



QUEENSLAND HEALTH PAYROLL SYSTEM
COMMISSION OF INQUIRY

Statement of Witness

<i>Name of Witness</i>	David Stone
<i>Date of Birth</i>	Known to the Commission
<i>Address and contact details</i>	Known to the Commission
<i>Occupation</i>	Senior Legal Officer, Queensland Treasury and Trade
<i>Officer taking statement</i>	Jonathan Horton
<i>Date taken</i>	28/02/2013

I, David Stone state;

1. I am a Senior Legal Officer with Legal Services Unit of Queensland Treasury and have held that position since 1999. The head of that Unit is (and was at all presently relevant times) Mr Keith Millman, Commercial Counsel.

14 AUGUST 2007 MEETING

2. I have been shown a copy of a file note of a meeting I attended at Mallesons on 14 August 2007 regarding "CorpTech – Proposed RFO – Prime Contractor for ESD". I am the author of the file note. Annexure A to this Statement is a copy of the file note.
3. The file note states:

[Terry Burns] wants an "aspirational" approach. Have engaged in an "RFO discussion" with 2 vendors. Wants to go with ongoing competitive process between 2 parties (IBM & Accenture) to negotiate scope of work.

[John Swinson] says need to have a contract in place to do the work. Existing contracts are not adequate/appropriate. Want to move more risk to supplier. May be able to use existing contracts as temporary holding pattern.

David Stone
Signature:

Witness signature:

Don't want to lose leverage ie go with one supplier temporarily and put them in the box seat. [John Swinson] says it will take about 4 weeks from when select a successful party to contract – this will follow a confirmed scope.

Scope clarification, then RFO, then 4 weeks.

Disengagement negotiations will start soon.

[John Swinson] says tender process forces people to think ahead of time: content, structure, contractual certainty.

4. I did not quite understand what Mr Terry Burns meant by “RFO discussion”. That is why I put that phrase in inverted commas in the file note.

5. I recall that, shortly before the meeting, concerns had been expressed to me that there had been contact with individual tenderers in an inappropriate fashion. I cannot recall with certainty who expressed this concern to me, although I think it may have been Maree Blakeney. I was keen to ensure that the discussion in the meeting made it clear that all potential tenderers were to be treated equally and receive the same information so that one did not gain an unfair advantage. I recall that there was some discussion as to this issue in the meeting.

6. I do not recall ever being told what Mr Burns’ expertise or authority was for his involvement in the matter.

7. My reference to “existing contracts” in the file note was to a concern I held that there might be some breakdown in the provision of IT services to the State and that those contracts were not appropriate for use as the basis for a prime contractor model. I remember that there was a perceived urgency to get somebody in as a prime contractor incredibly quickly. I do not know the basis for that urgency.

8. John Swinson raised the concern of losing “leverage”. He did so in the context of saying there was a risk that the State would lose competitive tension and a real ability to negotiate if the State engaged an IT prime contractor temporarily.

David Stone
Signature:



Witness signature:



9. The reference to “this will follow a confirmed scope” was a reference to the need to scope the work. It was necessary to know exactly what was required.

EMAIL EXCHANGE - 27 AUGUST 2007

10. I have been shown an email chain between Terry Burns and John Swinson, which I was copied into, on 27 August 2007 at 10.04am re “vendor contact”. Annexure B to this Statement is a copy of that email chain.
11. I was not aware at the time whether Mr Burns had met with tenderers. If I had been told he was going to meet with tenderers or potential tenderers individually, I would have at least told Maree Blakeney that this was not appropriate. I say this because, as I understand it, a key requirement of State Purchasing Policy is adherence to principles of transparency and fairness. In practice, this includes a requirement that all potential offerors in any given procurement process must, to the extent practicably possible, be provided with the same information at the same time, including the answers to any questions that might be put the State. Conducting individual meetings with tenderers leaves open the possibility that a question asked by one tenderer may not be asked by others so that only the tenderer asking that particular question has the information given in response. Conducting meetings with all tenderers at once ensures that all tenderers receive all of the information given out at the same time.
12. I have been shown an email from John Swinson to Keith Millman and me dated 27 August 2007 at 3.16pm re “Pre RFO Meetings – your thoughts please – confidential”. Annexure C to this Statement is a copy of that email.
13. In this email, John Swinson requested our thoughts on meetings scheduled with Accenture and IBM prior to the RFO being released. I do not recall whether I responded to this email. Mr Millman and I did discuss at the time our mutual view that these sorts of meetings were improper.

David Stone
Signature:



Witness signature:



14. The terminology differs for tender invitation documents. The reference here to "RFO" seems to have been to the document which issued as the Invitation to Offer, ie "ITO".
15. I do not recall ever attending any meetings with tenderers or potential tenderers.

OTHER EMAILS

16. During this period, I was regularly copied into various emails attaching draft documents for the purpose of monitoring the work undertaken by Mallesons Stephen Jaques as the State's legal advisors. I was never, however, asked to assist in the matter on an ongoing or general basis. Mr Swinson was retained to provide that advice and assistance.

EVALUATION PANEL

17. I was not on the Evaluation Panel. I do not know why my name was included in the Evaluation Report as "Procurement and Probity Advisor". That is an incorrect description of my role.
18. My involvement was peripheral in the sense that, being in-house counsel, people sometimes ask you questions and you try to put yourself in a position to answer them. I recall being invited to various meetings regarding the evaluation process but I did not attend most of them. I gave some advice on a probity issue in relation to the evaluation process, but I did not have a standing or overarching role as probity advisor or auditor.
19. The role of a probity advisor is quite a significant one. It would involve having a particular file, developing a protocol, keeping a register and attending the evaluation meetings. I was never asked to assume such a role.
20. I have been referred to an email from Maree Blakeney to me on 7 September 2007 at 11.44am re "Copy of Confidentiality and Conflict of Interest". Annexure D to this Statement is a copy of that email.
21. This email concerned correspondence which occurred between Maree Blakeney and me regarding confidentiality and conflict of interest forms. She was organising to get these

David Stone
Signature:



Witness signature:



- signed and called me from time to time to ask me questions. I do not recall receiving any conflict of interest forms.
22. I have been shown a copy of an email from Maree Blakeney to me and copied to Keith Millman at 4.11pm re "CorpTech Evaluation Panel (Initial proposed participants)" dated 13 September 2007. Annexure E to this Statement is a copy of that email.
23. The email attached a clarification request from Accenture sent as a part of the Invitation to Offer. I recall this request sought clarification as to who Accenture could talk to given their existing relationships.
24. I was also asked to provide advice on a conflict of interest issue involving Mr David Ekert. I recall that it was suggested that he would be on the evaluation panel but it was revealed that he was either employed by, or had a relationship with, a party which was looking to partner with one of the tenderers.
25. I do not recall any person stating that he or she had access to IBM's pricing or advising Accenture of that fact. I do not recall Accenture coming forward and advising the Department that they had been offered this information. I do not recall being consulted or asked to advise on this issue.
26. I do not recall any suggestion that Accenture's pricing had been leaked or provided to IBM.

SIGNIFICANT PURCHASE PLAN

27. I have been shown a copy of the CorpTech Significant Purchase Plan, Prime Contractor for the Shared Service Solution Program, Version 1.0, printed 11 September 2007. Annexure F to this Statement is a copy of the Significant Purchase Plan.
28. I have been asked to comment on the risk highlighted in the Significant Purchase Plan of "*Request for Offer documentation infringing the IP of current ESP vendors.*"

David Stone
Signature:



Witness signature:



Page 5 of 6


29. This risk identified the concern that the intellectual property of another vendor may be incorporated into the RFO documentation in such a way that the competitors of the vendor who owns that information might learn of it.
30. I was never asked to advise on that issue.

CONTRACT MANAGEMENT

31. I was not involved in any way with the variations to the contract between IBM and the State dated 5 December 2007.
32. I was not involved in any way with the supplemental agreement in 2010 with IBM.

Declaration

This written statement by me dated 7/3/13 and contained in the pages numbered 1 to 6 is true and correct to the best of my knowledge and belief.

Signed at BRISBANE  Signature this 7th day of March 20 13

Witnessed:

 Signature
Name CAROLINE LOUISE HELMAN Rank _____ Reg. No. _____



**QUEENSLAND HEALTH PAYROLL SYSTEM
COMMISSION OF INQUIRY**

Annexure List to David Stone Statement

Items to be annexed to the statement of David Stone dated 7 March 2013:

- A. File Note of meeting held on 14 August 2007 re: "CorpTech – Proposed RFO – Prime Contractor for ESD".
- B. Email chain between Terry Burns and John Swinson re: "vendor contract" dated 27 August 2007 at 10.04am.
- C. Email from John Swinson to Keith Millman re: "Pre RFO Meetings – your thoughts please – confidential" dated 27 August 2007 at 3.16pm.
- D. Email from Maree Blakeney to David Stone re: "Copy of Confidentiality and Conflict of Interest" dated 7 September 2007 at 11.44am.
- E. Email from Maree Blakeney to David Stone re: "CorpTech Evaluation Panel (Initial proposed participants)" dated 13 September 2007 at 4.11pm.
- F. CorpTech Significant Purchase Plan, Prime Contractor for the Shared Solution Program, version 1.0 printed 11 September 2007.

Witness signature:

David Stone:

Date: 7 March 2013 Page 1 of 1

"A"

MEMO TO FILE



Queensland
Government
Treasury

Legal Services Unit

Date 14/2/07 Matter No. _____ Author DMS
Matter (Name) CapTech - ~~XXXXX~~ proposed RFD-Prime
Contractor for ESD

Attended meeting at Muller's
Steve Meek (Muller's) - Swiss on financial services

Murcia Blahney, Joanne Bugden, Keith Saldard,
Barbara Penott, Terry Durnes.

Burns wants an "aspirational" approach
- have engaged in an "RFO discussion" with 2 vendors

Wants to go with ongoing competitive process between
2 parties (IBM or Accenture) to negotiate scope
of work.

Swiss corp need to have a contract in place to do
the work → existing contracts are not adequate/
appropriate
→ want to move more risk to suppliers.

May be able to use these supply contracts as a temporary
holding pattern.

① - but want to have leverage → i.e. go with one supplier
temporarily + put them in the box seat.

② → J.S. says it will take about 4 weeks for when

MEMO TO FILE



Queensland
Government
Treasury

Legal Services Unit

Date _____ Matter No. _____ Author _____

Matter (Name) _____

select a successful path to contract ~~rest~~ → this
will follow a confined scope:

- Scope clarification, then RFO, then 4 weeks.

- Disengagement negotiations will start soon.

- JS range tender process forces people to think ahead of
time - context
- structure
- contractual certainty.

"B"



"Swinson, John"
<John.Swinson@malleasons.com>
27/08/2007 10:04 AM

To <Terry.Burns@corptech.qld.gov.au>,
<Keith.Goddard@corptech.qld.gov.au>,
<Barbara.Perrott@sharedservices.qld.gov.au>,
cc "Meck, Steve" <steve.meck@malleasons.com>,
<David.Stone@treasury.qld.gov.au>
bcc

Subject RE: vendor contact

History: This message has been forwarded.

Mallesons Stephen Jaques
www.mallesons.com

Confidential communication

Terry

In view of Maree's emails this morning, you have to treat all three vendors equally. You can't just meet with Accenture and IBM, and not meet with Logica.

Ideally, any meetings should take place prior to tenders being released, and all three vendors should attend each meeting.

Will you be providing us with the tender document to review, and if so, when is that likely to be? We can give 24 hour turn-around, if we have some notice.

best regards

john

John Swinson
Partner
Mallesons Stephen Jaques
Brisbane
T +61 7 3244 8050
M [REDACTED]
F +61 7 3244 8999
john.swinson@mallesons.com

-----Original Message-----

From: Terry.Burns@corptech.qld.gov.au
[mailto:Terry.Burns@corptech.qld.gov.au]
Sent: Monday, August 27, 2007 7:53 AM
To: Keith.Goddard@corptech.qld.gov.au;
Barbara.Perrott@sharedservices.qld.gov.au;
Maree.Blakeney@corptech.qld.gov.au; Swinson, John
Subject: vendor contact

John

The RFO is due out in the next day or so.

However both vendors have asked for meetings to discuss their rated strengths and weaknesses as we recorded them in the RFI process.

Are we allowed to meet with them and discuss their RFI input after we have issued thye RFO?

Regards

Terry Burns

Consultant

Mobile: [REDACTED]

"C"



"Swinson, John"
<John.Swinson@mallesons.com>

27/08/2007 03:16 PM

To <Keith.Millman@treasury.qld.gov.au>,
<David.Stone@treasury.qld.gov.au>
cc "Meck, Steve" <steve.meck@mallesons.com>

bcc

Subject FW: Pre RFO meetings - your thoughts please - confidential

History: This message has been replied to.

Mallesons Stephen Jaques
www.mallesons.com

Confidential communication

Keith and David

Your thoughts please. It seems that there is an internal issue regarding process, and I am being asked to take a side.

John Swinson
Partner
Mallesons Stephen Jaques
Brisbane
T +61 7 3244 8050
M [REDACTED]
F +61 7 3244 8999
john.swinson@mallesons.com

-----Original Message-----

From: Maree.Blakeney@corpotech.qld.gov.au
[mailto:Maree.Blakeney@corpotech.qld.gov.au]
Sent: Monday, August 27, 2007 2:23 PM
To: Swinson, John; steven.meck@mallesons.com.au
Subject: Pre RFO meetings - your thoughts please - confidential

HI John and Steve,

I have concerns with proposed meeting with the nominated Suppliers as per the below e-mail. (I am assuming the Logica have been invited also)

All suppliers have already met with Terry and Barbara (ED) over the last week to discuss their proposals to-date for the solutions option, and have been advised that a RFO is pending.

Given your response to Terry's question this morning - that meetings should be held prior to releasing the RFO and will all parties present, I am concerned that if the meetings are held and the identified issues and risks are discussed, the probity process may be compromised. It may provide the impression CorpTech giving advantage to one supplier over the other.

I am yet to confirm that the team leaders from evaluating areas have reviewed the Risk and Issue log.

Generally the Customer addresses identified Risks and Issues by addressing these in the RFO document.



Attached is the latest Risk and Issue log that I have available to me.
(See attached file: Shurin's latest version.xls)

I am personally concerned that this process is steamrolling and that due process and consultation is not provided for in the effort to shorten timelines.

I'd appreciate you thoughts on the matter.

thank you.

Cheers
Maree

Maree Blakeney
Manager, Resource Management Unit

=====
Fin Business Admin & Contracts / CorpTech
Level 6, 61 Mary Street, Brisbane, 4000
Phone: 3227 7552 ext 77552
mailto:maree.blakeney@corpotech.qld.gov.au
=====

----- Forwarded by Maree Blakeney/CorpTech/QTreasury on 27/08/2007 01:37
PM

Trish

Brabyn/CorpTech

/QTreasury

To

Maree

27/08/2007

Blakeney/CorpTech/QTreasury@QTreasury
01:30 PM

cc

Subject

Fw: Pre RFO meeting with Accenture

FYI
Regards
TRISH BRABYN

Project Manager
Level 9, Santos House
SSS, CorpTech
GPO Box 611, Brisbane, Q, 4001
Ph 303 30417 Mobile [REDACTED]
trish.brabyn@corptech.qld.gov.au
----- Forwarded by Trish Brabyn/CorpTech/QTreasury on 27/08/2007 01:30
PM

Shaurin
Shah/CorpTech/Q
Treasury
To Trish
30/08/2007 Brabyn/CorpTech/QTreasury@QTreasury
10:19 AM
cc Terry
Burns/CorpTech/QTreasury@QTreasury,
Keith
Goddard/CorpTech/QTreasury@QTreasury,
Kirsty
Trusz/CorpTech/QTreasury@QTreasury
Subject Pre RFO meeting with Accenture

Hi Trish,

An email was sent to Accenture and IBM stating that "In anticipation of the forthcoming tender, would you like to schedule a 2 hour meeting with Terry and Keith to discuss the positive and negative aspects of what you have proposed to date, as well as your initial questions/thoughts with respect to the pending RFO?" Both vendors have come back with affirmative response.

The meetings are arranged for Thursday 30/08, 9.30 - 11.30 am(Accenture)

and most likely 3.00 p.m - 5.00 p.m(IBM). Both Accenture and IBM persons have confirmed this.

Terry wants you to facilitate these sessions by coordinating with one person from each of the evaluating areas and talking the vendors through,

- Strengths & weaknesses in the RFI
- Issues & Risks with the RFI
- Any other key points pre-RFO.

Kirsty , Can you please book a room for 8 to 10 participants for Thursday 30th August for the aforesaid timing? Also can you change the meeting timing for Accenture from 9.00 am - 12.00pm to 9.30am - 11.30am ? Will let you know the invitees a bit later today.

..Kind regards,
Shaurin Shah
Implementation Project Manager
Shared Service Solutions, CorpTech
Level 9, 60 Edward St
Telephone: 303 30442 (Short Dial: 30442)
Mobile: [REDACTED]
email : shaurin.shah@corptech.qld.gov.au



Shurin's latest version.xls

Program Replanning & Rebuild -Risk Register

Last Review Date		7/08/2007		Additions/Amendments		Contributors (Author)		Created By		Reviewed by	
Version		7/08/2007		Original DRAFT version compiled by the team based on the email sent by Diann to Trysh				Shaunin Shah			
Item No.	Phase	Risk Category	Risk Sub Category	Date Established	Risk Description	Risk Mitigation Strategy / Remarks	Risk Owner	Probability	Impact	Level of Risk	
1	II	Tech Environment Assessment	Tech Environment Assessment	15/05/2007	The complexity of new solution including non SAP products will lead to performance and instability issues resulting in increased timeline and cost. This will impact on the ability to satisfy the requirements of this assessment process in the required timeframe.		SSS	4	4	4	
2	II	Solution	Production Support	15/05/2007	The new systems that are being rolled out contain a large number of severity three and four issues causing a significantly higher level of virtual support than originally anticipated						
3	II	Resource Planning	Resource Planning	15/05/2007	Insufficient resources may be available in the market for CorpTech and its partners to achieve the timings outlined in the re-planned schedule 9.		Finance and HR Director	5	5	5	
4	II	Resource Planning	Resource Planning	15/05/2007	In the short term, a number of public servants and contractors have current end dates to their service agreements with CorpTech within the Program lifecycle		Finance and HR Director	3	3	3	
5	II	Production Support / Lattice	Production Support / Lattice	15/05/2007	The SSS SAP HR solution may not be able to run a payroll within the desired pay cycle processing timeframe (from Housing pilot observations).		PD Business Solutions				
6	II	Production Support / Lattice	Production Support / Lattice	15/05/2007	On current projections based on the implementations to date, Service Management will not be able to manage the additional support created by future go livers		DED CorpTech				
7	II	Production Support / Lattice	Production Support / Lattice	15/05/2007	New Lattice support arrangements are unable to be fully implemented to the client's satisfaction by 30 June 2008. A. May not be able to attract skilled experienced staff to support system B. Insufficient time to obtain and train resources C. Insufficient time to ensure contractual arrangements are in place		DED CorpTech	2	5	5	
8	II	Budget	Cost Reduction	15/05/2007	Cost reduction strategies may not supported or applied by management						
9	II	Production Support / Lattice	Production Support / Lattice	15/05/2007	CorpTech is unable to retain/attract sufficient knowledgeable staff to support the LATTICE and associated environments.		DED CorpTech	3	5	5	
10	III	Governance Solution	Accenture Accenture	10/08/2007	Scope not contained						
11	III		Accenture	10/08/2007	DPW & MRV/break away due to implementation delays						
12	III	Technology	Accenture	10/08/2007	What if the Aurion upgrades cannot be undertaken due to resourcing or funding deficiencies?						

13	III	Technology	Accenture	10/08/2007	opping RASP and moving to the SAP equivalent functionality. Will the alternative provide sufficient functionality to support the woGQ business processing requirements. There has also been a significant amount of effort and dollars put into RecruitASP and a significant amount of agency pain with a number of unsuccessful implementations of RASP. Would be wise to now switch to an unevaluated alternative. There will also be effort and costs associated with reworking an alternative solution				
14	III	Support	Accenture	10/08/2007	Legacy support risk remains for most existing legacy systems				
15	III	Support	Accenture	10/08/2007	Ability of vendor to source staff with appropriate application & business knowledge				
16	III	Support	Accenture	10/08/2007	Retention of existing CT staff				
17	III	Support	Accenture	10/08/2007	Staffing & equity issues associated with different terms & conditions long term				
18	III	Support	Accenture	10/08/2007	Controls around "offshoring" risks to security				
19	III	Support	Accenture	10/08/2007	Negative impact on client relationship management				
20	III	Governance	IBM	10/08/2007	Cannot source extended maintenance for SAP				
21	III	Solution	IBM	10/08/2007	Replace SABA & RASP with SAP may impact current support				
22	III	Solution	IBM	10/08/2007	Achievability ECC 6.0 upgrade				
23	III	Solution	IBM	10/08/2007	Viability of Shared objects approach				
24	III	Solution	IBM	10/08/2007	Achievability timeframes generally - Lattice/Agency release/ECC				
25	III	Technology	IBM	10/08/2007	Accelerator for Lattice requires multiple upgrades and migrations - Consolidated on temporary environment on ECC 5.0, agency implementation and then migration from temporary into the mainstream landscape to ECC 6.0. Potential for disruption high and significant change management issues and implementation issues on an aggressive timeline				
26	III	Technology	IBM	10/08/2007	Agency requirements need to be known up front to ensure adequate fillgap assessment between requirements and standard offer				
27	III	Technology	IBM	10/08/2007	Significant reliance on Workbrain Award Engine. Impact assessment needs to be undertaken to look at transactional throughput and impact on back end payroll processing. Significant work needs to be performed on selecting the appropriate integration broker to ensure satisfactory level of transactional throughput and effective infrastructure solution design and design confirmation by a stress and volume testing program to ensure solution will handle the expected processing capability				
28	III	Technology	IBM	10/08/2007	Dependency on expert solution design capability within CorpTech				
29	III	Technology	IBM	10/08/2007	High reliance (60%) on offshore capability as acceleration capability				
30	III	Technology	IBM	10/08/2007	Upgrades during R4 and R5 rollouts - Stability and Reliability of platform may cause significant problems for release rollouts				
31	III	Technology	IBM	10/08/2007	Impacts for the desktop for the client applications that would potentially need to be upgraded for new releases of the ECC system				

32	III	Technology	IBM	10/08/2007	rapid Health requirements for review for rostering, awards, reporting and integration. There will be significant schedule and cost implication if this is not achievable, particularly given the significant payroll integration that currently exists in Queensland Health with the Decision Support System				
33	III	Technology	IBM	10/08/2007	FM/Gap analysis has a significant prerequisites - availability of sufficiently knowledgeable CorpTech resources.				
34	III	Technology	IBM	10/08/2007	Significant back-filing requirement and replacement training requirement to free up public servants to be involved in design and build. Has this been factored into the costing				
35	III	Support	IBM	10/08/2007	Legacy support risk remains for most existing legacy systems				
36	III	Support	IBM	10/08/2007	Wont meet Health implementation timeframe				
37	III	Governance	IBM	27/08/2007	Business Outcome not fully understood by CorpTech			3	4
38	III	Contract		27/08/2007	Understanding the best costing model for effective long-term management of the project			3	3
39	III	Contract		27/08/2007	Detailed Requirement not understood by vendors			5	3
40	III	Contract		27/08/2007	Timeframes inadequate for preparation of requirements.	Analyse need properly, include functional and performance requirements in specification		3	4
41	III	Contract		27/08/2007	Vague or incomplete specifications could lead to vendors bids on differing bases making comparisons difficult and leading to unexplained delays	Ensure SSS understands feasible time frames, and have the process endorsed and supported by all areas. Implement a staged review process to ensure requirements undergo thorough review prior to release		5	3
42	III	Governance		27/08/2007	Immature level of planning and absence of detailed program, subprogram, project and resource plans			3	3
43	III	Contract		27/08/2007	Full disclosure of requirements may not be realised until full due diligence is completed	Ensure RFOs includes requirement for vendors to detail their estimating model and transparency of approach throughout the contracting lifecycle		5	5
44	III	Contract		27/08/2007	Competition for resources between Shared Service Solutions and Agency delivery areas due to business area knowledge gained by Prime under the Prime Contracting model			3	3
45	III	Contract		27/08/2007	Ability for software product vendors (i.e., Worktrain, SABA and RecruiASP) to work with suppliers other than IBM (original contracted party)	Current agreement with IBM allows for the State to contract direct with the software product vendors, however risk rating increases if third party involved.		3	3
46	III	Contract		27/08/2007	Failure to meet State Purchasing Policy requirements, industry complaints.	Ensure processes meet minimal policy requirements.		3	5
47	III	Contract		27/08/2007	Inadequate development of KPIs and the contracting management approach may lead to the inability to effectively manage the program and budget over spend.	Ensure KPI and reporting requirements are developed and defined in the draft terms and conditions.		3	5
48	III	Contract		27/08/2007	Inadequate contract framework may lead to long negotiation implementation timeframes			3	4
49	III	Contract		27/08/2007	Request for Offer documentation infringing the IP of current ESP vendors.			1	5
50	III	Contract		27/08/2007	Terms and conditions as specified in Purchase and Supporting Objectives may be unacceptable to suppliers	Consider commercially acceptable terms. Seek early legal advice. Allocate risks appropriately. Seek industry feedback.		3	3
51	III	Contract		27/08/2007	Targeted suppliers frustrated with submitting yet another offer to SSS.	Review documents before issue. Standardised procedures for responding to enquiries. Allow extra time for response		3	1
52	III	Contract		27/08/2007	Suppliers given inadequate information and time to respond, resulting in poorly presented offers	Ensure sufficient time frames are allowed for project consultation and RFO development.		3	1
53	III	Contract		27/08/2007	Breaches of security with RFO and Responses documentation	Maintain formal security procedures. Develop evaluation plan. Promote security conscious culture		3	5
54	III	Contract		27/08/2007	Evaluation takes too long	Develop evaluation plan with timeframes. Identify panel members, roles and responsibilities		3	3
55	III	Contract		27/08/2007	Assessment of value for money (VFM) without defined work parcels to compare	Contracting strategy to allow meaningful comparisons of costs. Clear milestones or progress payments		3	3
56	III	Budget		27/08/2007	Problems evaluating whole-of-life costs because of uncertainty of requirements	Develop financial evaluation models with scenarios to test the different offers against an agreed set of requirements.		1	3
57	III	Contract		27/08/2007	The ability and effectiveness of the PMO to support, direct and manage Prime over large program of work.	Develop a contract management plan / strategy. Seek commitment to resourcing for contract management, and relationship management.		3	4

"D"

Maree
Blakeney/CorpTech/QTreasury

07/09/2007 11:44 AM

To David Stone/TO/QTreasury@QTreasury

cc

bcc

Subject Re: Copy of Confidentiality and Conflict of Interest

David,

SPP - Shared Service Providers, in this case I have completed and signed forms from the Project Managers at Qld Health, Education, and the Shared Service Agency (SSA).

I can provide the core Invitation to Offer (ITO) development team, however I don't know the extent these people have consulted with their respected teams to develop certain section.

After discussion with yourself, Keith and John yesterday, I'm not sure of the make up of the evaluation panel. I anticipate that this will be predominately the ITO development team, with additional area experts. Hopefully the make up of this team will be determined early next week.

ITO Development

- Terry Burns - Contractor
- Keith Goddard - Contractor
- Trish Brabyn - Contractor
- Shaurin Shah
- Phillip Hood
- Darrin Bond
- Barbara Perrott
- David Ford
- Joanne Bugden
- Tracey Lawrence-Johnson
- LeighAnne Goldsmith - earlier version
- Gerard Bradley
- Maree Blakeney
- Joanne Kasmer - CSQ
- John Swinson
- Jannett Jones - Qld Health SSP
- Tim Dunn - SSA
- Rob Mander - Education
- David Erkert
- Jan Dalton

Cheers

Maree

Maree Blakeney
Manager, Resource Management Unit

=====

Fin Business Admin & Contracts / CorpTech
 Level 6, 61 Mary Street, Brisbane, 4000
 Phone: 3227 7552 ext 77552
 mailto:maree.blakeney@corpotech.qld.gov.au

=====

David Stone/TO/QTreasury

David Stone/TO/QTreasury
07/09/2007 09:54 AM

To Maree Blakeney/CorpTech/QTreasury@QTreasury

cc Keith Millman/TO/QTreasury@QTreasury

Subject Re: Copy of Confidentiality and Conflict of Interest 

Maree,

I think we should look at getting the documents signed as soon as possible, but certainly before the offers are received. Can you give me a list of names of all involved? Also, just to be absolutely certain, what do "SSP" and "ITO" stand for, how many people will each group comprise throughout the process (will numbers vary?) and to the extent that you are aware, who are these people?

Regards,
David Stone.

Maree Blakeney/CorpTech/QTreasury



Maree
Blakeney/CorpTech/QTreasury

07/09/2007 09:48 AM

To David Stone/TO/QTreasury@QTreasury

cc

Subject Re: Copy of Confidentiality and Conflict of Interest 

Hi David,

So far I have three - the SSP representatives, and I have the originals on my working file. I have not followed up with the core ITO development team yet, and was planning to have all participants involved with the evaluation sign the form prior to the offers being received.

Is this OK?

Cheers
Maree

Maree Blakeney
Manager, Resource Management Unit


=====
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David Stone/TO/QTreasury

David
Stone/TO/QTreasury
07/09/2007 09:35 AM

To Maree Blakeney/CorpTech/QTreasury@QTreasury

cc Keith Millman/TO/QTreasury@QTreasury

Subject Re: Copy of Confidentiality and Conflict of Interest form
attached EOM 

Thanks Maree.

Do you know how many of these were signed? If so, who signed them and where are the originals

now?

Regards,
David Stone.

Maree Blakeney/CorpTech/QTreasury



Maree
Blakeney/CorpTech/QTre
asury

06/09/2007 04:28 PM

To David Stone/TO/QTreasury@QTreasury

cc

Subject Copy of Confidentiality and Conflict of Interest form attached
EOM



Confidentiality and Conflict of Interest_form.doc

Cheers
Maree

Maree Blakeney
Manager, Resource Management Unit

=====
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=====

"E"

Maree Blakeney/CorpTech/QTreasury
13/09/2007 04:11 PM

To David Stone/TO/QTreasury@QTreasury
cc Keith Millman/TO/QTreasury@QTreasury
bcc
Subject Re: CorpTech Evaluation Panel (initial proposed participants)

Thanks David,

Attached is a copy of the first Accenture clarification request.

This is a little more complicated than I first thought.

A scenario relating to their circumstance is that currently CorpTech has a contractor relationship with the two Pendragon company Directors, (i.e. they are contractors on the HR team.) Accenture may look to partner with Pendragon as part of their offer.

Can you please review the attached clarification request and provide a response, one to the question, and secondly is this a risks in the process?

Please call if you need further information.



PC001_Accenture.doc

Cheers
Maree

Maree Blakeney
Manager, Resource Management Unit
=====

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mailto:maree.blakeney@corptech.qld.gov.au
=====

David Stone/TO/QTreasury

David Stone/TO/QTreasury
13/09/2007 03:33 PM

To Maree Blakeney/CorpTech/QTreasury@QTreasury
cc Keith Millman/TO/QTreasury@QTreasury
Subject Re: CorpTech Evaluation Panel (initial proposed participants)

Maree,

As discussed, we would prefer that the evaluation panel be cut down as far as possible. 34 people (with the possibility of more through later substitutions) will prove very difficult to manage.

Please send me copies of the individual contracts as they come to hand. I will need to check them and keep them on file.

I confirm that, based on your advice as to the connection between David Ekert and one of the offerors, he will likely have to be excluded from the evaluation panel altogether. Please let me have a brief note explaining this connection so that we can advise you further as to Mr Ekert's position.



We will discuss the practical arrangements for review of offers with John Swinson once the panel arrangements are more fully developed.

Finally, I would be happy to speak as to probity issues both at the supplier briefing and at a meeting of the evaluation team.

Regards,
David Stone.

Maree Blakeney/CorpTech/QTreasury



Maree
Blakeney/CorpTech/QTreasury
13/09/2007 11:11 AM

To David Stone/TO/QTreasury@QTreasury
cc Trish Brabyn/CorpTech/QTreasury@QTreasury, Shaurin Shah/CorpTech/QTreasury@QTreasury
Subject CorpTech Evaluation Panel (Initial proposed participants)

Hi David,

Please find attached list of proposed Evaluation panellists, defined by their work area speciality.

As previously discussed, several are contractors, engaged via a variety of contractual methods. Where nominated participants are contractors, I have included below the Contract by which they are engaged and confirmation that we have a deed in place.

Terry Burns - Treasury Provision of Services Agreement, with Annexure A Deed signed - sighted 13/9/07

Keith Goddard - PS 86 Agreement, with Annexure A Deed signed - sighted 13/9/07

Trish Brabyn - PS 86 Agreement, with Annexure A Deed signed - request confirmation from CSQ that deeds are held on file 13/9/07

Lynne Hackwood - PS 86 Agreement, with Annexure A Deed signed - request confirmation from CSQ that deeds are held on file 13/9/07

David Erket - Arena ESP Agreement (GITC 5) with S6 Confidentiality and S10 Privacy Deeds signed. - sighted 13/9/07

Please confirm if you have any issues with Lynne and David participating in the actual scoring of the Offers, and confirm the use of the Confidentiality and Conflict of Interest Disclosure form previously sent to you.



Evaluation Panel_Name Area table_070913.DOC

On another note, can you please advise who I should speak with about the cost involved with using rooms at Mallessons, as the evaluation panel is extensive the logistics of all team members having access to their required sections is an issue we need to address.

thanks
Maree

Maree Blakeney

Manager, Resource Management Unit

=====

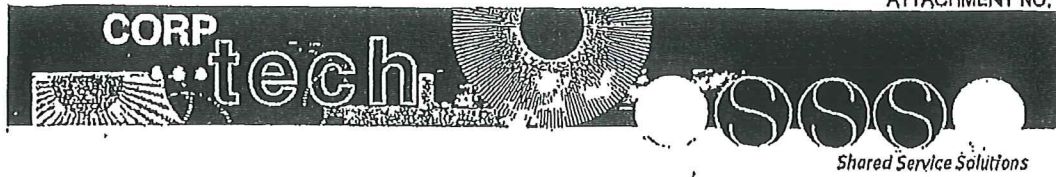
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mailto:maree.blakeney@corptech.qld.gov.au

=====



Invitation to Offer No: 435/000334
SSS Program Prime Contractor
Clarification Request

Date	13 th September 2007
Evaluation Work Team	
Requested by	Janine Griffiths
Response required by:	13 th September 2007
Purpose	Clarification regarding communication with current and proposed teaming partners currently engaged with Queensland Treasury
Vendor	Accenture
Reference	7.2 Communication During the Process, Page 8
Clarification No.	PC-001

Clarification Question

No.	Question
1	<p>Accenture is seeking clarification on the statement "Offerors are not permitted to communicate with any person associated with the State of Queensland (such as minister, public servant or contractor)". Can you please confirm that Accenture is not prevented from engaging with our current and proposed teaming partners, some of whom may be engaged directly as individuals or their employer company may be engaged by Queensland Treasury as part of the SSS Program.</p> <p>If required, Accenture would be willing to provide full disclosure of these relationships and communications with teaming partner organisations and individuals. In any case, per the conditions of the Invitation To Offer, our subcontractors and Accenture would not be in communication with Government employees with respect to this ITO.</p>

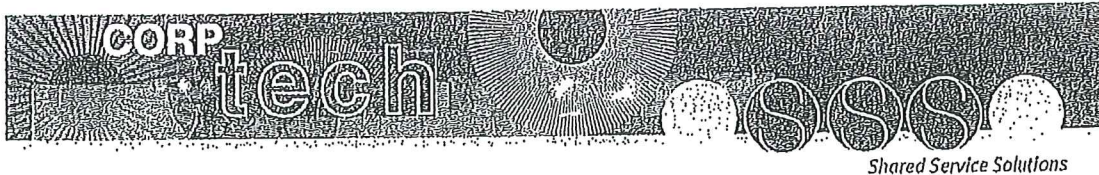
Vendor Response

No.	Response
Additional Reference Material	Is additional reference material returned? Name document

Due by:

return to: trish.brabyn@corptech.qld.gov.au or maree.blakeney@corptech.qld.gov.au

"F"



CorpTech

Significant Purchase Plan

Prime Contractor for the Shared Service Solution Program

Commercial In Confidence

The material within this document has been developed solely for the internal business purposes of CorpTech on behalf of the Government of Queensland. The material shall be kept confidential and shall not be disclosed or made available directly or indirectly to other parties.

Document Control Page

Revision History

Version	Date	Additions/Amendments	Author	Review By
0.1	28/8/07	Original Draft	Maree Blakeney	
0.2	5/9/07	Revision		Shaurin Shah
0.3	6/9/07	Revision		Shirley Millett
0.4	7/9/07	Revision		Maree Blakeney
0.5	10/9/07	Review by Queensland Purchasing (QP)		Peter Diets Melissa Jeffs
0.6	11/9/07	Amend per QP comments		Maree Blakeney
1.0	11/9/07	Final		Maree Blakeney

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1 BACKGROUND

1.1 Overview

This Significant Purchase Plan (the Plan) specifies the procurement and contract management strategy for the Shared Service Solutions (SSS) Program Prime Contractor Services. The Plan is based on an assessment of the current status of the SSS Program, the Rebuild Project Phase I and Phase II reports, the Solution Options provided by current External Services Partners, market knowledge, the principles and assumptions identified during the SSS internal review and endorsement of this review by an independent consultant.

The Prime Contractor model addresses the acquisition of methodologies, processes, resources, skill sets, knowledge and tools needed to complete the design, build and implementation for the SSS Program of work in a phased approach, from the completion of Release 6 (DETA HR), through to implementation of standard business processes and solutions for the w-o-G Shared Service Initiative.

To maintain integrity of the program,, the SSI Policy and Program Office and CorpTech will manage the Prime Contractor arrangement through the Strategic Program Office (SPO) and the Solution Design Authority (SDA).

1.2 Shared Service Initiative

The Queensland Government's Shared Service Initiative (SSI) has a vision of partnering in corporate services to support and connect Government. This is being achieved through economies of scale and skill, and is underpinned by standardising business processes, consolidating technology, and pooling resources and expertise across Government.

A balanced scorecard approach is used for performance planning, monitoring and reporting. The approach is driven by the following Key Result Areas (KRAs):

- **Capability:** The capability to deliver corporate services is enhanced;
- **Improvement:** Corporate services provision continuously improves in terms of effectiveness of quality of service;
- **Customers:** Corporate services support operations of clients, customers and other stakeholders enriching overall customer experience; and
- **Benefits:** Government and community benefit from effective corporate services

The SSI, and broader corporate service reforms across Government, will involve agencies and Shared Services Providers (SSPs) implementing redesigned business processes to maximise the benefits achieved from the new systems. Sector-wide efficiency gains will be achieved through standardisation of end-to-end processes and associated practices, implemented in advance of, or in parallel with, future system changes.

Objectives supporting the SSI vision, and annual strategies, performance measures and targets are outlined in the *SSI Performance Plan 2007-12* available from the SSI internet site www.sharedservices.qld.gov.au

1.3 Governance for Shared Services

The Shared Service CEO Governing Board, comprising the Under Treasurer, the Public Service Commissioner and a number of the agency CEOs, oversees the strategic direction and planning of the SSI at a whole-of-Government (w-o-G) level.

The SSI Executive Leadership Committee was established to enhance executive commitment and support the Shared Service CEO Governing Board in its role. The Committee advances SSI objectives on a w-o-G basis and oversees the rollout of the HR and finance business solutions across Government.

The SSI Governance Framework outlines the full role, responsibilities and membership of these and the other SSI governance mechanisms in place to effectively oversee the implementation phase of the SSI.

Additional information on the SSI can be obtained through the internet at www.shareservices.qld.gov.au

1.4 SSI Policy and Program Office

The Shared Service CEO Governing Board and Executive Leadership Committee are supported by the SSI Policy and Program Office (SSI-PPO). This office has an Initiative-wide focus supporting the SSI strategic direction and undertaking w-o-G planning, monitoring and reporting for the Initiative. The SSI-PPO manages whole-of-sector engagement to support the Initiative and broader corporate service reforms, consults stakeholders in relation to directions and priorities and ensures stakeholder views inform SSI governance committee decisions. This office acts as the purchaser of business solutions representing the needs of the Queensland Government, with CorpTech (SSS) being the provider.

1.5 CorpTech

As part of the SSI, CorpTech provides specialist Information and communication technology (ICT) services and support for the delivery of corporate services across Government.

- CorpTech provides innovative w-o-G ICT systems solutions, underpinned by infrastructure which provides the delivery platform for corporate services.
- CorpTech supports the SSA in delivering corporate services to Agencies in its cluster. CorpTech also delivers services directly to some Agencies, whose needs extend beyond 'core' corporate services.
- In addition to ongoing service delivery, CorpTech, in conjunction with the SSA, is leading the major transformational projects to standardise and optimise systems solutions and infrastructure for w-o-G.

1.6 Shared Services Solutions Program

The SSS Program focuses on the implementation of standard Information systems, business processes and technologies for human resources and finance.

The SSS program is one of the largest and most complex business process and information technology change programs being undertaken by the Queensland Government. The nature, complexity and inter-dependencies of business solutions involved, along with the w-o-G scope, combine to make this Program a significant challenge.

The SSS Program is working with the SSI Policy and Program Office, shared service providers and agencies to support the smooth transition to the new shared services environment.

1.7 The way forward

On 16 August 2007, the Shared Service CEO Governing Board agreed to a range of improvements to the Shared Service Solutions program to accelerate implementation of standard finance and human resource business solutions across Queensland Government agencies, (Refer attached Shared Service CEO Governing Board Briefing Paper, Agenda Item 5.2 dated 16 August 2007.)

The planned improvements include:

- implementing remaining business solutions in two phases;
- significantly accelerating the implementation timeline and reducing costs for the two phases by engaging a Prime Contractor to manage defined work packages on a fixed-price basis;
- for phase 1, defined work packages, fixed price, and program schedules will be determined as a result of Invitation to Offer process.
- during phase 1, the Prime Contractor will undertake a forward planning work package to provide fixed price for all work packages to complete phase 1 and phase 2 of the SSS Program.
- mitigating risks associated with supporting legacy systems by giving priority to Queensland Health, the Department of Emergency Services (DES), Queensland Corrective Services (QCS) and the Department of Education, Training and the Arts (DETA) in the business solution implementation schedule and some interim technical upgrades for Aurion HR systems;
- new governance arrangements for program delivery to strengthen accountability and authority for decision making, be more inclusive of program partners, and support a release-based implementation approach;
- tighter control of scope through the SDA. The SDA, together with the Prime Contractor, will engage with agencies and SSPs to review and approve the final Standard Offer scope. This will enable the SDA to respond to subsequent scope issues quickly, without significant impact on the delivery resource base, and greatly reduce the time and cost of the program; and
- technical improvements to accelerate the solution build while maintaining a single instance SAP solution for the finance and human resource business solutions.

The SSI PPO and CorpTech will remain accountable for managing a Prime Contractor, confirming scope and approving successive work packages.

1.7.1 Phase 1

The principal aim of Phase 1 is to mitigate risk across the portfolio of legacy systems.

Similarly, there is potential to achieve significant benefits across the Initiative if there is a determined effort to supplement the Phase 1 deliverables with automated and/or workflow processes outside the standard business solutions, such as AMIS and Intelligent Scanning. These projects will continue as part of the broader Shared Service Initiative and corporate service reform agenda across Government. Phase 1 is proposed to be completed by early 2010.

1.7.2 Phase 2

It is anticipated that Phase 1 can be completed within existing program resources and that Phase 2, to complete the SSS Program, will be considered as part of the Benefits Management Program and successful outcomes during Phase 1. Phase 2 may potentially overlap with Phase 1, and is proposed to begin in early 2009 and be completed by early 2011.

Phase 2 is proposed to include completing implementation of a single integrated finance/HR business solution across Government with standardised business processes and consolidated ICT technology and support. Phase 2 provides the greatest potential to achieve the economies of scale identified in the SSI Business Case.

2 Prime Contractor Principles

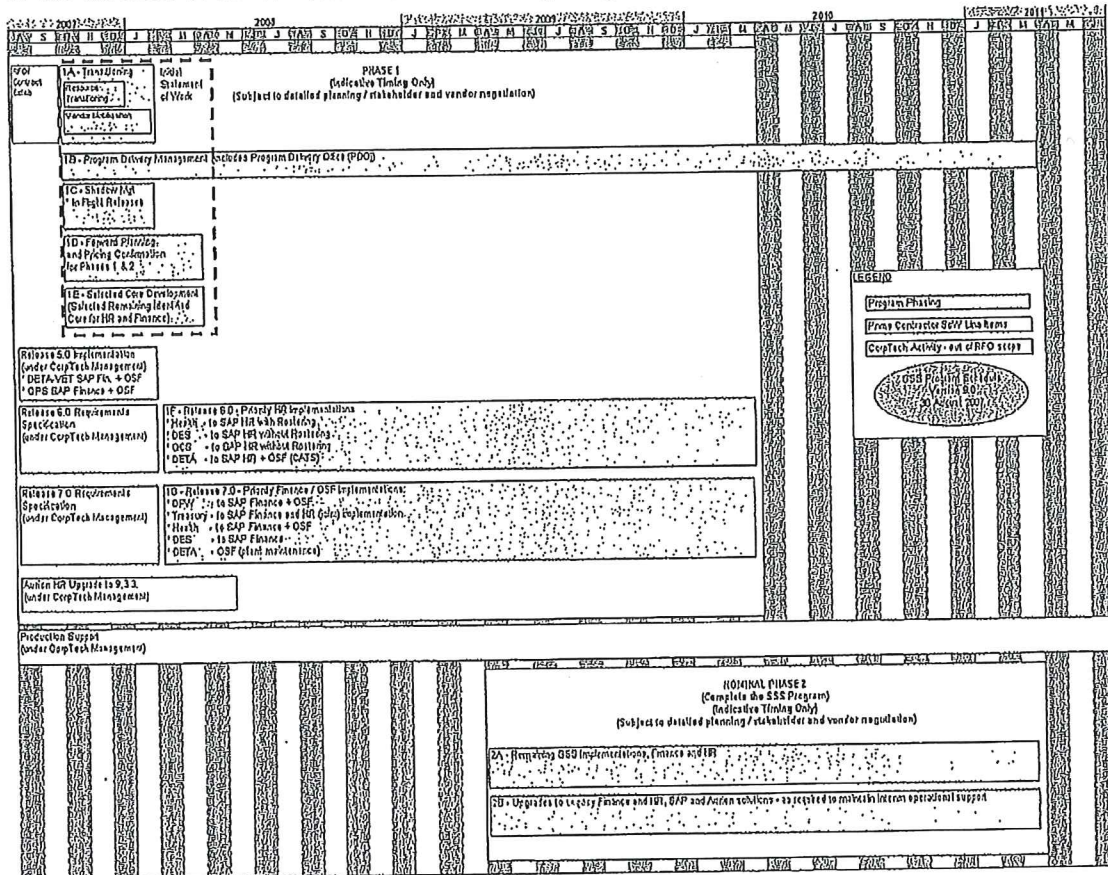
2.1 Objectives

Upon successful completion of the SSS Program, the following objectives, by program goal, will be realised:

- The woG business solutions for Finance, HR fully implemented enabling the business processes standardization achieved during the BPR phase of the SSI:
 - accurately configured applications, with minimal customisation, to support the standardised business processes;
 - an optimal application landscape that supports access to high-quality, timely, reliable & accurate and consistent information by relevant Queensland State Government employees;
 - supporting Cross Functional Applications and Technology enablers are in place to support the solution;
 - agreement to the approach to managing out-of-scope SSP/Agency requirements;
 - business transformation capabilities are in place to support the solution;
 - seamless delivery of business processes to internal/external users via either web interfaces or other agency deployment method in line with the client agency/SSP infrastructure needs;
 - provision of Employee Self Service, Manager Self Service and Workflow capabilities to improve process efficiency and support consistent business process application with appropriate level of security and segregation of duties;
 - standardisation of appropriate data, and incorporation of data quality and retention requirements, successful extraction and migration of legacy data to the new application solutions;
- For the rollout of the business solutions within each SSP/Agency:
 - Ensure the synchronisation and integration of both program and project activities
 - strategies, processes and methodology (i.e. Deployment Guidelines, Data Conversion Guidelines and Training Material) developed to support transition of SSPs/agencies to the new solutions including:
 - standardisation, cleansing, extraction, translation and loading of data;
 - staff training;
 - agency specific configuration, interfaces and integration requirements; and
 - agency specific testing.

2.2 Program Scheduling

The delivery schedule, agreed with the Prime Contractor, will be based on phasing approach to the services in accordance with the Phasing Diagram-v9.0, below:



2.3 Maintaining Integrity of Standard Design

CorpTech will establish and maintain a Solution Design Authority (SDA) to own and manage the solution architecture and design. The SDA will utilise a set of design principles to guide the direction and decision in relation to the solution architecture and design.

2.4 Employment Model and Capability Development

CorpTech currently operates with a blended resource model. This 'blend' comprises:

- Public Servants (engaged either through permanent contracts with the Customer [permanent staff], permanent contracts with other State government Agencies [secondees], or true temporary employment contracts [temporary staff]);
- Vendor resources; and
- Independent contractors.

The continued and heavy utilisation of Public Servants in this model is driven by 3 major factors:

- Retention of internal capability and intellectual property;
- The Governments industrial commitment to employment security surrounding the Shared Service Initiative as articulated in the current award schedule, and
- Cost effectiveness.

Challenges to the current workforce have included the ability to rapidly 'ramp up and down' in response to release linked work demands. This challenge has been exacerbated by the current short supply of appropriately skilled resources in the labour market.

There is an expectation that the Prime Contractor will continue to utilise a blended resource model.

2.5 Knowledge Transfer and Capability Development

To allow CorpTech to manage the continued operation of the new solution during and at the completion of the engagement, effective knowledge transfer, training and documentation strategies and processes will be developed and implemented.

During the engagement period detailed process and 'as built' documentation, user guide and administration guide will be provided and be available as part of handover, at each release implementation and at the completion of the engagement.

The technical support of large complex systems relies significantly on the associated support documentation in place and rigorously maintained.

The handover of all products developed as part of the engagement either at the implementation of a release or at the completion of an engagement will represent critical milestones and quality checkpoints.

2.6 Tools and Methodologies

The skills and tools involved in program management and solution design and testing activities within the Program are complex and complementary and involve planning, estimating, monitoring and reporting on program, sub-program and project activity. High level program management tools brought to the SSS Program by the Prime Contractor would be mandated for project management for the period of the engagement, with options for CorpTech to utilise these tools post contract.

2.7 Prime Contractor Key Requirements

The responsibilities of the Prime Contractor may include any or all of the following:

- plan, resource, coordinate and manage the overall SSS program of work;
- plan, resource, initiate and manage the successful delivery of assigned discrete work packages;
- implement and maintain consistent and repeatable program level implementation strategies, plans and schedules;
- document Risks, Issues and Lessons Learnt during the execution of work packages in a manner that they could be easily retrieved and reported;
- optimise resource capacity, capability and allocation across the program;
- implement and maintain Best Practice program management methodologies, toolsets and templates;

- implement stringent quality assurance and control as well as security measures;
- provide regular detailed reports to the SSS Program leadership team on progress, schedule, issues, risks and quality;
- establish and implement a training plan to ensure all program team members (including non prime contractor staff) are skilled and capable of using program tools and processes;
- establish project performance measurement and reporting processes linked to plans, schedules, and costs and manage the scheduling and reporting process at the program level; and
- implement appropriate configuration and change management tools for products/deliverables and their version control/check-in /check-out to ensure management and control of Intellectual Property.

2.8 Purchase Objectives

The main objective is to source a suitable Prime Contractor for the supply of certain professional services relating to the Shared Services Solution, specifically to effectively and efficiently undertake the management of the design, build and implementation of the Shared Service Solutions to ensure deliverables are achieved in a timely manner, within budget and using a structured, collaborative and integrated approach.

2.9 Market Analysis

A series of public procurement tender processes were carried out in 2005 to source suitably qualified and experienced External Service Partners (ESPs) to support the SSS Program – the SSS Sourcing Strategy.

This process resulted in eleven suppliers appointed as ESPs to undertake work on a time and material basis or defined packages for discrete areas of the Program, i.e Finance Sub-program, or the HR Sub-program.

Fundamental to the Rebuild Project is a more strategic utilisation of the current ESPs ability and CorpTech is seeking to realign its relationship with ESPs to a 'Prime-Contractor' model

Due to the extensive involvement of ESP in the SSS Program to date, CorpTech requested proposals from these ESPs to provide solutions option proposals to assist the Rebuild Project in realigning current practices to that of industry best practice.

Accordingly, a request for proposals was sought from all (eleven) ESPs, seeking confirmation of the Partners' commitment, capacity and capability to continue with the Program, and in doing so, identify a better and/or preferred engagement and solution model.

Proposals were received on 7 August 2007 from four Partners. The responses were then formally evaluated and ESPs briefed on evaluation of their proposals. Of the four ESPs that provided a response, one (SAP Australia) has since withdrawn from the pending Request for Offer (RFO) process.

In determining a closed offer process, CorpTech considered the following environmental factors :

- The funding 'burn rate' of the program is significant, in this period of uncertainty;

- A current ESP would offer the most rapid transition due to established knowledge, contacts, and resource footprint. An open tender would require significantly greater time to procure (multiple months);
- The prime contractor model is conceptually a variation on the current contracting model;
- The current ESPs were engaged through an open tender process in 2005 and have expectations of continued business;
- The short-listed Offerors are renowned international ICT service providers capable of undertaking a Prime Contractor service for SSS;
- There is sufficient competition between Offerors to achieve a value for money offer to the same level that could be achieved through an open tender process;
- An open tender could be an expensive process for new vendors, due to reduced Program exposure;
- An open tendering process necessitates the exposure of significant information and IP to the industry that is confidential to Government.

Given the above the Request for Offer will be issued to three potential offerors, who have been selected based on their current knowledge of the SSS Program, these are IBM Australia, Accenture Holdings Australia Pty Ltd and LogicaCMG Pty Ltd.

2.10 Free Trade Agreement

The provisions of the US-FTA have been investigated.

Essentially under the FTA, procurements valued at >\$750K require:

- a Forward Procurement Schedule be published;
- the issue of an open (public) tender; and
- the RFO to be open for at least 30 days.

Given that the Prime Contractor model provides for a more strategic utilisation of the current ESPs ability and CorpTech is seeking to realign its relationship with ESPs to a 'Prime-Contractor' model the requirements of the FTA have been satisfied during the selection process of the ESP in 2005.

2.11 Value of the Business to Suppliers

The ICT spend in relation to contracted resources for the SSS has amounted to a significant spend for the Queensland Government.

The value of the business to the suppliers as CorpTech moves to a Prime Contractor model should be viewed from two perspectives. Firstly, from an economic perspective, the various phases of work in this program are substantial. Secondly, the opportunity to participate in the Queensland Government SSS Program at this level provides suppliers with prestigious and contemporary project reference points for future work. The business is expected to be strongly contested by the potential offerors.

Offerors will comply with local ICT industry policies.

3 PROCUREMENT STRATEGY

3.1 Approach to the Market

The procurement strategy provides for an approach to the nominated suppliers in early September 2007. Offers will be required within two (2) weeks with an anticipated evaluation and contract negotiating period of minimum 4 weeks.

3.2 Cost and Source of Funding

The estimated costs of the Phases are as follows:

- Phase 1 – Including 1A, 1B, 1C, 1D, 1E, 1F, and Release 5 Shadow Management, - Indicative value of between \$45M to \$55M

Estimates for these values are based on the estimates received during the request for proposals for a solution option submitted in August 2007.

For Phase 1 the source of funding is the SSI Business Case of \$110M.

To avoid any delays in contract awards and/or work commencing, Executive Council approval for the overall expenditure for Phase 1 (1A to 1F) should be sought after initial contract negotiation of price.

To meet portions of the Phase 1G requirement, agencies may co-contribute to the cost.

Phases 1G and 2 - indicative value of between \$120M to \$150M. These work streams will be completed subject to detailed planning and stakeholder negotiation. A revised SSI Business Case to further analyse funding options is anticipated to be completed in December 2007 as part of the Benefits Management Program.

4 PROCUREMENT AND RISK MANAGEMENT

4.1 Procurement Management

The Rebuild Project is part of the SSI and CorpTech Executive Directorate and operates within the SSS governance framework. The procurement process from requirements definition to contract start up will be managed as part of the Phase III Rebuild requirements with a fulltime Project Director, Project Manager, procurement and legal assistance and utilising resources from within sub-programs for requirements definition and evaluation of offers. A nominated contact officer will be appointed to manage the Supplier communication requirements throughout the tender process. The requirements definition process will involve several stages of data collection and review and any conflicted external resources used in the first round of requirements definition will not be involved in the latter stages or in the evaluation process.

4.2 Risk Management

A full assessment of procurement risks has been undertaken and the resultant risk treatments are incorporated in this Plan. A copy is enclosed at Appendix 1.

The RFO documentation will be released through the tender management processes and procedures of the Procurement Services Unit of Corporate Solutions Queensland.

4.3 Legal Advice

Legal advice has been provided by John Swinson from Mallesons Stephens Jaques under the Treasury Legal Services Panel Arrangement. Mr Swinson will continue to provide support to the Rebuild Project team to monitor, advise and report on the probity of the procurement processes, the development of the Offer documentation, to undertake contract negotiation and establishment of the contractual framework.

Treasury Legal Services Unit will provide probity advice and guidance throughout the evaluation and contract formation stages.

4.4 Communications Strategy

Early advice to the potential offerors has been provided throughout the Rebuild Project. Offerors are anticipating the release of the documentation and have positioned themselves to respond within the allocated timeframes.

In addition, offerors will be provided with an opportunity to attend a supplier briefing shortly after the issue of the documentation. This will be beneficial in ensuring a good understanding of the requirements, the process and timelines as well as optimising the quality and quantity of offers received.

4.5 Contract Management

Offerors are required to be signatories to GITC V5, however the final contractual framework will be prepared in consultation with Legal Services.

A Contract Manager role will be established within the Strategic Program Office, with the responsibility to manage supplier relationships, contract administration and contractual issues. The Contract Manager will be responsible for ongoing monitoring and updating of the Risk Management Plan.

The high interdependency between Prime Contractor and the SSS Program and the tight timeframes for the program necessitates close monitoring of milestones by program/project managers in concert with the contract and relationship managers.

Contractor performance reviews against deliverables will be undertaken at least bi-monthly.

Transitions plans, program schedules, and governance models will be provided as part of each Offer and accepted through the contract negotiation stage. A requirement of the Transition and Planning phases will be to provide thoroughly documented and costed formal plans that support each phase of the project.

5 CONSULTATION

Extensive consultation has taken place with the following individuals and organisations in the development of the Plan:

- Rebuild Project Steering Committee
- SSI and CorpTech executive management.;
- The Shared Services Agency
- The Under Treasurer and
- The Deputy Under Treasurer
- Treasury Legal Services Unit
- Mallesons Stephen Jaques
- Queensland Purchasing;

6 REFERENCES

The following documents were referenced during development of this document:

- significant purchase plan guidelines issued by Queensland Purchasing;
- State Purchasing Policy;
- Information Standard 13;
- Treasury's local procurement instructions;
- CorpTech's Communication Strategy
- Shared Services CEO Governing Board Briefing Paper – SSS Program Rebuild Project, and
- various Gartner research documents.

APPROVED BY*			
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Signed:		Date:	

Appendix 1

SSS Rebuild Project – Procurement Risk Register

Defining the Requirement

Risk Description	Consequence	Likelihood	Rating	Treatment Options	Party Responsible
Business Outcome not fully understood by CorpTech	4	C	H	Ensure sufficient time is allowed for consultation with key stakeholders during the requirement development	
Understanding the best costing model for effective long-term management of the project	3	B	H	Ensure that the RFO clearly states that costing methodologies are required.	
Detailed Requirement not understood by vendors	3	E	M	Analyse need properly, include functional and performance requirements in specification	
Timeframes inadequate for preparation of requirements.	4	B	Extreme	Ensure SSS understands feasible time frames, and have the process endorsed and supported by all areas.	
Vague or incomplete specifications could lead to vendors bids on differing bases making comparisons difficult and leading to unplanned delays	3	E	M	Implement a staged review process to ensure requirements undergo thorough review prior to release	
Immature level of planning and absence of detailed program, subprogram, project and resource plans	2	D	L	Ensure program plans are well advanced and support the RFO content	
Full disclosure of requirements may not be realised until full due diligence is completed	4	A	Extreme	Ensure RFOs includes requirement for vendors to detail their estimating model and transparency of approach throughout the contracting lifecycle	
Ability for software product vendors (i.e., Workbrain, SABA and RecruitASP) to work with suppliers other than IBM (original contracted party)	3	C	H	Current agreement with IBM allows for the State to contract direct with the software product vendors, however risk rating increase if third party involved. Allow for Offerors to comment and propose a solution for this.	

Procurement Method

Risk Description	Consequence	Likelihood	Rating	Treatment Options	Party Responsible
Failure to meet State Purchasing Policy requirements, industry complaints.	5	C	Extreme	Ensure processes meet minimal policy requirements.	Contracts Manager
Inadequate development of KPI's and the contracting management approach may lead to the inability to effectively manage the program and budget over spend.	5	B	Extreme	Ensure the statement of works defines deliverables and that KPIs and reporting requirements are developed and defined in the terms and conditions.	
Inadequate contract framework may lead to long negotiation implementation timeframes	4	C	H	Ensure that Offerors understand the timeframes throughout the process	
Request for Offer documentation infringing the IP of current ESP vendors.	5	D	Extreme	Ensure Legal review and support of documentation	

Requesting Offers

Risk Description	Consequence	Likelihood	Rating	Treatment Options	Party Responsible
Terms and conditions as specified in Purchase and Supporting Objectives may be unacceptable to suppliers	2	C	L	Consider commercially acceptable terms. Seek early legal advice. Allocate risks appropriately. Seek industry feedback	Contracts Manager
Targeted suppliers frustrated with submitting yet another offer to SSS.	2	C	L	Review documents before issue Standardised procedures for responding to enquiries Allow extra time for response	Contracts Manager
Suppliers given inadequate information and time to respond, resulting in poorly presented offers	2	B	L	Legal have advised to confirm that Offerors have sufficient time during the Supplier Briefing.	Contracts Manager

Evaluating Offers

Risk Description	Consequence	Likelihood	Rating	Treatment Options	Party Responsible
Breaches of security	5	C	E	Maintain formal security procedures Develop evaluation plan Promote security conscious culture	
Evaluation takes too long	3	B	H	Develop evaluation plan with timeframes Identify panel members, roles and responsibilities	
Assessment of value for money (VFM) without defined work parcels to compare	2	C	L	Contracting strategy to allow meaningful comparisons of costs Clear milestone or progress payments	
Problems evaluating whole-of-life costs because of uncertainty of requirements	2	D	L	Develop financial evaluation models with scenarios to test the different offers against an agreed set of requirements.	
Teams required for evaluation aren't available when required	2	C	L	Develop evaluation plan, responsibilities, and include in sub-program schedules. Seek commitment from sub-programs to support activity	

Managing Contracts

Risk Description	Consequence	Likelihood	Rating	Treatment Options	Party Responsible
The ability and effectiveness of the PMO to support, direct and manage Prime over large program of work.	4	B	Extreme	Develop a contract management plan / strategy Seek commitment to resourcing for contract management, and relationship management.	SS Project Manager
Effective internal reporting to support Contract Management strategies.	4	B	Extreme	Clarity of contractual obligations Appropriate reporting / performance / service level mechanisms Implement regular reviews and relationship manager role	Contracts Manager SS Project Manager
Contracting strategy may fail to deal effectively with purchase and supporting objectives	4	C	Extreme	Legal review of terms and conditions Commercial terms and conditions Clearly documented contracting strategy Clear draft terms and conditions in RFO	Contracts Manager
Maintaining the integrity of standard design	3	C	H	Implement strategies to ensure to review and control design changes Ensure all team members inducted	Sub-program Directors
IP Ownership issues between ESPs arises	3	C	High	Implement an IP register at the commencement of the contract and regularly update it	Contracts Manager

Resources

Risk Description	Consequence	Likelihood	Rating	Treatment Options	Party Responsible
The potential for external resources, working on a time and materials basis, not to extend themselves in order to achieve milestones.	2	C	L	include stage reviews in contracts linked to performance measures. include ability for all resources to be terminated at short notice if not performing	
Management of external resources under a Prime Contractor model.	2	C	L	Offerors will be required to detail their proposals for review and compliance with Govt conditions.	
Management of internal resources under a Prime Contractor model.	3	C	H		
Inadequate induction of external resources into subprograms / projects (i.e. – frameworks, strategies, processes, practices, tools, techniques etc.) resulting in long ramp-up times, lack of productivity or re-work	2	C	L	Ensure that strategies and reporting metrics are in place for management of external resources by the Prime.	
Restraint on skilled resource availability due to large amount of ICT work in Brisbane.	2	C	L		

Appendix 1 Risk Matrix