Burns' reference to discussing IBM's past and future role on the program relate?---I think it relates to all three. 1

Thank you. From there may we go to page 230. This is an email that you have read before?---Yes.

And we've all read it before?---Yes, correct.

It's dated 2 May 2007 at 9.24 pm. It's you reporting the results of two meetings you have with Mr Burns. Is that correct?---Correct. 10

You send it to Colin Powell. Who's that?---I'm fairly sure Colin was Mark Blandon's boss at that time. So Colin from an Asia Pacific perspective had responsibility for many things, one of which was Shared Services implementation.

In terms of the Australian hierarchy of IBM, where did Mr Powell sit as at May 2007?---So he sits above that. He sits in the Asia Pacific as opposed to - - - 20

All right. Is there anyone above him in the Asia Pacific area?---He would report it through to our managing partner for Asia Pacific at the time, Andrew Stevens.

I'm just trying to work out why you reported to Mr Powell. He's not your immediate superior, is he?---Correct. That would have been, I think, a suggestion from Peter Munro to make sure that we made Colin Powell aware of this as soon as possible to make sure we had his support and backing. 30

Yes. But you also contacted him because this was an important meeting you had with Mr Burns in terms of growing IBM's business. Yes?---Correct. And it needed, certainly, his blessing to go after this work.

Why was that?---A couple of things: (1) because the type of resources that we need, we potentially may not have enough of in the country to tackle this, but not known at that point, but that was a strong likelihood; and secondly, the fact that there was a view inside IBM that CorpTech - what we were doing at CorpTech - because we were unrepresented - was a client that potentially wasn't - may I put it bluntly - worth spending a lot of time with and if I was to take something to him and he didn't understand whether it was worth pursuing and that we could actually, you know, win some business there, he may not support it and that would effectively mean that we could not bid for the work and compete and win any business there at all. He needed to be convinced that CorpTech was a client worth pursuing. 40 50

Had you, however, had an ordinary meeting with Mr Burns where he didn't say to you what he said, Mr Powell wouldn't

have been involved, would he?---Oh, no, not at all. Mr Powell certainly would have been - as I said, part of going after this business of this size, which is a significant investment for IBM, we would have needed his blessing. It was not associated with any - which meetings I had with Mr Burns.

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When you have the meeting with the deputy under-treasurer and Ms Perrott and Mr Burns, you only email Mr Blandon, is that correct, copied to Mr Bailey and Mr Munro?---Yes.

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I've already asked you this. You knew that was a game changer. You knew that there had been a fundamental shift in the way Queensland Treasury were going to roll out the Shared Services initiative. Yes?---Potentially, yes.

You don't email on 1 May 2007 Mr Colin Powell, do you? ---No, but that advice could have come from either Peter Munro, as I said before; Peter suggesting that it went to Colin and/or Mark Blandon to say, "This needs to get on to Colin Powell's radar."

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Quite. But that advice is only coming after you've informed Mr Munro of what Mr Burns has said to you at either the on the record or off the record conversation. Correct?---It may have come out of the discussion or the email to Mark Blandon saying, "This was a great opportunity. Can you make sure that Colin Powell is aware of it?" Part of making sure that Mark got what he needed, they could have been a normal chain of command to make sure that his superior was made aware of it.

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You see, whilst their meeting with the deputy under-treasurer was a game changer, the difference between that meeting and your meeting with Mr Burns is that Mr Burns gives you real encouragement to step up to the mark for the purposes of conducting the Shared Services initiative, doesn't he?---He does.

He does. The significance of that is that even with Accenture entrenched, he makes it clear to you at this meeting that there are no sacred cows; that there are no sacred cows, that in spite of Accenture being entrenched, in spite of Logica being entrenched in terms of finance that there was a real opportunity here for IBM. Yes?---He indicated that nothing was on the table. Correct.

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Correct. It's that sense of IBM being able to get in the door and participate in the way that Mr Burns is contemplating that causes you to send this email to someone very high up in the Asia Australian Pacific area, Mr Colin Powell, doesn't it?---Well, once again, Colin was one step up from Mark Blandon. So from that perspective, he would be the next person to notify.

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Yes. I'm just trying to establish the significance of this conversation you had with Mr Burns and the significance of it was that you actually saw there was a potential for IBM to get into the door where they had otherwise been blocked?---No doubt. Correct.

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No doubt? Thank you?---Yes.

This is a difficult question. Can you think about it? You refer to Mr Burns as having a conversation with him on the record and a conversation with him off the record. There are certain things said in the email that having considered, would you be able to tell us what he said to you off the record and what he said to you on the record? ---I couldn't recall one way or the other which was off the record or which was part of the second discussion and which - I would think that a lot of the second discussion was more of just emphasising more strongly the perspective that he had; more strongly putting the view that, you know, I'm not - as in Mr Burns saying, "This isn't just lip service. This is serious. You have a real opportunity here, but you need to bring some really good thinking," and change the way we're currently doing things.

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Let's start with this proposition. When you refer to off the record and on the record, on the record was the conversation that took place with Mr Burns in front of a CorpTech employee, namely Ms McMillan?---Correct.

Yes?---Correct. That's right.

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The off the record conversation is the conversation that took place between yourself and Mr Burns without any government official being present?---Correct.

Ms McMillan had a position in CorpTech which was a responsible position. Yes?---Yes.

Yes. What position was that?---I think she was an executive officer, so she had responsibility for effectively - with Mr Burns coordinating their new way forward.

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So the off the record conversation is where Mr Burns can say things that one wouldn't otherwise say in front of a government employee. Yes?---He potentially could.

Quite. So you wouldn't say in front of a government employee when you've just been put in charge of a four to five-week review of the Shared Services initiative roll-out - to say in front of a government official, "I'm also an IBMer. I'm an IBMer," for example. You wouldn't say that in front of a government official, would you?---Possibly not. I don't know.

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It would be extremely unwise to say that in front of a government official, wouldn't it?---It could be. **1**

Because it can be interpreted as carrying immediately a bias towards one organisation over another organisation when your role is to review. Yes?---True; or put a different way forward. Yes, correct.

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That's a matter of commonsense. What I'm asking you, Mr Bloomfield, do you recall that Mr Burns did not say, "I'm an IBM'er," whilst he was conducting his meeting with you in front of Ms McMillan?---I can't recall.

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You can't recall?---I can't recall what he said in that particular meeting.

So if we were to take you through this email point by point, you're not going to be able to tell me what he said in front of Ms McMillan, that is, a government official, and what he said in front of you off the record?---I couldn't, no.

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This happened over coffee, didn't it?---I'm not sure that it did. It possibly could have been running into him into the foyer of the Santos house, for example, I don't know, I cannot recall exactly how this happened.

It's a sufficiently significant conversation that you email Mr Colin Powell, isn't it?---What happened in terms of those two meetings and the information I received from both of the meetings was significant enough to email Colin Powell.

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This is the first coffee meeting you had with Mr Burns which is one of a number of one-on-one coffee meetings you had with him, isn't it, but this is the beginning of it, yes?---I don't recall, once again, when that or how this meeting occurred. I really don't recall.

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You don't recall that it was outside the CorpTech building?---I don't, no.

Now, did he ever say in front of Ms McMillan that he's expecting big things from IBM on this one?---He may have. I don't know.

This is an odd thing for a man who's doing a review, isn't it, to be saying that he's expecting big things from IBM on this one. Wouldn't you conduct your view before you decided that you wanted big things from IBM?---No, not at all. I would expect that he said that to everybody.

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You expect he said it to everyone, you don't know what he said to the other people, did you?---I don't know, but I would expect that part of his job is to make sure that all of us who are capable of bringing significant value and adding a lot to the new position that they want to put themselves in, that we all brought innovative, expansive thinking.

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Did he every ask you or did you ever ask him at any stage of the times you had coffee, or any stage that you had one-on-one meetings, or any stage that you did a dry run presentation to him on 3 August 2007, at any stage did you

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say, "You're doing the same for the other tenderers, aren't you"?---I may have. I don't recall, but I may have. 1

It's the case that you don't know what interaction Mr Burns had with Accenture or Logica, do you?---That is correct.

Have you followed the evidence in this inquiry to date? ---Sorry, I don't understand the question.

Do you know the evidence of Mr Duke from Logica in relation to his one-on-one meeting with Mr Burns?---No, I don't, sorry. 10

It happened once, he says?---Right. I don't know that detail.

You don't know that detail? All right. So you think he might have said, "Innovative and expansive thinking," that's what he's expecting from IBM, he may have said that in front of Ms McMillan, do you think so?---He may have. 20

Do you think he would have said that, "This is based on my experience with IBM of what IBM was able to achieve at Fonterra," yes?---Once again, he may have.

It's the case, isn't it, that he's talking about IBM's role and his experience of IBM at Fonterra as being a very positive thing, isn't it?---It was a very different thing, to the extent that IBM had a very marginal involvement to that point, and that in Fonterra we had a lot more responsibility, we had a lot more risk in the process and that's something that was consistent with what he would expect that we or whoever was engaged would have moving forward. 30

So your email records that, "Terry was very impressed with what we were able to do over there and is encouraging us to really push the boundaries on this, it will be very well received by him." Yes?---Yes. 40

Mr Bloomfield, just on its ordinary and natural reading you'd accept that when you wrote this you knew that Mr Burns had been expressing a clear preference for IBM. Yes?---No, not at all.

Not at all?---Not at all.

To the extent that you say, "Terry is, almost at this stage, coaching us." Do you see that? Coaching IBM. Yes? ---Yes. 50

This is at the very beginning of the review that he is to do for the Queensland government. Yes?---Yes.

And what did you think he was coaching IBM to do?---To make sure we put our best foot forward.

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"And he is already strongly recommending the position we should take in some areas." Now, what areas did he strongly recommend the position you should take?---That was in reference to the fact that we should - IBM should be stepping up, once again, whoever wins the business should be stepping up and taking more risk in the program. At that point in time, all of the big providers, so Accenture, Logica, IBM, even SAP had very minimal or negligible risk in the program.

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What he's suggesting as you read on is that he states that, "IBM is grossly underrepresented on this engagement." That was your belief too, wasn't it?---Well, we certainly could have done more for them.

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"And that what the CorpTech program needs," this is before he's done his review, "what the CorpTech program needs is a significant increase of involvement by IBM." That's not a question of putting your best foot forward, that's a clear indication by a person that you're going to have a greater participating in the Shared Services Initiative roll-out, isn't it?---Assuming we bring innovative and expansive thinking and we are able to win the business, correct.

20

And you did bring innovative and expansive thinking because you thought of Workbrain being used for the purposes of awards implementation, didn't you?---In the non-rostering agencies, correct.

Yes, and that was one of the big differences between your bid and Accenture's bid, was it not?---I wouldn't know what the evaluation result was and whether or not that was a big factor or a small factor. I would be surprised if it wasn't a factor at all.

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If you had to describe to the commission, now, what was the big, innovative idea of IBM in the ITO tender, what would it be?---I don't think there was one single thing, I think there are a number of areas which - - -

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COMMISSIONER: Just tell us what they were?---Sorry, Mr Commissioner?

Tell us what they were, if there's more than one tell us all of them?---Okay. So the first one in terms of award interpretation for the non-rostering agencies was one, the second one being that we would have one instance of SAP, the third being that we would have a release object design, so, that is, we would be able to parallel our application development. Sorry, I think I've got others in my statement, but they're probably the three callout, biggest-impact effect of what we were doing.

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Are you following that up about the non-rostering agencies, or can that wait to another time?

MR FLANAGAN: I am going to deal with Workbrain in full at some stage. You got the impression after speaking to Mr Burns off the record that he was seeking to give IBM a greater role in the Shared Services Initiative roll-out. Yes?---No, I was certainly given strong impression that IBM needs to bring its best to the table, and assuming that we did that is the type of thing they were looking for.

1

COMMISSIONER: Why didn't you think after you met the under-treasurer, that you had to put your best foot forward?---We didn't go into a lot of detail, if you like, in terms of what the - they covered those three points, it was more detail that Terry had given in the meetings of 2 May which made me understand more of what they were really looking for.

10

MR FLANAGAN: In your statement, you seek to educate us about what "coaching" means in the IBM context. Yes? ---Yes.

20

As at May 2008, or 1 May 2008, you had been at IBM for approximately three months. Yes?---Correct.

Would you say after being at IBM for three months you were ensconced in the language of IBM'ers so that you knew that coaching, when you used it in this email, had a special meaning that's different to what we see it as?---I think so.

You think so?---I think so, yes.

30

Had you ever had a situation where someone had coached you in any bid as at May 2008? 2007, sorry, I'm looking at the expiry date. 2007?---No, not at that point in time.

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No. In fact, you hadn't yet put in a bid for Workbrain implementation with CorpTech, had you?---Correct. 1

So you certainly hadn't been coached in the IBM sense from anyone from CorpTech, had you?---No.

You had in fact not even been able to execute at this stage a service agreement with Queensland Health in relation to limited resources for some scoping work?---Correct. 10

Yes?---That's correct; that's correct.

You have had no experience of being coached in the IBM sense as at May 2007, had you?---I wouldn't say that. Certainly, there were discussions and I'd met with many people. I set about understanding the IBM way, effectively, when I first started there, how they went about business and how that was different to Accenture, for example. So that was part of me understanding the organisation as quickly as I could and I sought to align to that as quickly as I possibly could. 20

It's the case when you use the "coaching" in this email, you're actually using it in its ordinary and natural meaning, aren't you?---No, that's not the case.

It's not the case?---No.

You sent Mr Burns or Ms McMillan the 12 March 2007 conceptual model. Yes?---I did. 30

All right, thank you.

COMMISSIONER: What was the context you were being coached in, Mr Bloomfield; coached in the sense of being the best out of IBM? What was the context?---In terms of the review?

Yes?---He was looking for input from each of the - - - 40

Input for what?---For the review that he was doing. He was looking for ideas.

I see. You were being coached to give an idea - to come up with ideas?---Correct.

I see.

MR FLANAGAN: In the third paragraph it says, "Terry has asked us to put together a proposed approach schedule, resource plan and cost model." Do you see that?---Yes. 50

An actual cost model for the CorpTech program. What did you understand to be Mr Burns' reference to the CorpTech program?---The Shared Services initiative.

Yes. You didn't understand him to be saying, "I want you to put in a cost model or proposed approach in terms of IBM being the PMO," for example?---That's correct. 1

All right, thank you?---But it may not have been, sorry, at that point in time the overall program. It was whatever part that we would be able to play and consistent with what was in the 12 March document, may have only been the non-SAP applications. 10

Then if you look down at the second-last paragraph of this email it says on the fifth line, "If this window closes and we do not impress Terry and Queensland Treasury, we'll have no option but to continue in our sub-optimal role. I welcome your involvement in our discussions with Mark in this first instance." You put both Mr Burns and Queensland Treasury on the same footing in terms of being impressed. Is that correct?---Correct. His response - yes.

From that time onwards, given that Mr Burns did his review but then continued on in CorpTech, was it your view that you had to win him over or impress him in terms of IBM's proposals in order to gain the work?---I wouldn't say that. In this particular context when we were in the early days, if you like, of Terry's involvement and certainly in the four weeks, his responsibility in driving the review, it was very important that he was impressed with what we put forward. However, as it became more formal moving forward, Mr Burns' involvement was a lot less, if you like, in terms of a formal evaluation, a formal evaluation committee so that was - I'd expect he was marginalised at that point to the extent that that would be - the evaluation team would have the say. 20 30

In the email it says, "Once again, encouraging us that there are no holy cows and as an example he suggested we shouldn't discount those components of the program that currently have Accenture involved"?---Correct.

That was in relation to the entire Shared Services initiative roll-out, wasn't it?---That was with regard to the overall program, but once again the context of this, I just walked through with him, the 12 March document. 40

Yes?---So whether there were involvements in there - there were positions in red that were Accentures. There was an encouragement that just because Accenture is - - -

We'll come to this, but you actually have sent to Ms McMillan the 12 - - - ?---No, but I walked it through with them in the meeting. 50

You walked it through with them in the meeting?---Yes.

I see?---I spent time walking through it.



Did you take the presentation with you to the meeting?---I took the document. 1

I think my question is more specific. You've told us what CorpTech program means, which is the entire program, and it says, "Once again, encouraging us that there are no holy cows and as an example he suggested that we shouldn't discount those components to the program that currently have Accenture involvement"?---Correct. 10

That's meaning Accenture involvement in the CorpTech program. Yes?---That's right. Correct.

What he's encouraging you to do is that he's suggesting that there are no holy cows. What you understood by that, Mr Bloomfield, was that IBM had a real chance through Mr Burns of winning the entire Shared Services initiative roll-out?---There was an opportunity for that, absolutely, and I would fully have expected at the time that he had discussions with Accenture to say there were no holy cows in terms of taking over what we were doing in Workbrain. 20

Quite. Indeed, not just Accenture, but also Logica? ---Correct.

Because the fact that there were no sacred cows in relation to Logica had already been identified by you in your 12 March 2007 presentation where for the end-to-end implementation of Queensland Health, you had already put forward IBM's dealing with finance. Yes?---Correct; for the agency implementation. That's correct. 30

Thank you. May I take you to volume 33-2, page 153?---153?

153. Yes?---Yes, got it.

It's an email from yourself to David Brooks, Eden Hughes and Jason Cameron. First of all, who's David Brooks and Eden Hughes?---They both worked at Presence of IT. David Brooks was like the principal who was the boss and Eden Hughes was the person responsible for many other things, but the Queensland government was my understanding and Shared Services. 40

"Guys, following on from our discussion this afternoon, I would like to get us together to discuss the CorpTech opportunity." Is that a reference to your conversation with Ms McMillan and Mr Burns and your subsequent conversation with Mr Burns?---Correct. Yes. 50

"To enable us to do the relevant planning for Terry Burns, project plan, resource plan costs model," that seems to be a reference, does it not, to what's mentioned by Mr Burns in the third paragraph of your email of 1 May 2007 - sorry, 2 May 2007?---Yes, that's correct.

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"But we will need to understand more about the status of CorpTech project. We need to assemble a list of requests for Terry to enable us to do that work." Why is this email being sent to Mr Burns and Ms Hughes?---Because we had - sorry. The determination was still to be made that we would work with them as our subcontractor. However, at that stage there was a fairly high likelihood that we would work together to do some of the HR payroll activity.

1

All right, thank you. Page 233, volume 27 please?---Sorry, Mr Flanagan?

10

233?---233?

It's from this document that we can clearly see there were two meetings; one with Ms McMillan and one without because she says, "Thanks for meeting with us today. If you could mail the IBM proposal that we were reviewing to either myself or Terry Burns, that would be great," and she gives her email address and Mr Burns' email address. Do you see that?---I do.

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But Mr Burns' email address is the CorpTech email address, 1  
so do you think you got his other email address from him  
giving you a card?---I think so, yes.

All right, thank you. From there, may I take you to - I  
just need to put certain propositions to you to find out if  
it's correct. Did you meet with Mr Burns or you and other  
representatives of IBM from about this time in May 2007,  
did you used to meet with Mr Burns approximately once a  
fortnight?---I can't recall how often it was. Three weeks, 10  
every three weeks, I don't know.

And was that usually a coffee?---I don't think it would be  
usually. Sometimes it did, sometimes it was.

Can you tell us how often you met with Mr Burns to have  
coffee with him where it's a one-on-one just between you  
two? ---Probably twice, maybe three times.

In the entire time you knew him?---Correct, however the 20  
times would have been during this initial period before the  
process became formalized, if you like, when he was trying  
to gain - or understand better what we could bring to the  
table.

All right. Do you recall that you would meet with him  
occasionally in his office where (indistinct) would be  
present?---Yes.

Apart from meetings that you had with him one-on-one where 30  
you had coffee which you think it was - did you say three  
or four times?---Two or three.

Two or three times?---I really can't recall. I don't know.

What about the meetings with Mr Burns where other IBM  
representatives were present?---I can't recall specifics.  
There could have been.

Did those coffee meetings take place in a coffee shop 40  
across the road from CorpTech?---They could have, yes.

Do you recall that Mr Goddard was present at some of these  
coffee meetings?---He could have been there. It wouldn't  
be unusual for him to be there.

All right. Also, on occasions, on other occasions,  
Mr Shaurin Shah was present with Mr Burns and yourself at  
these coffee meetings?---Yes, I can recall him being there. 50

All right. Apart from the two or three times that you have  
got a one-on-one coffee meeting just with yourself and  
Mr Burns, how many coffee meetings did you have where  
Mr Burns and Mr Goddard were present?---I really can't  
recall the detail.

I think I need to ask you to try, would you, please? 1  
---Maybe only once, maybe twice.

Mr Shaurin Shah? Now, I'm only talking about you, Mr Burns and Mr Shaurin Shah being present. How many times did you have coffee with those two?---I think maybe once, maybe twice.

Then put on top of that if we may, coffees where it's yourself and other IBM representatives and Mr Burns?---I don't know. It may have happened a couple of times as well. As I said, I really don't recall those kinds of meetings. 10

Do you recall at those meetings Mr Burns clarifying with you the objectives of what he called the rebuild program?---He may have, yes.

And you saying words to the effect to him that IBM could assist CorpTech with the rebuild program?---That would not be unusual. 20

All right, thank you. Can I take you then to paragraph 47 of your statement?---Yes.

Just in relation to the email that we have been discussing which is the email where you recount to Mr Colin Powell and others the meetings, two meetings that you had with Terry Burns on or about 21 May. You said the terms of these discussions were voluntarily disclosed by me to the commission. I did not see any difficulty in meeting with Mr Burns at the time. Can you just tell the commission how it was that you first of all identified this email? ---Sorry, the email we have just gone through? 30

Yes?---Colin Powell?

Sorry, did you find it?---No, I don't think I did. I didn't - I haven't gone through - combed through my emails so I think it was - in preparing for this in going through my lawyers, it was brought up as a one to discuss. 40

But you say the terms of these discussions were voluntarily disclosed by me to the commission. I'm just asking how did you voluntarily disclose that email to the commission?---As in by my statement? It was - once again, I had no problems meeting with Mr Burns at the time and it was an email maybe of interest so it was added to the list.

It's the case, isn't it, that you with your email box, you handed that over to your solicitors. Yes?---Correct. 50

All right. So your solicitors in searching that box would have found that email?---Yes.

They brought it to your attention?---Along with others, 1  
yes.

Yes, all right. Is that what you mean by you voluntarily  
revealing the email to the commission?---Yes.

All right, thank you. Can I take you then to volume 27,  
page 249. Now, this was a request for information from  
Mr Burns, was it not?---Yes, it was . 10

You have copied this email to Dianne McMillan at CorpTech.  
Yes?---Yes, correct.

And then if you turn then over to page 250 so we could just  
follow this, you will see it's an email dated 9/5 from  
Mr Burns to you and copied again to Dianne McMillan. Yes?  
---Yes, correct.

And where it says, "I will get back to you about these  
requests"?---Yes. 20

And then from there can I take you just to one particular  
item at page 250 rather than going back to page 249 but you  
will see the very last line, "Can Treasury reorganize  
CorpTech without going to tender?" Do you see that?---Yes.

Was that an expression by you that you were hoping that  
Mr Burns in conducting his review and ultimately making his  
recommendations could permit a contract to be entered into  
for the roll-out of the CorpTech program?---No. This was a 30  
comment - once again, this is Treasury, not Mr Burns, so is  
the - for us to understand the amount of - how the  
procurement process would work and then before bidding for  
any work or investing to bid for work, we usually try to  
understand the amount of effort it would take us to win  
that business and it would be different for them to run a  
formal procurement process in terms of out effort - many  
months - many potential millions of dollars, compared to  
using the current contractual arrangements and use those as 40  
the procurement mechanism and it was unclear at that point  
in time which way it would go.

How did you understand these exchange of emails where  
you're seeking information from Mr Burns and Mr Burns is  
providing information to you, what part of his review did  
that have to deal with?---It was a flow on, an indirect  
effect of him asking us for innovative ideas, for example.  
So for us to be able to bring more to the table, for  
example take more risk and provide innovative solutions or  
accelerators for example, we needed to know more about how 50  
the program had operated in the past and IBM was at a  
distinct disadvantage to the other incumbent players  
because their involvement was much superior to ours at that  
time.

All right. If you then turn to page 252 - - -

1

COMMISSIONER: Does it follow from that, that if you're looking for ways of improving the implementation of the Shared Services Initiative, you'd ask people who had the most engagement with it, knew most about it?---Correct.

Of the three big players, IBM knew least about the implementation of the Shared Services Solution, didn't it? It's evolved, it was the smallest?---Correct, and we knew little about the SAP implementation side of things.

10

Did it strike you as odd that Mr Burns went to you, to IBM, for these new ideas rather than to those who knew more about it?---He did go to all of us, the meeting with Gerard Bradley, as was originally set up, involved the comment before with regard to whether Simon Porter, either way, because SAP, Accenture, Logica, so we all were asked for ideas.

20

But then Mr Burns came to IBM?---As part of his review process, he spoke to all of us, I would imagine.

How do you know that? He spoke to IBM, you know that? ---Correct, that's all I know, but I certainly - - -

Don't tell us what you guess might have happened, he came to IBM and asked you to be innovative, expansive, put your best foot forward. This is from the company that had least knowledge of what was required?---Correct, yes.

30

That didn't strike you as being odd?---No, because we may have had less knowledge but we had just as much to bring based on our global experience, as everybody else has. In fact, I would argue that we had more experience than Logica to offer because we knew more about HR than Logica did, Logica didn't know about HR, we knew both HR and finance so we had a lot more to offer, so it didn't surprise me at all that he'd be asking us.

40

That may be true in a general sense, that IBM has a great deal of information about these programs and so on, but where you were looking at particular problems of the Shared Services Solution or Initiative and ways to improve it, it's right, isn't it, as you said before, you'd expect those more intimately involved with it would know more about it?---They would know more about it, but I respectfully disagree that the people who were involved with it quite often are blinded by the way they've done it in the past. Someone who is from almost the outside brings fresh thinking and different ways of doing things and aren't blinded, as Accenture and Logica may have been. So, once again, we were just as well positioned to bring that, if not, better to bring that fresh thinking and new ideas than anybody else.

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MR FLANAGAN: If you go to page 252, then, this is Mr Burns' response. Like the other emails we've been looking at prior to this, you'll see that Mr Burns has used his CorpTech address and copied in Dianne McMillan at CorpTech. do you see that?---Yes.

1

It's responding to you, and it says, "Business case numbers are not available externally, but we can give detailed guidance on delivery priorities based on benefits, realisation, expectations." Did you obtain them?---No.

10

"The new schedule of agency and functionality implementation is under review and will be available after 31 May. I'm not clear what roadblocks this lack of certainty gives you at the moment, but if you can give me specific issues then I can probably answer them sufficiently to give you planning guidance." Did you raise that tope again with Mr Burns?---I can't recall, I'd have to check. We probably did.

20

He says, "There is reasonable flexibility within the current contracts and procurement model to allow for us to evaluate new submissions, but we would have to discuss how radical your proposals are before determining whether they could be accommodated within our current level of authorisation"?---That's correct.

When you read that, as an experienced person in IT, particularly in sales and growing business, what did that say to you?---It didn't surprise me, for one. It said to me that if we're going to be successful in having a significant stake in CorpTech moving forward, we would probably have to go through a formal process, which did not surprise me.

30

But he's actually saying, "There's reasonable flexibility within the current contracts and procurement model to allow for us to evaluate new submissions, but we would have to discuss how radical your proposals are before determining whether they could be accommodated within our current level of authorisation"?---Correct.

40

Was that, in your own mind, a window of opportunity that a contract may be awarded to IBM for the Shared Services Initiative without going through a formal tender process? ---A possibility, but based on my experience I would have thought it would have been fairly unlikely. Two ends of the spectrum were: (1) 12 March, and they could reorganise that based on the 12 March document without having got to market, it would fit within their arrangements; the other end of the spectrum would be a full prime contractor model which would need procurement process.

50

Mr Burns, having already asked you to make your thinking innovative, he's now saying, "Depending on how radical your proposal is." Do you see that?---Yes, absolutely.

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It finishes by saying, "In general, however, we need to see here you are headed with your proposals before we engage in the effort with yourselves to provide the data. In other words, tell me the scope that you would like to address and then we can agree what is feasible and what is not"?---Yes.

1

What Mr Burns was seeking from IBM at that stage was trying to determine how far IBM wanted to be involved - - -?  
---Correct.

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- - - in the Shared Services Initiative, yes?---That's right. Correct.

But what he was seeking from you, having told you there were no sacred cows, is to make your thinking as expansive as possible and as radical possible, namely, he was encouraging you to come up with a proposal for the full Shared Services Initiative roll-out for the whole of government, wasn't he?---Possibly, but to the extent that he encouraged that did not mean that we would actually respond in that way, we may opt to say, "It's not worth our time."

20

Quite, but what he's encouraging you to do is to think outside the box and to come up with a proposal that he describes as "hopefully radical" and "hopefully innovative". Yes?---Yes.

And he's also told you there's not sacred cows in that process?---Correct. But one way to interpret this, which certainly I would have had at the time, optimistically you could say he would like to see more from us and could picture us being involved longer term. Pessimistically, though, you could look at it and say, "All he's doing is making sure that we bring our best to keep Accenture honest," and ultimately so they get the best deal out of Accenture moving forward.

30

He never said that to you, though, did he?---No, but that is always a possibility in these situations.

40

Quite, but not once did he say, "I'm doing this with you and seeking your proposal for the purpose of keeping Accenture honest," did he?---They never do, Mr Flanagan, you never get told that.

Quite. This is a man doing a review though, isn't it?  
---Correct.

He's not doing a tender process here, Mr Bloomfield, he's doing a review for the government, he's an independent contractor?---Correct.

50

Not once did he say to you, "I'm asking or seeking your proposal because I want to keep the other people honest"?  
---Sure. Correct. Absolutely.

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Page 256, then. Sorry, 254. Have I skipped 254? Now, we can't tell from your email but is it possible to tell from the top of page 254 whether you have copied this email to Ms McMillan?---I don't know. Possibly not, and that could be a mistake.

1

Why would it be a mistake?---Just the fact that she was involved in the first email trial that was sent to me.

"Should we get together to discuss? Let me know what suits you this afternoon or tomorrow morning." And then if you turn to page 256, Mr Burns replies, and we can tell from Mr Burns' email at least that he certainly doesn't copy Ms McMillan into this one, "Lochlan, what about 2 pm tomorrow, Friday?" Given that Ms McMillan isn't copied into the email, the meeting that took place was between yourself and Mr Burns, wasn't it?---Yes, probably.

10

Is this a coffee meeting?---I don't know, it could have been.

20

And then page 259, please. You confirm the meeting with Mr Burns for 2 pm, and you also say that you're going to bring along two key members of the team working on this, both are shared services experts covering the HR and finance sides. They are Meredith Payne and James White. Do you see that?---Correct.

Who was in financial management. Yes?---Yes.

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So this meeting with Mr Burns is sufficiently important or, at least, your prospects are sufficiently good that you bring members of the IBM team along to the meeting with you. Yes?---I wouldn't say it was a reflection of our prospects being good. I would say if we don't show that we have the skills and capability and bring our best people to the table, he may not take any of what we've said seriously.

1

Do you know why Ms McMillan wasn't present?---No, I don't.

10

You certainly didn't invite her, did you?---No, I didn't.

We actually know or we have a record of what was discussed at this meeting with Mr Burns between yourself, the other two IBM representatives. If you turn to page 262?---Yes.

"In our discussion on Friday," and that's a reference to that meeting on Friday, is it not?---Yes, it is.

20

"You asked for an indication from IBM of the aspects of the Shared Services program that we would be prepared to assist CorpTech. In principle, IBM would be happy to consider an involvement in all aspects of the program across both HR and finance. This would obviously be dependent on establishing relevant arrangements. However, as you mentioned on Friday, current contractual arrangements with other providers may make involvement in certain areas prohibitive." You identify that as a concern of Terry Burns. Yes?---That's not necessarily the only way to read that. He may have mentioned they were prohibitive. Whether or not that was a concern of his, potentially more of a concern of mine.

30

Quite?---I don't know.

Because Mr Burns had told you on 1 or 2 May that there were no sacred cows in relation to IBM's involvement in the Shared Services initiative. Yes?---Correct.

40

"But here what's being recorded as at 15 May is that the current contractual arrangements," that is with Accenture, Logica, SAP and others, "with other providers may make involvement in certain areas prohibitive." Do you think that's your concern?---Possibly. Either way, to the extent that we were able to increase our involvement, for example, as it says, "Below in the PMO," that would have been acceptable to us.

Yes. Mr Burns having called on you to have innovative approach, a radical approach - - - ?---Yes.

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- - - an approach that doesn't recognise sacred cows, that is the ensconcement of Accenture and others in CorpTech. A concern was expressed either by yourself or Mr Burns. You

think probably by yourself that other existing contracts would stop IBM playing a wider role other than PMO. Is that right?--Once again, whether it was a concern or just I needed clarification that that was the case because - to your point, because it was different to what he had said previously.

1

What you're considering in this email back to Mr Burns in the second-last paragraph, "We will be prepared to take on the PMO role as well as key roles in the implementation roll-out team to better drive agency engagement acceptance, another area that has been handled poorly in the past that IBM could add significant value would be in change management team." Yes?---Yes.

10

That's quite different to the sort of talk you were having with Mr Burns about being involved as the prime mover, if you like - I won't use the word prime contractor?---Yes.

The prime mover in the CorpTech program?---Correct.

20

Then you say, "I think it would be good to catch up tomorrow one on one for a coffee to discuss our latest thinking." If you then turn to page 263, this is an email that you specifically referred to in your statement, which you say came as a little bit of a shock to you at the time? ---It did; it did.

If you look there, Mr Burns - again, it's not copied to Ms McMillan, just sent to you. It says, "Lochlan, I understand then that you do not have any significant new strategies to offer in the main solution area of design and build or implementation roll-out at this time." That's what Mr Burns was seeking from you, wasn't it? It was significant new strategies for the main solution area of design and build implementation roll-out. Yes?---Yes, correct.

30

"I should point out that we have no contractual inhibitor at this time that would prevent us using another vendor in any of those key areas to whom we would assign discrete work packages." That is, Mr Burns is actually telling you that the existing contractual arrangements with Accenture, Logica and others do not constitute bars to IBM being involved in the main solution. Yes?---That's correct.

40

"Your other areas of interest are noted. However, for possible future engagement, I will contact you in due course." Mr Commissioner, we should just note, if we may at this stage, that the Swinson advice on the prime contractor model is not sought until 26 July 2007, which is volume 9, item 8.2, pages 1 to 8, which is the urgent advice given by Mr Swinson as to the existing contractual relations. We're not too sure where the advice that Mr Burns gives comes from in terms of the legal advice.

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Can I go from there to page 265. Again, this is an email that you send, it would seem - we can't quite tell - from your own memory, you didn't email or copy Ms McMillan in on this email to Mr Burns, did you?---No. Correct.

1

By this stage, the email correspondence has stopped going to Ms McMillan and is now strictly between yourself and Mr Burns?---It appears so.

Yes. Your intention is to follow this up with a more detailed document, which we'll come to, but that ultimately was a presentation that IBM did for the purposes of obtaining the PMO position. Yes?---Yes.

10

Your main rival in that respect was a firm called SMS? ---They were the incumbent.

They were the incumbent and they ultimately were awarded the position?---All right. Okay. I didn't know that.

20

Sorry. I shouldn't say that. You ultimately didn't - - -? ---Correct.

- - - the position of - - - ?---That is correct, Mr Flanagan.

Quite. In fact I think events passed by both of you? ---That would be my recollection. Correct.

Yes, thank you. Where you refer in that email to the accelerators, that was one of the things that in your very first meeting which I asked you to remember - - - ?---Yes.

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- - - but in the very first meeting with the deputy under-treasurer, Mr Burns was looking at accelerators. Yes? So what you're - - - ?---Yes.

- - - identifying there is that you would be pointing to accelerators that IBM would be able to bring to bear to CorpTech in your presentation for PMO. Yes?---Yes. Correct. I'm not sure. I'd have to check. I'm not sure if this is just to do with the PMO or there were other things as well.

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All right, thank you. If we then go to 267. You might be able to assist us here. Again, this is from Mr Burns to you, "Thanks, Lochlan, as soon as possible will be good. I am in the final workshop phase now for the next two weeks, so I am committed from 8.00 till 6 pm each day, so an email will be best at first. I'm looking to enter final negotiations with vendor partners by mid next week." Did you know what that was a reference to?---No, I wasn't clear, but I was concerned that, effectively, within two weeks of it being my first discussion with him, he's almost passed us by.

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Because this is suggesting - from your own knowledge, you know that at 16 May 2007, Mr Burns hadn't completed his review, had he?---Correct. He was midway.

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Pardon?---He was midway through his four-week review.

He was midway through his four-week review?---Yes.

But he was looking to enter final negotiations with vendor partners by mid next week?---Yes.

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Did you understand whether that was in relation to a PMO position or a whole of government roll-out?---No. I was confused with what that was referring to.

Can you assist us at all, apart from your own confusion, as to what that reference is?---In reading it, I don't think it was just about PMO, put it that way. I think the PMO was something that came up later, but that he had already - as we did - when I had Ms Payne and Mr White in front of him, we brought our ideas, I assume he'd done the same with others. We hadn't impressed him, as per his email; others had. He decided to work with them instead of us at that point in time and, effectively, our position on the program would decrease, if anything, potentially.

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"But the suggestion of entering into final negotiations with the vendors' partners," first of all, vendors' partners, you understood that could include IBM, Accenture, Logica and other parties?--Correct, although, yes, I would have expected we would have known. I would have expected that the email before this wouldn't have been, "You didn't impress me," if it was going to be IBM. So the last I heard from him was that he wasn't impressed. I expected he was talking with Accenture and Logica and others.

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From there may I take you to a slightly different topic and can I ask Mr Bloomfield to be shown Mr Atzeni's annexures.

COMMISSIONER: Yes.

MR FLANAGAN: Would you go with those annexures, Mr Bloomfield, to page 60, please?---Six zero?

Six zero. If you can start actually at page 62?---Yes.

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It's a report by Workforce Edge. You knew Workforce Edge? ---No.

It's dated 16 April 2007. Would you just familiarise yourself just briefly by flicking through this document. It's a report in relation to Workbrain?---I'm not sure how much you want me to read, Mr Flanagan, but - - -

That's enough. Have you seen that document before I showed it to you then?---When you showed it to me on my first interview is the first time I've seen it.

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You haven't seen it before then?---No.

Do you have any recollection of Mr Cameron sending it to you?---No, no.

All right, thank you. Put it aside please. Can we go back to volume 27 then, please, 270?---Two seven zero?

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Two seven zero?---Yes.

If you had any misgivings about his email to you on 16 May 2007 where he was entering into or seeking to enter into final negotiations with vendors' partners by mid next week, you were confident, were you not, after your meeting with Mr Burns on the afternoon of 21 May 2007?---Sorry, I'm not sure - - -

He was still trying to - even though he was finalising his report, you say, "He was able to counsel me on what he needs to see from us." Do you see that?---Right. Yes.

50

So certainly with Mr Burns, at least, you weren't out of the race, were you?---Correct.

When I say "out of the race" it's a bit difficult for me to say that because there's no ITO process or no tender process, not even - - - ?---Correct. 1

- - - an RFP process at this stage?---Correct. He's received proposals apparently from Accenture and SAP, which would have been of grave concern.

Yes. It says, "He's tried to finalise his report. However, was able to counsel me on what he needs to see from us. He has already received proposals from Accenture and SAP. This is my brain dump of the important points at the meeting. We can discuss this on our call tomorrow." I take it that you don't have any other recollection - sorry. I'll ask you. Do you have any further recollection of the meeting with Mr Burns, apart from what's in your meeting notes?---No, I don't. 10

All right, thank you. His request was that he wanted you to flesh out your proposed area of involvement as much as possible?---Yes. 20

You deal with the points of clarification?---Yes.

He's actually explaining to you, is he not, on the fourth dot point, "Don't forget the agencies. Terry is making a recommendation regarding both implementation and agencies and governance across CorpTech and agencies." Yes? ---Correct. Yes. 30

Did he explain to you what those recommendations were?---I can't recall. He had formed a view in terms of how he saw it working.

It goes on to say, "He doesn't need costings at this stage. He just needs to work out where IBM will fit and justify our involvement in these pieces"?---Yes.

That is, Mr Burns seems to be saying: I need to know where you fit so that he can justify your involvement in these pieces. Yes?---Yes; and if he couldn't justify our involvement, there would be no involvement. 40

Quite. Given that you're using the words "counselling" and "Mr Burns "justifying IBM's involvement" it would be suggestive of a quite different relationship that he has with IBM to the other vendors, wouldn't it, even to you? ---I don't know the relationship he had with the other vendors. The counselling - similar to the coaching. It's, "You have missed the mark. You need to put your best foot forward and you haven't. You're missing and these are the kind of things that you're missing." 50

COMMISSIONER: Did he ask you, "Where does IBM want to play"?---Or words to the effect.

Yes. He didn't say, "What can IBM do for us?" "Where do you want to work or where do you want to play?" Is that what he asked you?---Correct. He needed clarification on where we were prepared to get involved.

1

"What does IBM want out of this?" That's what he's asking, isn't it?---Yes, that's not to mean that he was going to give us just what we asked for. It was just he needed clarity from us that we were prepared to be involved in certain areas.

10

He knew that, didn't he?---No, he didn't.

You had spoken to him on 2 May saying he wanted you to be involved, "Think innovatively, be radical"?---But it would appear that based on the email trail here that he was still not clear at this point as to what areas we were prepared to put our best foot forward and be involved in.

Is that your best answer?---That's the truth. His view was that he knew that IBM was - I'm speculating - but he knew that IBM had not been involved much in the program. "Is IBM willing to be involved in these areas?"

20

He knew you were willing to be involved. He's now asking you, "What do you want out of it? Where do you want to play and you must give me these things so I can justify getting you involved?" That's the tenor of your email, isn't it?---Once again, he was not clear on where we were able to - because, once again, it wasn't just what I wanted to do with CorpTech, it was the greater IBM needed to be backing that position as well and what role would IBM play moving forward, "What part could you play? Are you interested in playing? Are you prepared to invest to play?"

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Thank you. Can I take you to page 271. Again, if I can seek your assistance in this regard, Mr Bloomfield. It's a meeting material that's proposed for the CorpTech plan review meeting material. What's that in relation to? ---This was a specific teleconference that we had with the senior members of the GBS team in Australia to brief them on the overall account, CorpTech account, so they understood what was happening there.

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What was its purpose?---To make sure that those particular people were briefed. So, for example, Ian Ball, who's responsible for the GBS for ANZ, that he understood what was the opportunity.

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All right. So the date of this meeting note is 22/5/2005. If you turn to page 6 of the document, which is page 277 of the bundle. This is your document, is it not?---It certainly is.

Yes. The last dot point, you deal with the relationship breakdown that had existed between IBM and CorpTech. Yes? ---Correct.

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Then you detail what had happened since your involvement. Yes?---Yes.

That is, "Since my commencement in late February 2007"? ---Yes.

"A steadily improving relationship with CorpTech"?---Yes.

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In particular, you were referring there, were you not, to a steadily improving relationship with Mr Burns?---That would be part of it, yes.

Yes. All right. And, "CorpTech have avoided going to market as originally intended for the Workbrain development and had given this work to IBM"?---Correct.

That was a significant achievement by you?---Yes, absolutely.

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All right. And then, "We are currently working on a fixed price proposal for Workbrain development"?---Yes.

And, "We have established some very good relationships with key agencies, which have already started to show results." Now, the performance commission has handed down its report and you actually have a meeting, do you not, with the author of that report?---Correct.

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Then CorpTech have come to key partners, Accenture, IBM, SAP and asked for rectification ideas. Now, the rectification ideas there as at 22 May was in respect to the Shared Services roll-out and the difficulties that had been encountered by the existing system?---Yes.

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All right. Thank you. And there you refer to Queensland Treasury have initiated a review by CorpTech and that's a reference to Mr Burns's review, is it not?  
---Correct. He's the independent contractor.

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And, "We are currently formulating our views on how IBM can assist CorpTech"?---Yes.

Which included a visit by Ms Nancy Thomas to the under-treasurer?---Correct.

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Then on page 279, there is IBM's strategic intent. Can you just outline to us by reference to that document what was the intent or strategic intent of IBM as at 22 May 2007?  
---So as per the original 12 March document, that we would be - the work with - the implementation work with each of the agencies was to be contested, potentially, so that was something that without having to do any work internally - sorry, centrally, with CorpTech, we could still win a significant amount of business dealings direct with agencies. That was certainly a strategy and that's part of engagement and discussion with various agencies at that time. The second point is around making sure we do bring our best foot forward and that we have some differentiated capabilities in those spaces, and ultimately having come from Accenture, I was acutely aware that they had minimal capability in those areas. And then thirdly, longer term, we would look to position for support.

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Now, is the strategic intent outlined at page 279 different to the conceptual model or is it different and, if so, in what respects to the conceptual model of 12 March 2007?  
---It would have gone further to the extent that we saw ourselves having a possibility of gaining more involvement that was envisaged in 12 March.

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Given that the indicative pricing at page - it's not even pricing, but the indicative figures at page 280 for the major 2007 SSI opportunities, is that trying to identify what could be earned by IBM in conducting that type of work?---Correct.

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Which included not just Queensland Health but also the Department of Education and the Department of Emergency Services. May I then take you to page 282? Now, this is an internal IBM email, is it not?---That's correct.

Which is an update on the CorpTech opportunity, so it's still being viewed as an opportunity by IBM at this stage?  
---Yes.

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There had been a presentation by Ms Thomas to the under-treasurer?---That's correct.

Now, the proposal document which outlined where IBM would like to be involved with CorpTech, that is, in fact, and

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we'll come to it, that proposal was a fairly limited proposal, including the PMO, was it not?---That's my recollection of it. Have you got a copy here?

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We'll come to it in the next volume, volume 28, but at this stage, internally in IBM, had it been decided whether they would go for it in terms of trying to take over the entire Shared Service Initiative in spite of existing contractual relations between Accenture and Logica, and CorpTech?---No, I don't think anything had been decided. It's still a decision to be made. And to put that slightly differently: it had continued to get green lights, but at any point in time there could have been a red light.

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All right. But at this stage, it still had the green light. Yes?---Absolutely.

Therefore, your contact with Mr Burns continued?---Correct.

Now, when we talk about the proposal that was presented to Terry Burns on Friday, what proposal was that?---Once again, I'd have to look at it again but I think it was a - ultimately, when I said before I wasn't sure what - I think in one of the emails it said that I'd come back to him with ideas, and you said it was PMO, my recollection was it was more than just PMO, there are other things, and that's still my recollection. I think there's a combination of things that we were putting on the table.

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I'll show you that now, if I may, if I take you to volume 28. If you turn to page 405?---Yes.

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This is a proposal dated 20 June 2007, which is the proposed IBM PMO offering to CorpTech?---Yes.

Is that the proposal you're talking about?---No, I don't think it is.

No. And it postdates, in any event - - -?---Correct; it's 20 June.

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- - - the presentation to Mr Burns on 27/5/2007?---Correct, yeah.

So this presentation that we're talking about here, is this more in the nature of IBM's equivalent to the responses of Logica and Accenture to what might be called a request for information process?---I certainly didn't think we were in a request for information process, not a formal one anyway. No. Well, to be honest with you, I don't think this was - Accenture and Logica wasn't really in my mind at this point in time. My recollection of the events was the document that was (indistinct) to him in late May had PMO, HR, finance and other areas. The response to that particular presentation was, "Why don't you tell us more about PMO,"

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and then we did this, so it was natural progression. That, in my mind, didn't have - I did not think that Accenture or Logica were necessarily doing anything with PMO. I would not have known.

All right. If you go back to volume 27 and look at page 287?---Yes, that's more like it.

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Is that the document you're talking about?---Yes, that's the one.

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All right. That's the proposal that you presented to Mr Burns, which is referred to in your email of 27 May 2007. Yes?---Correct.

All right. It says, "In attendance was Justin, Meredith and myself. It appeared to be well received by Terry and he indicated that he will be collating his report this weekend. This draft report will be presented to Gerard Bradley on Monday, tomorrow." This was told to you by Mr Burns?---I can't recall. I assume so.

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There's no other person who would have that information, would there?---No. Correct. I assume.

"Any feedback from Queensland Treasury will be incorporated into a final version of the report for Tuesday, 29 May. On Wednesday, 30 May, the last day of his contract, Terry expects to sit down with the key partners and discuss their involvement moving forward. This will take the form of initial discussions around an associated head agreement with each partner"?---Yes.

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"I will speak to Terry to understand who should attend from IBM. I will advise shortly of suggested attendees." After meeting with Mr Burns, first of all, was this a coffee meeting you had with him?---This presentation?

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No, no, no. Yes, the presentation?---I doubt it. No, I think it would have been in the office.

All right. Anyone else present from the government?---I can't recall that. I would have to check my diary. I don't know. I'd have to check my diary. I don't know.

What was your understanding, having talked to Mr Burns, on the occasion of 27 May 2007 as to entering into negotiations with vendors around an associated head agreement?---I can't recall the details. We certainly didn't seem to - we were acting and following down the PMO route at that point in time. So the head agreement for us may simply have been to do the PMO.

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That's not the proposal you put to Mr Burns, though, is it? If you look at page 287, it goes beyond the PMO, doesn't it?---No; no doubt. Correct.

Yes?---Yes.

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Indeed, when you have the post note, "Nancy, can I suggest you call Gerard on Tuesday?" that's the under-treasurer. Yes? "Two purposes of the call, re-emphasise IBM's desire to work with CorpTech and Queensland Treasury and seek his reviews on Terry's report." Yes?---Yes.

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IBM are still trying to position themselves for the purpose of entering into a contract for a substantial part of the Shared Services initiative. Yes?---Correct. 1

This meeting with Mr Burns, he's actually telling you the actual dates he will be presenting his report; that he'll be getting feedback from Queensland Treasury and delivering a final report?---Yes.

And then he wants to sit down with vendors for the purpose of negotiating under a head agreement. Yes?---Right. Yes, correct. 10

You knew all that as at 27 May 2007?---That's right.

All right, thank you. Can you take us then to the presentation itself and rather than me take you through it, can you explain to us how this presentation differed to the conceptual model of 12 March 2007 and how it differs from the PMO proposal that I've taken you to in volume 28?---Do you want me to reference a particular part of this presentation? Do you want me to reference - for example, 292 might be the best place to reference. 20

Thank you.

COMMISSIONER: Two what?

MR FLANAGAN: 292?---The easiest one to explain is the difference between this and the PMO presentation, the PMO offer and the large - mine is grey, sorry. I can't give you a colour. The large grey box at the top is the PMO, so that is all encompassing, effectively, what is the 20 June presentation expanded. Comparing it retrospectively back to what was the 12 March discussion, there was the opposite, in fact. We weren't talking about getting heavily involved in the PMO. We were certainly talking about getting involved in IR, implementation roll-out, and we were talking about getting involved - sorry, cleaning up our involvement in HRBS, but a component of this. This refers to the tools and methods and frameworks and capabilities we're bringing in each space. It doesn't break it down into actual activities that I can differentiate between them, but this was effectively taking an end-to-end responsibility for HRBS, an end-to-end responsibility for finance on the basis that that's what we were prepared to do. What Mr Burns was keen to understand is what are we prepared to be involved in and for Treasury then to make a decision on how much they would need us - how much they would want to use us. So the fact that we put all of HRBS down doesn't mean they couldn't come back to a 12 March proposition and work together with Accenture and split that up between the two parties. 30 40 50

Then if you go to page 294, IBM gives an order of preference, do they not, of what involvement they want with CorpTech as at this date?---Correct.

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May I then take you on to volume 28, page 337 please?  
---Yes.

This is an email from you to a number of IBM people, including Mr Powell. Yes?---Correct.

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Dated 29 May 2007?---Yes.

"I managed to speak to Terry Burns today. Our meeting with him will be Friday. He will outline the areas of the SSS program and they would like us to become involved. He suggested that this will be a relatively short meeting and he's happy for it just to be myself." Then you actually have notes of this meeting, do you not? If you look at page 380?---Yes.

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It would seem that Mr Burns is informing you of the results of the steering committee meeting. That was a steering committee of CorpTech. Is that correct?---I assume so, yes.

"Where they agreed to proceed with discussions with IBM regarding the PMO"?---Actually, sorry, correction. I think that was the steering committee for the rectification program.

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For the rectification program?---I think there was one specifically for rectification.

All right, thank you. In the second dot point there, are we only talking about the PMO position?---Correct.

And that's to be inferred from the reference to SMS?  
---That's correct.

All right, thank you. It goes on to the last dot point, Mr Burns had informed you that Gerard Bradley is now considering the remainder of Terry's recommendations. In parallel, "Terry and a small number of others would like to meet with IBM to better understand in more detail all items of our offer. Terry was clear that nothing in our proposal is currently off the table." Do you see that?---Yes.

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Then you go on to say that you're going to organise a teleconference in relation to the streams of activity. Correct?---That's correct.

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From there could we go to 386. As we go through these documents, Mr Bloomfield, if you have a better recollection than what's in the documents or can add to it in any way, we would appreciate it?---Yes, I will.

But in relation to this particular email, Mr Burns had presented his report to the steering committee and his report is dated May 2007. Where was Mr Burns physically situated after 30 May 2007?---I'm sorry, I don't recall exactly where he was sitting. I thought he was at Santos House at that period.

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All right. And he remained at Santos House, did he not?  
---I think he did right up until after the contract was signed.

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Yes. Why is it then that you're sending this email to Mr Burns at his Cavendish Risk Management email address rather than at his CorpTech address?---I don't know why. A couple of reasons potentially. He didn't have an ability to check email at home, so he did say - I do recall him saying that sometimes if he had to check - if he wanted to read his emails at home or on the weekend that it would go to his - sometimes it would go to his personal and to his CorpTech one, so this one being at 4.46, potentially, I thought that, I don't know.

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The first paragraph seems to relate only to the PMO. Yes?  
---Yes.

But you say, "What deliverables do you have from your engagement to date that may be useful to the team?" Now, that's something that you wrote, what does it mean?---Well, I assume that because we're - he'll be going further forward and talking to us about other areas that once again we were looking to inform ourselves on things, to educate ourselves, and he may have had things that he'd uncovered that made sense to share with us for us to do our job better.

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Yes, I think my question is: is this only in relation to the PMO, this email, or does it concern a broader proposal?  
---The PMO.

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Just the PMO?---I think so, yes.

Thank you. Then can I take you to paragraph 57 of your statement, please? If you look at page 380, just so we can understand this, there is a reference in that email to Mr Burns encouraging IBM to be competitive in terms of its pricing, yes?---That's correct.

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That competitiveness in terms of pricing was in relation to your attempt or IMB's attempt to become the PMO?---That's correct.

Thank you. Had Mr Burns not told you to be competitive in your pricing in relation to tendering against SMS, you would have been competitive in any event?---Absolutely.

All right. Thank you. So we should read your reference in paragraph 57 of your statement in the seventh line, "Terry Burns encouraged IBM to be competitive in its pricing, I do not recall the words used but he made it clear to me that this work would be put to market." Now, that work being referred to is simply for PMO?---PMO, correct.

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BLOOMFIELD, L.J. XN

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Thank you. There's a series of emails we can go through quickly, then, Mr Bloomfield, if we can do that before we finish for today?---Sure.

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If I can take you to them, at page 388, it would seem this series of emails you are addressing Mr Burns at his Cavendish Risk Management email address and he's emailing you at IBM?---Yes.

But these emails are not copied to any other person, so it would seem to be discreet correspondence between you and Mr Burns, yes?---Well, similar to previously, as you said, that we'd had emailed back and forth without someone copied in on a number of occasions. This particular one, I think, because of the fact that he had been in Sydney, had been away, he would have had no access to his corporate emails while he was travelling.

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Yes?---So I suspect that's why it was being sent to him there.

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If we go through quickly, here, the pricing you're referring to at page 388 is the pricing in relation to the PMO?---Correct.

And the meeting you're seeking to arrange is a catch up, but it's a catch up in relation to the proposal of IBM becoming the PMO?---Yes, I think so.

And then 389, it's just a response that Mr Burns has been busy?---Correct.

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390 is an attempt by you to arrange a meeting for Tuesday morning - sorry, for Wednesday morning?---Yes, correct.

319 is a request from Mr Burns that you send him your phone numbers and he'll attempt to arrange a meeting or to get to your proposal?---Yes.

Again, that proposal is a PMO proposal?---Correct.

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And then 393, it's from Mr Burns giving you his mobile number, yes?---Yes.

And he's in conference throughout the day, "However, can come and go if I need to, we are still reaching consensus on price, however, it still makes sense to discuss this as soon as possible"?---Sorry, that was my - - -

Sorry, that's your - - -?---Yes.

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- - - consensus on price, but, again, price for the PMO? ---Correct.

All right. Now, apart from SMS, were there any other tenderers for the PMO position?---Not that I knew of, but I

wouldn't necessarily have been told there could have been others. 1

Did you know whose role it was to select the PMO?---No.

You didn't understand it to be Mr Burns' role to determine who would become the PMO?---No.

And if we can finish this sequence of events by going to page 398, it's an email sent from Mr Burns' Cavendish address to you, saying he has sometime mid morning that day, which is 13 June 2007. From there, if you go to page 404 - - -?---Yes. 10

- - - this is where you report back to IBM officials in relation to another meeting with Mr Burns. Again, it says, "I just came back from meeting with Terry Burns." That was a meeting that you had with him alone?---Possibly. I don't know. 20

"Regarding the CorpTech PMO, the objective was to walk him through our proposed approach and team as well ascertain his appetite on price." If you go down to the third paragraph, though, "In general, he would like a smaller effort just to set up the PMO quickly without doing a complete diagnosis in the first instance, he said there is time to do that at a later stage. Peter, as such, it does not make sense to discuss deal, financial, at this point so I have not updated the spreadsheet." Then if you look underneath that to the next email which is from yourself to Peter and Justin of IBM, again, it deals with the pricing for the PMO proposal. Yes?---Correct. 30

Did you view, however, IBM obtaining the PMO as the entry point into increasing the role of IBM in the Shared Services Initiative roll-out?---Not really. I mean, it was a factor to the extent that our ability to secure that and show that we were able to manage something that large was important, otherwise how could we be trusted to do anything else. But certainly by no way to get that work would mean that we were guaranteed or we'd have a good at anything else, the expectation is the rest of the work is quite significant and would require - if they were to go through that way and through a prime contractor model, which was not necessarily clear at this point at all - that would be a hard fought procurement in its own right separate to this. 40

Thank you. From there, may I take you to the proposal itself, which is page 405, simply to confirm that is the IBM PMO proposal, dated 20 June 2007?---Yes. 50

Which was not awarded to IBM?---Correct.

Thank you. Now, may I take you to page 424 of volume 28? 1  
---Yes.

Here you're suggesting that Mr Burns meets with certain people at the second half of the document. Yes?---Yes, correct.

"Considering the current situation with Geoff (indistinct) et cetera, I suggest Ian meet with yourself and David Ford. By the way, Gerard would obviously be great but I assume this may be too hard." Mr Burns says, "I'll get back to you." Yes?---Correct. 10

But he says, "We need something specific to review with these guys, time is so limited." Now, as I read that document, Mr Bloomfield, when he refers to "we", he's referring to "we" as in Mr Burns and IBM?---No, I think he's referring to David Ford or Gerard, or - - -

Who's the reference, then, to these guys?---I'm not sure of the grammar, but either way it's effectively - the way I read that is that what he was trying to say was to have a meeting for the sake of meeting was not a good use of anyone's time, that we would need to talk about something of more substance. 20

Do you know why time was so limited, his reference to time being so limited, what was so limited about the time?---I didn't really have any visibility of that. I knew he was busy doing lots of things, so - - - 30

All right. Can I take you, then, to volume 33-2 at page 424, which is exactly the same page we're looking at in this volume, but it's a different volume, 33-2?---Sorry, Mr Flanagan, what page was that?

Volume 33-2, page 424?---Yes.

Now, you had attempted to arrange a meeting between two IBM representatives and Mr Burns. If you look at the second half of this page, it says - sorry, if you look at the first half of the page, it's an email from you to Ms Thomas and others. "We've put a proposal to CorpTech last week around the PMO, which we've looked at. This was a cut down team to just get something started quickly." Do you see that?---Correct. 40

That would suggest that getting something started quickly but a continuation of an ongoing relationship. Yes?---Yes. 50

"It will certainly grow over time as we work out exactly what needs to be addressed." So you're seeing the PMO as an entry point, if you like, for the growing of the business?---Yeah, once again, a potential one, certainly.

Quite?---Yes. Correct.

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BLOOMFIELD, L.J. XN

But it's a potential growing of the business by becoming a PMO?---That's right. 1

"It will certainly grow over time." "There is a steering committee meeting scheduled for tomorrow." You knew that from

Mr Burns?---Yes, probably, yes.

Yes. 10

*That will decide whether IBM gets this work. I will keep you posted. Also, Wayne and Justin were both here today following up with Terry Burns. It went very well. The email below explains what came out of it. It looks increasingly positive for us.*

Do you see that?---Yes. Sorry, just quickly, just back to that, "It will certainly grow over time," the PMO would certainly grow over time. It was cut down PMO team that were smaller and that PMO would grow over time. 20

All right?---Yes.

So you think it's only the PMO that's going to grow over time, not IBM's role?---No. Once again, absolutely it was a good opportunity for us to prove ourselves but that was certainly a reference to we cut down the PMO and it will definitely get bigger. The reason it'll get bigger is because it could not exist in a small form for much - it would have to get bigger to do its job properly. 30

Anyway, they meet with Mr Burns and if you look at the second paragraph of the second email:

*This was intended merely to be a show of commitment to the recent activity that myself and Justin have been having with Terry around the PMO.*

Yes?---Yes, correct. 40

*Instead, we spoke mainly about Terry's increased frustration related to the lack of fresh thinking around the approach - the scope solution review currently underway with the new solution design authority.*

Now, you knew of the solution design authority, didn't you? ---Yeah, that's correct. 50

And you knew it was a recommendation made by Burns in his report of May 2007. Yes?---Yes.

And you knew he was head of it?---Correct.

Yes.

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*The SDA currently has CorpTech team members, that is no vendors, and as you know has only been in place for two weeks. My plan has always been to influence the SDA.*

Was that always your plan, Mr Bloomfield?---Well, to the extent to - there was a - that was a very critical function inside the program, so to make sure that we were able to bring

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something of value to it was always part of the plan.

Yes, but, "My plan has always been to influence the SDA as soon as we get engaged in the PMO"; that is, you're going to use the PMO position to influence the SDA for the purpose of improving or increasing IBM's work for the entire Shared Services roll-out, weren't you - - -?---No.

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- - - surely?---No. To improve - a critical - an Achilles' heel for this implementation was the SDA. If they didn't have control, a good control on the design of the Shared Services standard offer as well as agency specific requirements, if they did not cast that design well, the program would be in trouble, and for us to be able to make sure we positively influenced that was a good thing for the program, a good thing for CorpTech.

All right. Well, we might take up this email tomorrow.

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COMMISSIONER: Yes, I think we should. We'll adjourn now until 10.00 tomorrow.

THE COMMISSION ADJOURNED AT 4.35 PM UNTIL  
TUESDAY, 9 APRIL 2013

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BLOOMFIELD, L.J. XN

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