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THE HONOURABLE RICHARD CHESTERMAN AO RFD QC, Commissioner

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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 15/05/2013

Continued from 14/05/13

DAY 30

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THE COMMISSION COMMENCED AT 10.01 AM

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COMMISSIONER: Mr Doyle?

MR DOYLE: Thank you.

Ms Stewart, do you have your statement with you?---Yes, I do.

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Could you turn to the discussion of the first three pay periods which starts at page 7?---Yes.

I just want to start with a format question. What you do is deal with the three pay periods in chronological order - - -?---Yes, I do.

- - - identify some issues and then later in your statement you deal with those issues in more detail?---Correct.

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Some of them - if you go across each page - - -?---Yes.

- - - and merge throughout those periods?---Yes; or maybe beyond three pages.

Or beyond that. Thank you. In respect of the discussion that you've given us of the first three pay periods would it be fair to say you've relied heavily upon the updates that you've referred to?---To trigger my memory and use some of my recollections as well.

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Very good. Can we start then with the first of them, that is the pay period you deal with in paragraph 50?---Yes.

You tell us about a multi-view scheduler issue which you've described and I'll come back to later on and then in (b) you refer to, "On a daily basis SAP needs to do some things," and you refer to a process taking much longer than you expected. Would that be a fair way of describing it? ---Correct.

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The reason you give for that is due to a significant volume of processing in the first pay period. Can you help me please?---Yes.

First, was it more than was expected? When you nod, I assume you're agreeing with me?---Sorry, sorry. That would have been one of the contributing factors.

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So it was more than was expected to be dealt with in that first pay period?---Yes.

Can you give us an idea of what you mean by a significant volume?---Sorry?

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COMMISSIONER: Mr Doyle, I'm having great trouble hearing. 1
There's a bit of background noise as well, but I'm having
trouble hearing both you and the witness.

MR DOYLE: I don't think you've missed anything critical,
but I'll just revisit the last part, if I may. I'm
addressing the middle sentence of paragraph 50(b) where you
refer to the significant volume of processing causing it to
take longer than you expected. You've agreed with me that 10
the volume you're speaking of was something that was
greater than you had expected you would have to deal with?
---Yes.

I've asked you now if you could put some figure on it,
clarify it in some way?---I wouldn't be able to put a
figure on it. When I talk about plans, we planned the
timings around the results from what was called PPV testing
or payroll performance validation or verification testing,
I can't quite remember the exact title, which was performed 20
by the IBM technical architect before we went live. So
based on those times, this particular process was taking
much longer. There was a view at the time that the volumes
that were within those files were larger than what was
replicated in that testing or was planned for in those
tests. So when I say not what's planned or expected, it
was drawing back on the baseline that we had from those
testing results.

Okay. Payroll performance verification could I suggest to 30
you?---Thank you.

It sets some testing criteria or standards - - -?---Yes.

- - - which were provided by either CorpTech or Queensland
Health as the expected volume or expected data load?
---There were certain requirements that were specified by
Health and CorpTech to assist, however, we were also
looking for some input from IBM around how the solution
would work and how those data volumes would be processed. 40

Sure. With those data volumes, the testing would identify
a duration within which the process could be completed.
Yes?---Correct.

What you're referring to here is that that process took
longer than the payroll performance verification standard
suggested?---Correct.

That was thought to be because the volumes of data which
was required to be processed were greater than specified in 50
that test?---At the time?

Yes?---That was what was thought. Later on we found out
more information.

Sure.

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COMMISSIONER: What did you find out?---We found out that the test itself, the way the data was loaded into that test, was not how the data would be treated in production. In other words, the way the solution recalculated or reworked various changes was different to how the test was simulated.

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MR DOYLE: Thank you. Could we turn then to 50(c), you refer to a crash?---Yes.

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Did that only occur once?---I believe there would have been other crashes at a later date. I couldn't tell you how many or how often.

Has the cause of it been identified?---My understanding is that it was the result of many of the issues that were contributing to the contention of the database.

Very good. If we go to paragraph 51 where you deal with the next pay - - -?---Period?

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- - - period?---Yes.

Which commences immediately after the conclusion of the first pay run?---Correct.

All right. You refer to some performance issues with the MVS getting worse?---Yes.

You refer to workarounds that were initially being used were replaced with a solution fix - help me please - in respect of the first pay run, were there workarounds used to get around what was perceived to be the trouble with the MVS?---I believe there was based on the - drawing on the information in the update that I have referenced and my recollection was that we worked closely with Queensland Health to retain or reduce the number of users in the module at a certain time. So rather than allowing the full statewide access to the MVS module, we coordinated certain time slots for different payroll hubs to use that module which reduced the load.

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That is described as a workaround and that was in place. The update number 2 says "last week" so that suggests it was during the - - -?---Yes.

- - - first pay period/run?---Pay period.

Would that be right?---Possibly.

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And then it says in the update that the solution fix was delivered on March 27, page - - -?---I would have to be guided - - -

If you just take it from me that's what it says?---Yes.

All right. And that was consequent, can I ask you - I'll put it differently - when this problem emerged, amongst other things, IBM was made aware of?---Yes. 1

And it caused some people to come and look and see what the problem was?---Yes.

You've heard of someone called Mr Grier?---Yes.

He was one of those people who arrived?---Yes. 10

All right. And a fellow called Mark Rafter?---Yes.

And also Infor, was it involved in a resolution of this question?---Look, I couldn't recall which particular resolutions, which resources were involved in, but those people in general were across a range of issues and - - -

And were there promptly upon being told of this problem? ---I believe once we escalated the fact that this needed to be urgently dealt with then IBM looked upon getting those resources quite quickly. 20

Very good. The solution, whatever it was, appeared to be relatively successful, at least at that stage?---At that stage, yes.

We'll come back to, I promise you, the detail of that later on. If you turn over the page then to paragraph 53, you refer to some integration issues arising or starting to surface?---Yes, yes. 30

In respect of the one that you discuss in paragraph 53 or the ones you discuss there, you say, "These issues were attended to quickly by CorpTech and subsequently IBM"? ---Yes.

"And workarounds and emergent fixes were applied quickly to mitigate the impacts of pay"?---Yes. 40

How quickly? Are we talking days?---I would expect it would have been within days for the issue. Yes.

All right. Just so that I'm clear, if one has just finished payroll 1, or payroll anything I suppose, pay run 1, you start a period in which the system is used to input data and to do various things - - -?---Yes.

- - - ahead of uses being locked out for a pay run. Is that right?---Correct. 50

The pay period is two weeks?---Yes.

The last two days of which or something like that is actually the pay run?---Yes.

Thank you. Then if you go to paragraph 55 - I'm sorry, perhaps I can ask you this, in respect of the integration issues that I just talked to you about, which was "the workarounds and emergent fixers were applied"?---Yes.

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Did it have anything to do, to your knowledge, with the number of records or updates of records that needed to be inputted into the system?---The integration issue itself- - -

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Yes?---- - - not specifically related to volumes of data.

They were related to the sequencing of how data went across the systems and some specific defects in the solution.

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Well, you deal with those later and we'll - - -?---Yep. 1

- - - discussing for now. Then in paragraph 55, you talk about the third pay run?---Yes.

That says, "Error correction processing was taking much longer." Now, is it right to say that the design of the system is to produce an error report if something seems to be missing or amiss?---Correct. 10

And that can be for a variety of reasons?---Yes.

And those reasons can include information - well, tell me, please, what are some of the reasons that such a report would be issued for?---It could just be purely requiring to take certain action, such as someone's increment or end date might be coming up that needs to be addressed. There might be the payroll information itself in the system was - do not meet certain conditions and therefore needed to be looked at. I mean, it could be a range of different reasons. 20

We may not need to go too far in this. The design of the system is such that it detects that the information which it's been given may be - require action, may be incomplete, may be wrong and produces a report for a human to deal - to investigate and deal with?---Yeah.

And that's the design of the system?---Correct. 30

And where you refer then to an error correction processing, you're talking about the process by which the human would receive that report, investigate it and deal with it?---It would have been a combination of how long it took to receive the reports and process them. So when I took error correction processing, it's the window in which all of that has to happen.

Right. And the process is one by which the computer system produces a report which requires human intervention to do so?---Yes. And there were many reports. 40

Well, that's my point?---Yes.

And there were many which was requiring you to either deal with them or to deal with other things that were occurring, and there's no inherent criticism in this, you weren't able to do everything at once. Is that a fair way of putting it?---Payroll. 50

The payroll; I didn't mean - - -?---Yeah.

- - - personally, but the staff that you had available to administer these things?---Yeah, that would have been one of the reasons.

Thank you. Now, going to paragraph 56, you refer to a new issue and this, I assume, appears on the course of the third pay run?---Yes. 1

Now, you say in the last sentence that, "CorpTech quickly identified reports that were available to manage this issue to reduce the impact." Can you tell me, please, how quickly?---I believe, again, it would have been within the day for a couple of days, from recollection. 10

Thank you. Now, whilst that's referred to as something occurring within - those two within a pay run, should LATTICE stand up to be the pay period in the payroll or not?---Yes, no, it would have happen throughout the pay period.

So in the period between people getting paid in the second pay run and the commencement of your processing of the third pay run?---Yes, I would expect it at some point during that pay period. 20

All right. Well, now, in paragraph 58 you tell us the third pay run commenced on Sunday, the 18th?---Yes.

So that the events that are spoken of in 55 and 56 occur in the 10 days before that or thereabouts?---Yep.

Thanks. Then in 58, you refer to in the middle of that paragraph a critical issue was experienced in the final stages. Do you see that?---Yep. 30

Which you say was eventually - was overcome and eventually the payroll is complete, and when was it completed?---I believe it was - well, it was about midday on the Tuesday - - -

Right?--- - - - when users were unlocked and EFT went to the bank, 11.47.

So the solution, whatever it was, was effected between the start of the pay run at 3 o'clock on Sunday and its unlocking at midday on Tuesday?---This particular issue happened in the early hours of Tuesday morning. 40

Okay. Well, then by lunchtime Tuesday it had been - something had been done which had - - -?---Yes.

- - - overcome it. Thank you. Now, what - did you determine what the cause of that was?---We understood it to be mandatory data that was required by SAP to exit the pay run was missing from a particular pay record. 50

So did you find out what that was? That is, have you identified - - -?---It was - - -

- - - what particular mandatory data field - - -?---It was an info - called an "info type 1 record" missing, which normally the system would not require you to exit the particular screen or particular entry record without that information, so we did not understand how that happened and, from recollection, I don't believe we ever got to the bottom of how it happened. 1

Thank you. Now, you give your overall recollection of those first three pay runs in paragraph 59, which I assume is all true?---Yeah. 10

Then in paragraph 60, I just want to ask you a few things about that. You say, "I expected issues in the first three pays and the number of incidents being logged was not unexpected for such a large and complex payroll solution." So you had seen some numbers - - -?---Yep.

- - - that appear in reports and so on, but the numbers themselves were not unexpected?---Correct. 20

And you've been involved in a number of - - -?---Well, from my perspective they were not unexpected.

Okay. Well, you were doing - we'll talk about your expectation. You have experience of - - -?---Yes.

- - - the rolling out of new payroll or new IT solutions? ---Mm'hm. 30

And you had always expected there to be a number of incidents and the number that were occurring were not unexpected, if I can put it that way?---Correct.

Yes. The major issues were being managed by SSP and CorpTech under - with great effort, fair to say?---Yes.

And you'd agree with the cooperation of IBM?---Yes.

And Infor - - -?---Yep. 40

- - - towards the end of, at least, that process?---Yep.

That there were workarounds or solutions, or fixes which were identified and implemented - - -?---Correct.

- - - in respect of things, some of which we discussed? ---Correct.

Then you say that what you did not expect is the impact of non-systems issues - sorry. 50

What I did not expect is the impact that non-system issues would have had on the credibility of the go live and (indistinct) pay outcomes.

So can I just ask you, please, to tell me what the non-systems issues you're referring to were?---So - and I think I refer to it a little further down, so - and we talked about it before. So some of the issues that were - - -

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Well, I'll stop you. If you can direct to paragraphs of the statement which you say contains the - - -?---So under 61(a), (b), (c) I suppose, and I'm talking about other things but they're the sorts of things that I'm referring to. So there was a large volume of backlog forms that came out at the last minute. There was the inaccuracy in the rosters, I suppose, which from my perspective is something that had been within prior systems but now attracted a larger attention. And there was just a general need to respond to people's pay issue in a different manner than what would have happened in the past, so there was a, you know, as I understand it to be, some direction to pay what people believed they were owed without working through the normal pay run process itself to generate that pay.

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Well, I might just explore some of those things with you? ---Sure.

There was a large number, you say, of late LATTICE form submissions?---Yes.

Can you quantify things?---I couldn't. I wouldn't like to guess how much but it was large volumes is what my understanding from Queensland Health was.

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Right. And to describe them as "late" suggests that they came late in the process so that you weren't able to process them as you had hoped to be able to do?---Yes. I believe there was communication prior to go live to ensure that appropriate (indistinct) was completed and staff all submitted their forms. I believe that message, perhaps, wasn't as effective as it could have been, so there was a larger volume of late forms than what was expected.

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All right. You would have always expected some - - -? ---Absolutely.

- - - back log to implement, but if another reason then you need to take people off doing things in order to transition to the new system?---Yes.

So there was an expected level of - - -?---There is always late forms in Queensland Health.

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What you're speaking of here is even greater than expected? ---Yes. My understanding was that there was a lot of messaging around making sure these forms were in and that perhaps had not been as effective as it could have been and therefore there was a large volume that came in that would have expected to have been dealt with before the go live.

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And then the next one was the issues with inaccurate rosters?---Yes.

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Is it the case that this is - we're identifying here on non-systems issues - - -?---Yes.

- - - so that rosters in fact got there but they have inaccurate data or missing data. Is that correct?---Yes. There might have been employees that worked but they were not on the roster which therefore led to them not repeat the pay for those shifts.

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And again, are we talking about a level of that which is greater than had been expected?---My understanding for Queensland Health as yet - but I don't have access to that data so I'm relying on their advice.

Sure, that's okay. Then the next is the reference to direction given to paid staff, what they believed they were owed without payroll evidence. Do you recall that direction?---It was early after go live but I couldn't tell you which period it was.

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Would it be within the first three pay periods?---I would - my recollection would be yes, it would have been.

All right. Did that lead to the increase in the number of ad hoc payments which the system had to deal with?---Yes.

Above that which you would have expected to do?---Yes, it would have.

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I think you told it it ended up being many of those?---Yes, there was.

Can you quantify that?---We would previously on one - probably agree on one ad hoc run to the bank per day and that may have had a little bit of guesstimation here but it might have had a couple of hundred or under a hundred employees. I think we were running four runs to the bank per day and there would have been hundreds in each run, but that is just a bit of a guess.

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All right, that will do. Thank you. Now, in terms of dealing with your expected issues and assistance in things, you had presumably prepared yourself to put in place some structures for the recording of incidents or requests for assistance for the triage arrangement, in effect to see who should deal with it at what level?---Yes.

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And a system for escalating it if it required to a higher level of attention, prioritization, dealing with things?---Yes.

I assume that there would have been some business readiness systems in place to deal with non-systems issues that arose?---Yes. 1

Is it right to say that whatever those systems were - sorry, can you tell me what the systems were?---Look, I didn't have detailed visibility of the business support side. I was aware in Queensland Health that they had floor walkers with pay role users. They had a support desk we can - payroll team which was the desk that triaged things before they came to CorpTech. In terms of outside of the business is the corporate line managers end staffing - I couldn't comment on that. 10

All right. At least in terms of the payroll component of Queensland Health, would that be something of Ms Jones' area of responsibility?---it was within Ms Jones and I believe the floor walkers were provided by the QHEST project - - -

Very good?--- - - - that was my recollection. 20

Thank you. Then you say just after those three subparagraphs, "These factors led to a further unexpected deterioration in the quality of pay and generally exacerbated the chaos." You were telling us that something was unexpected and that these things contributed to a further deterioration in the quality of pay. Can you quantify that in some way?---Well, I will talk to each one of them, so I'm specifically talking about those three points so the large volume of LATTICE forms submissions, so obviously that - if those forms are not in and processed on time, then the pay is not going to be accurate, so the late submission of forms were contributing to the inaccuracy of pay. Again, the issues with inaccurate rosters, if the roster is not correct when it is sent to SAP to be paid then the pay will not be accurate. In terms of the third which this one is probably a little bit - with my view, I suppose, if you are paying based on when someone believes they are owed rather than going through and utilising the system to calculate the pay based on rostered information going through the system, then you will likely get a slightly different answer in terms of what has been so if there was a direction to pay people what they believed were owed, that would then need to be followed up at a later date with some form of roster or form to process that, it would, you know, back out what was the lump sum payment put in what was truly the payment and again, you would have another variation to pay that might not be effected. 30 40 50

Not only do each of those things contribute to departures from correct pay but they also each contribute to workload that you would have to do?---Correct.

Now, in 61 - sorry, before I leave 61, was there a position - can you help me, please - of people contending they were

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entitled to be paid sums in respect of periods that preceded the go live; that is, assertions that there had been inaccuracies in earlier periods of pay which you had to deal with post go live?---I would only receive that information third hand.

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Okay?---It was not my team's responsibility to deal with such inquiries.

These ad hoc payments that you dealt with?---Yes.

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You're not able to comment upon whether the cause of the requirement to make an ad hoc payment may have been in respect of pre - that is, payments under the old LATTICE system?---No, no. We just simply take the final EFT file and we will send it to the bank but (indistinct) was done by Queensland Health.

Thank you. Now, in 62, you refer to pressure from various sources which we can see?---Yes.

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And you say that those things meant that the kind of normal pay issues that would have happened on a fortnightly basis under LATTICE - I'm just pausing there, that would include normal corrections of errors, normal irregularities of payments and so on which were the kind of things that you were experiencing?---Yes, late forms, inaccurate rosters, all of those things were present under LATTICE.

Were being, say, escalated and attributed to faults in the new system. By whom? That is, who was doing that?---I'm referring to the general messaging in the media, some of which is escalated by the union and other - the general perception was that it would have been - all issues were in relation to the new system.

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All right. You say that that also had the effect of slowing down the rate at which actual defects that the new system were able to be addressed. Now, please explain how that is so?---Because of the time it would take to - from both the Queensland Health's triage process as well as CorpTech's triage process to get to sift out what the real system issues were, so there would have been a delay in terms of going through that process to actually get those defects logged with the IBM defect management team.

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Relevantly to this discussion, I know there are other things that we're going to talk about, that delay was being contributed to by the non-systems issues that you have talked about in 61. Is that right?---To some degree, yes.

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And by the reactive environment caused by media, union and political pressure and so on?---Yes.

Directing your priorities in other ways, away from identifying and dealing with systems defects?---For the Health and CorpTech team.

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Yes, for Health and CorpTech. Thank you. Now, it's right to say what follows in the next section of your statement, there are a number of pages, is a discussion of the systems issue overhead, not the non-systems issues. Yes?
---Correct.

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It's right also to say, isn't it, that if the system has to deal with higher than expected demands, it - that is the higher expected demands may cause the system to operate more slower?---May. 1

The stress and volume testing is conducted in order to identify the parameters within which a system can deal with data?---Correct.

Both as to volume and time and they're related concepts? ---Yes. 10

So that a smaller volume can be a shorter time; a bigger volume, longer time. Yes?---Yes.

The criteria for stress and volume testing are intended, at least, to be set at a level to deal with expected, and perhaps a little over expected, volumes of data?---My understanding was more than over expected volumes. 20

More than over expected. So that's an important consideration that fits - the criteria ought to be set in such a way as to test at a particular volume in order to identify the speed at which the system will perform for that volume?---Yes.

And your expectation would be that if a greater than that tested volume was used, it would impact upon the system's performance?---Yes. It's not just about volume, though. 30

No, no?---Yes.

But it is about volume as well. I mean, one thing - - -? ---As well as, yes.

Thank you. Apart from volume, what other thing would be included in the stress and volume testing as a relevant criteria for the speed at which the system would deal with data?---Sure. So when you're performing stress and volume testing or looking at how you perform that, you need to understand how the solution will operate and the transactions behind the processing. The volumes on top of the type of transactional activity is where you leave to your test. So when you are talking about drawing on a system such as LATTICE and ESP to seek transactional volumes to get an indication of what that will look like in the new system, it's not like for like, it's apples and oranges. So if you've got one system that is not retrospective, you move into a different solution that is retrospective so the data that was able to be drawn from the prior system was very difficult to use to model the types of business transactional activity that would be going on in the new system. So my understanding is there was a lot of discussion and input with the IBM technical architect, with Queensland Health, with CorpTech to try and work out how to put those tests together. 40 50

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I don't want to stop you, but - - -?---Yes.

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- - - does that mean one of the things which is inherent in the output of the stress and volume testing is some understanding of the form in which the data is to be communicated between SAP and Workbrain?---Not between SAP and Workbrain, between what you're doing in each system. So in Workbrain - - -

You have corrected me. So the form in which the data is being provided to Workbrain or the form in which the data is to be provided to SAP?---More so entered into each system by the use of that.

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Yes. Apart from volume and, no doubt, other things, that is something which needs to be properly identified and tested in the stress and volume testing?---As best as possible.

COMMISSIONER: If I have understood this correctly, what you're saying is it's not really the volume of transactions, it's the nature of the complexity of the transactions?---It has to be all of those things to be an accurate test and one of the challenges is if all best endeavours were made to predict what that would look like, but because they were not like-for-like systems and not used in a like-for-like manner, there had to be some modelling done based on the data that was available at the time.

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But you say that the tests that were devised by CorpTech in conjunction with IBM or IBM in conjunction with CorpTech didn't in fact test accurately the density of the transactions that had to be run by the system?---In concurrency as well, Mr Commissioner. So if you look at concurrent usage, so you know, we tested for concurrent usage, but what would each of those concurrent users be doing at the same time and trying to model that and understand, so if everyone was processing a particular transaction at the same time would that transaction, you know, manage under the load.

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So are you saying that as it turned out, the stress and volume testing that was undertaken was an inadequate gauge of what had to be done in practice?---I can't say that for sure, but obviously these sorts of issues were not evident in stress and volume what we're seeing - - -

In testings?---- - - so you could draw that conclusion, I suppose, and over time those tests have been improved. We do stress and volume testing now and have done for three years. They have evolved in terms of understanding how the solution is used.

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All right, thank you.

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MR DOYLE: Without attempting to criticise, for the moment at least, the form of stress and volume testing, one of the things that it should do is identify the system is capable of handling the volume and complexity of data that it's likely to encounter and even with a buffer, so some margin above that.

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That's the function of stress and volume testing - - -?
---Yes, yes.

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- - - to identify the capacity to deal with the particular kind of data at a particular volume within a particular time. Yes?---Yes. That's my understanding. I'm not a stress and volume expert, but that is my understanding.

Thank you. I'm going to repeat a question, at least, in respect of this Workbrain performance issue, ultimately, IBM sent Mr Grier and Mr Rafter, and Infor were involved, in trying to come to some solution for it?---Yes.

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You know, don't you, that by the end of the third pay run the hubs were reporting that there had been a significant improvement in performance of the speed at which Workbrain was operating?---Yes. There were some hubs - it was variable because obviously there was some conceptual - - -

Thank you. I'll just show you - you may have seen this before, but I'll show you exhibit 82, keep your statement there?---Yes.

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You'll see that's an email. Perhaps you can tell me if you have seen it before, but it's dated 7 May?---I would have seen many similar emails. I can't recall if I saw this one specifically, but the content is familiar.

Doing the best I can, that's going to be sometime shortly after pay run 4?---I think that would be very - - -

If we look at pay run 3 finishing on the 20th?---Yes.

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So we're talking about the two days after the pay run. You can see what this says?---Yes.

It would be right to say that your recollection is that the steps that had been taken around about that time had improved the performance of MVS?---From reading this and my recollection, there was certainly an improvement being seen as changes were being made from the team that was on the ground.

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Very good. You can leave that now, thanks. You say in paragraph 72, "Over the course of several months a range of systems," et cetera. Do you see that?---Yes.

Doing the best you can, what months are you talking about? 1
---My understanding is the team was on the ground in the -
I think I referred to the second or third pay run and I
believe there was still work going on sort of later in
May - it may have gone into June, I'm not quite sure, but
definitely at least until the end of May.

So the second pay run is very late in March and we're
talking about April and May. Thank you. In 72 towards the
bottom of it, you refer to some things, including, "Removal 10
of unnecessary top layer security checks"?---Yes.

Can you tell me please what that's a reference to?---So
Workbrain was originally a whole of government solution and
based on design would have had an initial step in many of
the processes to actually check if you belonged to
Queensland Health before I go and see if you can have the
data, in simple terms.

Rather than Housing or something else?---Correct. 20

All right?---So there was some legacy - I understand some
legacy checks that were still - that had not been removed
to cater for having the Queensland Health specific
solution.

The existence of them was impacting upon the perception of
- the performance or the perception of performance?---That
is my understanding. 30

And removal of them - - -?---Helped.

- - - helped?---Was one of the - - -

Thanks. You refer to hot fixes. Is that the description
of something that the owner - - -?---It is.

- - - of the (indistinct) does later on?---Yes. 40

All right. Thank you. And then certainly at 5 you refer to, "Infor also made recommendations in relation to the business processes and security models." Can you just tell me what this is a reference to?---Yes. So Infor had suggested that the way that the business process had been designed with the solution to do the majority of the work is NVS should be revisited and some of that maintenance work on the rosters should be done in the timesheet as opposed an NVS. The other security recommendation was rather than having - all payroll having statewide access, which they used because of things like concurrent employment or business continuity et cetera, that the security model should be more specific to cater for just looking at the data that belongs to your district or part.

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Very good. Now, can we move to the next heading, which is "NVS Publishing", some of which I think you may have touched upon?---Yes.

I want to direct your attention. I mean, read whatever you need to, to answer my question, but in paragraph 80, you say, "Workaround was developed very quickly," which involved some things?---Yes.

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Can you tell me, please, what you mean by "very quickly". By when?---When I have referred to "very quickly" or "quickly", my recollection would be that day or within two days.

Thank you. Can we move then to the next one, which is the heading "Integration Issues". I think you've identified two, maybe three things (indistinct) Mr Horton about these - - -?---Yes.

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- - - yesterday. Can we go, please, to 85?---Yes.

You say, "The integration was designed to produce error messages," and that's in part, at least, one of the things we talked about before?---Yep.

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Okay. It's a system designed to produce a report saying, "You need to look at this," whatever "this" is?---Yes. These were different to the other error messages we were talking about before, but - - -

Well, I'm going to clarify that. The error correcting we talked about before was different from this?---It is.

But this is also a system design which - - -?---Correct.

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- - - produces a report that something is wrong?---Yeah.

That'll do. And then - thank you. And the objective of producing that report is so that you can have a manual intervention to investigate. That is, a person has to

investigate?---Yes, either - depending on the error message, CorpTech or SSP. 1

Right. And in relation to the one you talk about in paragraph 86 - - -?---Yes.

- - - it's the consequence of not being able to give it attention and deal with it that you're exposed to some data being loaded in the wrong sequence?---Correct. 10

Right. So that if you are able to have a person deal with it, you overcome the risk of data being loaded in the wrong sequence?---For this particular issue?

Yes. That is, I'm breaking up into each of the three issues?---Yep.

So the systems design is to identify an error. The design is such that it would require a person to investigate that error?---Yes. 20

And if that's not done and the pay run proceeds, the risk is that you're processing data in the wrong order such that the oldest data is put in later with the result it was paid wrong?---Yes, that could happen.

Okay. In your update number - sorry, in update number 2, which do you have by the way?---No, I don't.

I better change this, please. It's in volume 15 at page 240-1. 30

COMMISSIONER: 240?

MR DOYLE: Hyphen 1. Do you have it?---Yes.

Could you turn to page 2 of it?---Yes.

And the heading "Integration Issues"?---Yes. 40

And is the one where you've just been speaking about the one dealt with in the first paragraph under that heading? ---Yeah.

You'll see at the end - well, at the end of it, it says, "There was value in place to ensure the final pay corrects any anomalies." In addition, the software fix (indistinct) so this document relates to, I think it is, pay period 2? ---From my understanding. 50

All right. And there was strategy in place by them to ensure the final pay corrects any anomalies?---Yeah.

And by that stage a software fix was being developed. Is that right?---Correct. And the reference to the final pay would mean that some of the ad hoc pays may have been

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incorrect, that could be the issue, and they would be subsequently corrected in the final pay. 1

I might just explore that?---Yep.

If an ad hoc pay was done but secondly produced an error report, yes, assuming this particular integration issue is an issue for the ad hoc pay - - -?---Yes.

- - - the system would produce an error report, but you wouldn't have time to deal with it before the ad hoc pay is paid but you would endeavour to do so before the final pay was paid. Would that be right?---Can I try and explain? 10

COMMISSIONER: Yes, please.

MR DOYLE: You can disagree with what I said?---Well, it's not quite like that.

Well, sorry, you go ahead; I don't want to - - -?---So the - so this is in relation to the off-cycle processes that happened every hour during the day and if - yes, if the errors from one off-cycle process were not dealt with before the next, the next one may load the data for ad hoc pay incorrectly bc of the sequencing issue. Therefore, that would move into an ad hoc pay and be paid. It may have been paid wrongly based on that sequencing issue. And then in the final pay when we corrected all of that and reloaded in the correct order and corrected the data, the pay would have been corrected. 20 30

All right. So these were events occurring within - if I'm right, this is pay period 2 within that two week period? ---Yes.

Thank you. Now, can we go back to your statement, please, to paragraph 87, the second of the integration issues is one to do with the date stamp on the files?---Yes.

And I'll have another go at summarising it. Is it the case the number of ad hoc payments that had to be created was greater than expected with the result that sometimes two people would create files at the same second?---Yes. 40

And the second was designed to identify the file by its time of creation?---Yes.

So you would have the consequence of there being two identical files - - -?---Correct. 50

- - - numbered?---Yes.

And the solution for that was to change the file name to identify the file by its millisecond of creation?---I believe so, it was something like that, to make it completely unique.

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And that happened very quickly?---Mm. 1

That solution was identified very quickly?---Yes.

Thank you. Then if you turn to page - sorry, paragraph 89.
You refer to a third integration issue?---Yes.

Do you still have volume 15 with you?---I believe so.

You do?---Yes. 10

Would you turn, please, to page 288?---Yes.

You've got update number 3?---Yes.

If you turn to page 290, you should have the heading
Integration Issues?---Yes.

And now there's a third paragraph which deals with that
issue, isn't there?---Correct. 20

Okay. And that's the thing you were talking about in
paragraph 89, you say?---Yes, it is.

Thank you. You can put that aside now. Would you turn
back to your statement now, the pay run process heading?
---Yes.

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Now, just in sequence to things, I know it's - you say in paragraph 99 that the period for running the pay run was longer than - is the substance of the concern that period running this pay run was longer than that expected?---The overnight processing was longer than expected.

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Right. And the expected is measured against the payroll performance verification testing?---Correct.

All right. So that, again, that, as you know, is a testing which is premised upon a number of parameters including volume and kind of data being manipulated?---Yes.

10

And identifies for that volume a time within which something can occur?---Correct.

Thank you. The criteria for that payroll performance verification testing was something developed in consultation with Queensland Health and CorpTech?---Yes.

20

And relies upon data being provided by each of them to IBM for the purposes of conducting the test?---I don't recall whether we provided the data. I believe we provided the volume.

Sorry, I may have used the wrong parameters?---Yes.

The characterization of the data would be something that would be determined from the system itself?---Yes.

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Okay, thank you.

THE COMMISSIONER: What does that mean?---So we would have given some parameters around - process these particular jobs with an expected retrospective volume of X, and I believe we used quite large volumes and then the IBM technical architect would construe that volume into - it should have replicated what retrospective processing would look like in those jobs and that produced a result.

40

Thank you.

MR DOYLE: If I were to suggest to you that the actual volumes experienced in the first four pay runs - for the moment we will confine it to that - was much higher than the volumes tested in the payroll performance verification testing, can you help me with that?---Possibly for the import but definitely not for the other jobs.

Possibly for the what?---The import.

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Help me - - -?---Import is the job that takes the master data from SAP and takes it into a frame. For the pay run jobs, CorpTech was very concerned about retrospective volumes and actually, the first tests that IBM performed

had no retrospective processing in them. We worked very hard to push to have that included in the test and we provided retrospective volumes that were representative of using the solution for quite a period of time. The way those tests were performed did not replicate how the solution deals with retrospective testing.

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Just talking about the import; help me, please?---Okay.

Can you quantify the extent to which the actual volumes were different from the testing volumes?---That's my understanding.

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I'm asking if you could quantify it. Order of magnitude, twice, three times?---No, I don't believe there would have been a lot of difference in the volume. Again, I come back to the fact that the way the test was performed did not reflect how the import actually deals with retrospective processing.

20

I understand. If I suggest that it was six times?---I couldn't give you - I couldn't qualify.

Okay, thank you. Could you turn then, please, to the next page, to the heading Retrospectivity?---Yes.

Now, this appears under the main heading of Systems Issue but in fact this is a system design, this was always intended to be a characteristic of the system. Is that - - -?---Retrospective processing?

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The application of retrospective processing?---Yes.

Thank you. Now, under Other Issues, you say there are other systems issues but present that you don't believe they contribute in any significant way, so that we should understand that the ones we have dealt with are the ones that you have identified as contributing - - -?---To major payment issues, so a lot of the talk was about no pays, you know, if people didn't receive pays or they didn't receive a majority of the pay. What I'm referring to is the other systems issues from my perspective were not contributing to those major payment issues. They would have been contributing to some payment issues but not the major ones.

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They would fall easily within the category of the kind of things you would expect to encounter and would deal with if you weren't distracted by other things?---At that time, yes, it was an unexpected - - -

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The delivery of the pay to the people - - -?---Yes.

- - - and also the use of oracle database management?---Yes.

QHIC desktop performance?---Yes.

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Java Virtual Machine Services?---Yes.

Why are you smiling?---I don't know - - -

SSP Business Process?---Sorry?

SSP Business Processes?---Yes.

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The Queensland Health and Network?---Yes.

And you know there was at least a problem with the Queensland Health network in the first four pay periods?---My understanding of the - I thought that that was a pre go live issue with McAfee virus software that was removed, that issue.

Are you unaware of any problem with Queensland Health network affecting the first four pay periods?---Not that I can recall.

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All right. Are you aware of any issues arising with respect of any of the software - forget the network at the moment, any of the software things that I have just referred to in the first four pay periods?---In terms of - I would attribute an issue to something that we - or would have had a change to it, so there were changes to the Java Virtual Machine, there were changes at the oracle layer, so therefore there were - would have been things in place contributing to the issues.

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With probably each of these things, would that be right? ---Every layer I believe had some change at some point in that early period.

Very good, thank you. Now, would you turn, please, to page 16 of your statement?---Yes.

Excuse me. Before I come to some particular things, can I ask you a few general things?---Sure.

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You would also expect after the introduction of any new system a period during which thereafter defects which need to be attended to. You're nodding. Yes?---Yes.

Fine-tuning of its performance in a way to improve it? ---Yes.

Including some functions and including other functions to improve performance?---Yes.

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It's the kind of thing that you would expect to occur with any and every system?---Yes.

And you would expect to plan to do just that thing ahead of the go live, that is part of your planning to go live would include the knowledge that you would do those things over time to improve - optimize - - -?---Optimize, yes.

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As best as you can?---Yes.

What amounts to optimization itself with alter from time to time as the data is built up, as the volume has to deal with alters?---Correct. Yes.

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And that is always something you would expect. Thank you. The payroll performance verification report itself, can I remind you, says just that, that there will be a need to optimize performance of the system over time?---I would have to take your word, I can't recall - - -

One of the things that you would expect to give rise to the requirement to do so in the increase- the build up of data? ---Yes.

20

You would also expect to put in place some support arrangement with the vendor, forget warranties at the moment, but some ongoing support arrangement with the vendor to provide for the optimization and tuning the improvements in the change of functionality for the first year or so?---Where that was required, yes.

All right, thank you. Are you familiar with there being - now, have you studied the contract between IBM and the state in respect of the LATTICE replacement system?---No.

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So you don't know what various statement of works contained?---I have some understanding of some of them in a broad sense but I was - it was not my role to understand the contract in detail.

Statement of work 9?---I'm aware of statement of work 9, I was heavily involved in statement of work 9, yes.

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Which had a support obligation. It was exactly - would have required the provision of support post go live for a certain period?---There was a debate about where statement of work 9 started.

Yes?---Hence why it did not eventuate.

Indeed when it did - - -

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THE COMMISSIONER: A debate with whom?---Between CorpTech and IBM. 1

Do you recall the terms of the debate? What were the rival contentions?---The - my understanding or my requirement of statement of work 9 was to provide augmentation of resources from IBM, knowledge transfer and sufficient solution documentation to support the solution when IBM exited the project. My view was that that would be after a period of post go live stability, if - from my experience when you implement a system, you don't walk out the door after cutover happens. There would be one, two, three pays, et cetera to ensure that it was working and then hand over support. The debate was around when SOW 9 started, IBM had a view that it started from day 1 after cutover. CorpTech had a view that it needed to start after what a project would refer to as its, you know, project closure aspect after the go live. 10

But in either case if the dispute wasn't resolved by it starting, the state didn't want it. Is that as you recall it?---I believe we couldn't come to an arrangement and my understanding is it was addressed and resolved, I believe, in CR 184. I might have the number wrong. 20

You probably do, but don't worry about that. All right. You know, don't you, that on 12 May a notice of breach was issued to IBM? Do you know?---I'm aware of it.

And that it listed a series of things that required IBM to do?---I would not have seen the detail of the breach notice. 30

But you're aware that it was a document which was intended to identify things that had to be fixed, said to be breached?---Yes.

Tell me if you can help me with this: after that, you know that when issues arose as to what IBM should be doing, its response was, "We're going to do the things in the defect notice first because we've been told that's the way we have to do it"?---That may - look, I was not involved in the exchange of information around specifically the contracts or breach notices. I may have contributed some advice or been asked some questions by the contracts team, but I would not have been privy to the detailed information. 40

All right. Thank you. One last topic, I think, paragraph 121 of your statement?---Yes. 50

The figure of 422 defect fixes that you refer to: would they include things which were fixes to the system as it emerged over that two and a half year period, not simply fixes which were of the system as it was at go live?---Yes, and I believe I said that yesterday.

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STEWART, J.L. XXN

I think you said that. Thank you. That's it. Thank you. 1

COMMISSIONER: Mr Horton?

MR HORTON: Ms Stewart, you were asked by Mr Doyle earlier in his examination of you yesterday about the QHIC scope definition document?---Yes.

I think in a general sense what you knew of the scope documents and you responded to him that you had an expectation of a supported and supportable system. They're the words you used. Correct?---Yes. I believe I had seen that in one of the project implementation plans or something along those lines. 10

Yes. Can I show you a document please to ask you if that's the document you need to refer to?---Sure.

Volume 8 please, page 180. This, Ms Stewart, is the project execution plan?---Okay. 20

You're being shown version 2?---Sorry, where am I?

180 is the exact page, I think, but the document starts back at 174. I think the reference to support - - -? ---Sorry.

I'm sorry?---What page, 180?

180?---Yes. 30

And you might look in the middle of the page with the paragraph beginning, "Essentially, a risk mitigation project"?---Yes.

And then, "The interim solution will provide a stable, supported and supportable HR payroll solution to Queensland Health"?---Yes.

Is that the reference that you remember seeing?---Yes, yes, and my expectation from it is that it didn't need to be spelled out in a scope document, what would just come naturally with a supportable solution, I suppose, with - - - 40

Yes. What does - - -?---Sorry?

I'm sorry, I interrupted you?---It would have been certain solution documentation that would be handed over or be required for a supportable solution and we had many challenges around that. 50

And so what in your experience would come naturally with a supported and supportable and stable system?---So there would be a full suite of solution documentation which would include how to - you know, documenting how all the batches

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were, how the integration hung together, how to perform restart recovery for those particular procedures or, you know, jobs or if something fell over, what was the order in which you would recover that, those sorts of things and, you know, the controls around the solution were documented. Those things were missing from the solution suite until we started to escalate and raise those sometime in 2009.

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Yes. In terms of what one would expect a solution to do, naturally come with a solution that was supported, supportable and stable to achieve, if you like - - -? ---Yes.

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- - - in the context of an HR payroll solution, what was your expectation based upon this?---I expected the solution to be stable. In other words, it would perform according to the pay model that was delivered with the solution and, as I said, that there was a full solution suite and it was in a state to be supported. Does that answer your question or not?

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It does in a way. Finally - - -

COMMISSIONER: It does in a way.

MR HORTON: Yes, I'll ask you another question to fill it out?---I mean - - -

The answer is partly - - -

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COMMISSIONER: You're addressing novices here, Ms Stewart? ---Sorry?

Which in my case you're speaking to a novice?---So when you support a solution, you need it to be - it's not just about the technology, it's about how that solution hangs together. All the technical and functional specifications are complete. The integration is fully documented. Each job and the order of those jobs and the detail around why and how that is designed that way is documented. If one of those jobs falls over in the pay model, what do you do to recover? All of those things to me were about having a supportable solution in its full state to be able to hand over to a team that is familiar with supporting solutions, but didn't build the solution so as long as we had a good solution suite and some knowledge transfer to put some context around that, CorpTech believed they were very capable of performing that support. What we found is that we had a lot of challenges around getting that solution suite to where it needed to be by go live.

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Mr Horton, can I try a question?

MR HORTON: Yes.

COMMISSIONER: Is a stable supported and supportable HR payroll solution one which accurately or reliably calculates the pay of the workforce?---I would expect so of a payroll system. 1

Did this one do that?---It did except for the issues that were still outstanding, so there were defects still on the defect management plan. There were new defects that were appearing after go live, all of which from my understanding was to be addressed by IBM under the warranty period. 10

Until those defects were addressed and were fixed, did the systems delivered fit that description? Did it accurately and reliably - - -?---No, not at that point, no.

Thank you.

MR HORTON: That's the evidence of Ms Stewart, Mr Commissioner. 20

COMMISSIONER: Ms Stewart, thanks very much for your assistance. We're obliged to you. You're free to go. Thank you?---Thank you.

WITNESS WITHDREW

COMMISSIONER: Yes, Mr Horton, do you wish to - - -

MR FLANAGAN: Before Dr Manfield is called, can we just do some housekeeping? 30

COMMISSIONER: Yes.

MR FLANAGAN: May I first of all tender an email from Ms Paula Down which corrects paragraph 157 of Ms Berenyi's statement dated 8 April 2013.

COMMISSIONER: Can I have a copy please. Thank you. The email from Ms Paula Down to the Commission of Inquiry of 9 May 2013 is exhibit 119. 40

ADMITTED AND MARKED: "EXHIBIT 119"

MR FLANAGAN: I tender the statement of Raymond Jeff Brown, dated 12 April 2013.

COMMISSIONER: Mr Ray Brown's statement is exhibit 120.

MR FLANAGAN: I tender the statement of Michael Walsh dated 9 May 2013. 50

COMMISSIONER: Mr Walsh's statement is exhibit 121.

ADMITTED AND MARKED: "EXHIBIT 121"

MR FLANAGAN: I tender the statement of Damon Anthony Atzeni, dated 14 May 2013, and may I indicate, Mr Commissioner, if the commission or other parties require Mr Atzeni for cross-examination, there would be time, we suspect, to call him in the week commencing 27 May 2013.

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COMMISSIONER: You don't want to do it earlier?

MR FLANAGAN: We could try to achieve it this week but I appreciate the parties have only been served with the statement this morning.

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COMMISSIONER: All right. Anyway, Mr Atzeni's statement, exhibit 122.

ADMITTED AND MARKED: "EXHIBIT 122"

MR FLANAGAN: Thank you, Mr Commissioner.

COMMISSIONER: Mr Horton.

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MR HORTON: I call Dr David Manfield.

MANFIELD, DAVID sworn:

MR HORTON: You are Dr David Manfield. Is that correct?
---Yes.

You prepared a report for the inquiry dated 30 April 2013?
---Yes.

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Are the opinions you expressed in that report opinions you obviously hold?---Yes.

And so far as you rely upon facts to arrive at those opinions, have you stated in your report the source of those facts?---Yes.

I tender Dr Manfield's report.

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COMMISSIONER: Yes. Dr Manfield's statement is exhibit 123.

ADMITTED AND MARKED: "EXHIBIT 123"

MR HORTON: Do you have a copy with you, Dr Manfield, of the report itself?---Yes.

Now, Dr Manfield, would you turn to the first page of your report, page 1 of the text. You say at about line 20 that you have a high level appreciation that no specific technical knowledge of solution delivery experience of Workbrain or SAP?---That's right.

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Have you worked with SAP before?---No.

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MANFIELD, D. XN

Do you need to have a detailed knowledge of either of those applications in order to express the views you do in your report?---No. 1

And why is that?---What's important in responding to the questions that were posed to me is having that general systems knowledge about how the systems, just the high level functionality that was performed by those systems and a high level appreciation, what I call the technical term, the architecture of those systems. Formatically, I'm quite familiar with the intended purpose of each system in the business functions to be performed by those systems. I have a general awareness of SAP just by having worked in the industry for sometime but I was at pains to say that I have not had any detailed exposure or any detailed working with either system in an implementation scenario. 10

Did you find that a lack of detailed knowledge of either application prevented you from answering the questions asked of you fully and accurately?---No. 20

Can I take you, please, over the page, Dr Manfield, to the first question you were asked. You were asked whether the solution which IBM offered in its response to the ITO was one which was sensible for a prudent vendor in its position to propose?---Yes.

And you conclude, I think, that it was subject to, you make that qualification here, its ability to manage some associated risks. Is that correct?---Just repeat that, please. 30

I'm sorry. You say yes, it was something that was sensible for a prudent vendor to propose subject to its ability to manage some risks which you have identified?---That's correct, yes.

Before we go to that though, I understand that after you wrote your report, you were provided with some further emails regarding the reference sites which IBM had offered and the state had considered as part of the ITO response. Is that correct?---Yes. 40

And do you wish to revisit, in light of having seen those emails, any of the conclusions you reach about the reference sites?---Yes, I would. The - what I said about - to put this in context, when the vendor proposing a software system into a solution, they have to satisfy themselves that they are able to deliver around the business requirements for that system. The existence of reference sites or deployed sites generally is a very important indicator of the ability of the system to address the specific requirements of the customer, both in respect to functionality and performance. This is why reference sites are such a commonly used tool in tendering processes. So the information I had just from the initial contract 50

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MANFIELD, D. XN

bundle was pretty meager. The subsequent information was much more revealing; the sets of emails which were, it seemed, mainly internal IBM emails, garnering information from a variety of sources about sites where Workbrain had been deployed. In summary, I would say - well, the conclusion I drew from those emails is they had gone through a reasonable process to determine that the Workbrain solution was in fact a sensible and prudent one to propose into this tender. The summary, from what I saw in those emails, were probably two main points, the first being that with - there were a large number of deployed sites of an average size, I quote 25,000 to 30,000 users. At least one of those are the tendered reference site of Bunnings seemed to not only have a size of 30,000 but also address the scope of functionality, which was roughly equivalent to what would have been used or intended for Queensland Health. The second point I would make is that while there were some large sites of a size exceeding that of Queensland Health, those larger sites only used part of the functionality of Workbrain, but the conclusion I drew from that is that while we did not have a like for like or some reference site which could be easily referenced as one approximating that of Queensland Health, there was sufficient evidence to say that the product could be deployed and scaled to meet the requirements of Queensland Health. Now, that is not to say that doing so is without risk. When you scale something from, say - I'm talking about average size here from 30,000. Obviously that would cover a range of sizes in reality, but for argument's sake, if we're scaling a solution from 30,000 users up to 78,000 users, that may be, in the end, a trivial exercise or it could be quite hard; it depends on a lot of factors. So it's not an issue without risk but it was certainly the starting point that was effectively described those emails was, to my mind, a reasonable one.

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Can I just show you those emails and then I'll seek to tender them. Just check for me that they are the emails that were provided to you. I've given you two copies; you only need one. Does that seem to be those emails?---These appear to coincide with the emails that I - - -

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Yes?--- - - - that you sent me.

I tender those.

COMMISSIONER: Yes. The bundle of emails concerning the reference site for Workbrain are exhibit 124.

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ADMITTED AND MARKED: "EXHIBIT 124"

MR HORTON: Now, Dr Manfield, can I ask you some questions. Before we move to the risk side of the equation, can I ask you some questions about those sites. Were you able to determine whether, in any of the reference

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MANFIELD, D. XN

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sites that IBM have proposed, the integration of Workbrain was happening with SAP?---I was aware from the emails that there was no site explicitly called out that - at least one of any reasonable size that involved integration of Workbrain with SAP.

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And is it correct to say that SAP is an application that would involve special challenges in terms of integration in the course of its established nature?---The short answer to that is, I believe, is no. The - both SAP and Workbrain are products that are designed to integrate into an environment. This is an important point. If you take the point of view of Workbrain, when you are implementing a workforce management system, it is expected that it will have to integrate or work with a number of other systems and it has appropriate interfaces and tools built around it, I understand, that would assist that process. SAP is in the same situation. A software system does not live just by itself in a given business environment. So SAP in itself has - just a high level module in nature - an expectation that it could integrate with other systems.

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Would a reference site though not bring with it, almost necessarily, the concept that the very same major applications which are to be used in the target site have been in fact integrated to some extent in the - - -?---I agree. It would be certainly a confidence raising measure to see a similar integration between Workbrain and SAP at another site, particularly of a large site. I don't recollect the sizes or any instance of that particular integration. My conclusion I drew from the email is that while there was not much specific evidence about such integration that, nonetheless, it was not an imprudent solution to propose.

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Were you able to ascertain from the reference site material whether any had used Workbrain as the awards interpretation?---Yes.

And did they?---Yes.

Were you able to determine whether any of the reference sites had a level of complexity in awards which approached that of Queensland Health?---I had no detailed - there was no detailed information that would allow me to equate the complexity of those award interpretations with those of Queensland Health.

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When you spoke about Bunnings, I think, and having a level of about 30,000 employees - is that correct?---Yes.

Do you say that that was an adequate basis upon which to say that Workbrain was scaleable up to a higher level for Queensland Health?---No. I would say it's one data point. I think it's one of the data points. Its relevance was it's a reasonably large size and the spread of functionality of Workbrain that it employed - I formed my conclusions based on a number of data points and there are some other factors which are also important. Certainly I would say the number of - having an average deployed site size of 30,000 users, the way I read that was to say they're going to be - and given the total number of deployed sites around the world then there would be, you know, a considerable number of sites of a reasonably large size. 30,000, after all, is an average, so that's one data point. Bunnings gave me a data point that said, "This is 30,000 users and it uses a spread of functionality," that gives you some confidence. The fact that there were some large sites, such as Woolworths, which obviously I'd recognise was in build, so it's hard to draw conclusions. The fact that it had gone through some sort of qualification process to deliver a number of users far in excess of that for Queensland Health was a data point, recognising that it was only deploying or using a subset of the functionality presented by Workbrain, but it's still a data point. A further data point which is quite important is to - the benchmarking referred to in the emails that had been performed by Infor, the product's owner. Benchmarking

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is a valuable indicator. It's not conclusive simply because in real life, applications have so many variables that you can't say because it achieves a certain benchmarking threshold in the lab, it's going to achieve the same number of users or an equivalent benchmarking threshold in the field, you can't say that, but the existence of those benchmarks from the manufacturer are a confidence raising data point in terms of assessing the prudence of proposing the proposal of the solution. The final thing I would say - and this relates to the risk equation quite intimately - is that what is key - when you're in the systems integration position it's a key point that you have an established relationship with the product vendor because - and a working relationship with the product vendor because that's where things are most likely to come undone; that you need to have working experience with that product. You need to have the backing of the vendor to assist when problems arise. I took as another important data point for me in my assessment was in fact that IBM did have an established relationship with Workbrain. In fact, that relationship to me is often more important than little technical points about the product itself in terms of fit for solution. That relationship is a key point.

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Can I summarise your evidence in this way: you have said what the aspects of the reference site which are confidence raising and which support the conclusion you reach? There seem to be five aspects which are the areas of, let's just say reservation for a minute about the reference sites, one was that one or more of them had used only a subset of the functionality of Workbrain that was to be used in the interim solution. That's one aspect you've mentioned. The second aspect you've mentioned is there wasn't a site which used the relevant functionality for above 30,000 employees. Is that correct?---That's right.

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Next you mentioned that none, from what you had been able to see, integrated Workbrain with SAP?---Yes.

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Fourth, from what you saw, and only from what you saw, you couldn't see that any had been implemented into a system of award complexity equivalent to Queensland Health?---That's right.

And, lastly, I think you mentioned the Woolies one was under build. Does that sum up the five reservations which one might reasonably have about the reference sites, albeit arriving at the conclusions you do?---That nicely sums up the risk equation.

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Yes. Now can we turn then to the risk and the mitigation of it which you mention, I think, at about line 35 of page 2 of your report. These are the things I think in line 21 you say might include them, in effect, subject to

IBM's ability to manage the associated risks and these are the associate risks I'm about to turn to. At the bottom of the page just before line 40:

The degree to which IBM locally had Workbrain expertise, recognising it was embarking on a large and complex Workbrain implementation.

You've mentioned that there's a relationship with Infor, the Workbrain vendor, and that that's important. Is that correct?---Yes.

But you're saying in addition to that, IBM has itself to have expertise with Workbrain?---That's right. This is a key concern because the ability to work with the product is critical and especially in the circumstance where the interim solution was in a short time frame, so this risk was paramount to have the ability to quickly implement against this product and have the knowledge and resources in place to do so.

Yes. I think you say though in your report this was a very tight time frame for the implementation?---Yes.

Were you able to see from the material whether IBM, in your view, did have sufficient Workbrain expertise for the large and complex implementation at the outset?---I have no information about what capability was in place at the outset, so in terms of my view of - hence the qualified view in my report is that it would have been critical for IBM to have identified where it was - to make sure that resource was in place immediately in order to deliver the Workbrain solution.

I think you say later in your report there was too little of that sort of expertise too late?---Yes. That's moving on beyond the starting point and my opinion is that there was too little expertise applied too late to deliver in the time frame.

Yes. You would wish us here though to pause, wouldn't you, and make a distinction between a risk which exists and a risk having materialised. Is that correct?---Yes.

At this stage of your report, I think, you're identifying risk only?---That's right.

Now, the second risk which you identify there at the bottom of page 2 is the risks associated with scoping the requirement for a customer as large and as complex as Queensland Health?---Yes. 1

And again, I think you later go on to say it could not have been unknown to IBM that those risks existed here with a well known - - -?---It could not have been unknown.

Yes. Why is that then relevant to the question of whether Workbrain, the use of Workbrain IBM proposed, was prudent? ---Could you repeat the question? 10

Yes. So accepting as you say that Queensland Health posed a particular challenge or risk in terms of scoping requirements - - -?---Mm, yes.

- - - why does that issue arise in connection with asking whether Workbrain was a prudent solution to recommend by IBM in this case?---It's the - in this role as systems integrator, it's critical to be able to determine the scope of functionality that will - against of which you're going to build. You have to ensure that you can lock down that scope in order to have a happy outcome in the end. This is the basic aspect of being a developer or system integrator. 20

Yes. Is there something though about the particular use of Workbrain here which made the scoping all the more important to - I think you said "lock down"?---In my opinion no more important than any project of this size. In this case, Workbrain is the focal point of a solution to address certain business requirements around clearly payroll, the various functions of time and attendance rostering leave and award interpretation which were the designated roles of Workbrain, so it was given the size and given the complexity of the anticipated Queensland Health solution, it puts - there would be in as much as Workbrain was a critical element of delivering against those things which it was, then understanding the scope around - as the scope of the customer's requirements as they pertained to Workbrain was a critical area of risk. 30 40

And risky too - is this right - because of the tight time frame in which the system had to be designed, built and implemented? ---Indeed.

Can I get you to turn the page, please. First paragraph, you say you have got to view these risks against the backdrop of short time frame, we just mentioned that. Then the large step between the interim solution and the Housing solution, did you see that there was any use that could be made of the Housing solution in the interim solution?---No. It was - my position on this was a higher level one than that. The fact that components of the Department of Housing solution were going to be reused into this solution 50

in for the Queensland Health solution was a data point that would raise confidence. I'm not in a position at all in any work that I have done here to do any detailed audit about specific requirements or specific points of functionality so I can't - I have no way doing any detailed comparison.

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Can you go to the bottom of that page, please, towards the end, the third-last paragraph? Line 35, Dr Manfield. It's the second sentence, "If IBM had any significant reliance on Workbrain staff it bought Infor, then this was too little too late and would not have been sensible or prudent." What material did you see which suggested an insight into what Workbrain specialty staff IBM did bring in and rely upon?---There are a number of aspects to this. I qualified my statement because I was not in any position to gauge to what extent IBM had internal, local internal resources available to address Workbrain implementation, so that was an unknown for me. I observed that IBM brought in Infor Workbrain specialists beginning in January, I believe two Infor Workbrain specialists and subsequently in August, enhanced that team to a greater size, approximately five people. From my experience with similar complexity solution, similar sized solutions in similar time frames, the number of - there would have been - in my opinion, for this sized solution, a time frame, you would be looking at least - I would say at least half a dozen specialists required to deliver on the range of functionality required. The reason I drew that conclusion based on that background of experience was to look at what actually came out of the project and the key point of distress that I found was the lateness of the design documentation for the Workbrain solution for deliverables which were initially due in the March time frame in what was a valid time frame according to the project plan originally proposed. The design documentation did not appear for over a spread - a spread of time between July 2008 and October 2008, so to me this - the conclusion that I drew from this was a too little too late set of resources applied or capability without going into the individual capabilities or the number that too little came too late to keep, to adhere to the time frame that was laid out.

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Yes. Are there other probable explanations though for the late delivery of that design documentation which I think you refer to in the second last paragraph on page 3, or do you say that it's most probably the cause which you identified?---I would say most probably it's the cause identified. I can't - one thing I have observed throughout my report is that there are a number of key threads that were driving the difficulties were encountered so it's very hard to say - and all the threads were to some extent inter-related so rather than qualify every statement, it was certainly I felt the evidence - my reading of the situation was such that the dominant factor, the dominant

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effect that was suggested by those late design documents
delivery were insufficient resource applied in time. I'm
aware that already there was a change request process
running. That seemed to cut in around the middle of 2008
but that did not become strongly evident until beyond the
date at which the design documentation would have been
delivered, so in my mind, the conclusion I drew from that
was that there was an insufficient Workbrain capability
early in the project to actually get it to adhere to the
time frame that had been proposed.

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Now, the change request I think you're referring to that
occurred in mid-2008, are the change request 60 and 61
which concern the human resources finance integration
issue. Do you recall that?---Yes.

Is that general issue one which had a bearing upon the
Workbrain design documentation or was the design
documentation about other aspects of the system?---The
change request 60 and 61 in June 2008 related to the
so-called FI/HR integration. My understanding of that is
the work entailed under that change request was
complementary or quite different to the work required for
Workbrain, so in my mind, I have separate compartments
there so I don't believe per se the actual technical work
entailed under those change requests had a bearing upon
the process of designing the Workbrain solution.

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Now, at the bottom of page 3, about line 50, you are changing your analysis here, I think, from having identified risks. You say IBM took a significant risk et cetera on the time frame. And then over the page you are then talking about risk materialising. This risk turned into an issue. The Workbrain implementation was late, you say, at the top of page 4, they got it wrong. What did they get wrong? What are you referring to there with those words in (indistinct)?---What I'm referring to, and just to set the context, the reason one employees a systems integrator and a prime is to take on risk, so their role is to take on risk and to manage that risk. And as you say, the fact that a risk turns into an issue or that some risks turned into issues should not surprise us. So what matters here under the contract, the systems integrator seeks to address the issues that do arise, to manage the risks and directs the issues as and when they arise. In terms of "got it wrong", it's a combination of two factors which I would not really be able to quantitatively distinguish between. On the one hand, you have the issue of estimation. So when IBM was quoting on this job, there would have been - there must have been a work breakdown and metrics they applied to estimate the total effort it would take to design and deliver the Workbrain solution. Without any data whatsoever, it's possible they got some of that wrong. The second factor is the expertise on the ground, whether from IBM internally or from Infor complementing them to actually do the work that was intended to be done. So it was a combination of those two factors. So when I say "got it wrong", to me it's a mix of those two things.

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A bit further down that page, you talk about Workbrain scalability performance, the third paragraph down?---Yep.

Now, you've noted that at the time of the ITO and the contract, it's identified as an issue, I think a schedule comes into existence, schedule 46, to acquire a scalability test to take place and to scale - to demonstrate scalability to 3000 concurrent users. Is that your understanding?---Yes.

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And then later on in the project, there seems to be a reassessment of that number at least for - but perhaps because there's a difference between the overall program and specific project, to 600. Were you aware of - - -? ---Yes.

- - - that change?---Yes.

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Are you able to ascertain how that - why that change might have occurred, from a technical point of view?---First off, scaling a complex solution to a given size is always an issue. Performance engineering a solution is always an issue. I think it was extremely wise to have some

scalability testing included early in the project to give some initial confidence about the ability of Workbrain to scale. Given the - the second point is: I understood during the course of the - my understanding during the course of the project, and I acknowledge that continuing testing of scalability went on, is that they moved beyond the 600 mark and got closer to the 3000 mark. Am I incorrect there?

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Well, I don't know, but I'll take you to some documents later on if necessary to show that the threshold sought to be achieved was 600, but can I backtrack for a minute, perhaps, I might cover it this way. Initially the - Workbrain passes the scalability test of 3000 concurrent users. Is that right?---Yes.

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And that's the, I think, May 2008 go - no go decisions, it's called, in schedule 46. But after that, it seems, Workbrain, for a while anyway, struggles to reach that level again and why would we see that happening, is that because Workbrain is being configured or extended now for the roll-out of the solution and therefore being changed, or is there something else going on?---Yeah. This is technical behaviour of a solution as during implementation to see these sorts of issues, and they arise for a number of reasons. What you start with is the initial scalability test is based on a - on what you have at the time, what I would call a vanilla Workbrain implementation, and over time, as you add more complexity to the solution, you would expect those to have performance impacts, especially in instances where you're adding extensions to product to deliver additional functionality. Such extensions in this sort of product generally have performance implications. That has been my experience and it's certainly what I saw in the Infor report of around November 2009 is that there were a number of performance implications for the extensions that had been done. So the increasing richness or complexity of the delivered solution would certainly have performance implications that would have to be - which we address over time by more and more performance testing. There's other factors which have to be considered as well. In performance engineering, you're - there's a couple of things - it's a very - I comment it's a fault area, often it doesn't get enough attention. In this case, it certainly got attention, but what you have to be aware of in the maturing solution is that you're governed by a couple of things: your ability to characterise the workload on the system and the key assumption making in characterising that load. On the one hand, it's what the data sets are going to be used, what are the parameters of the load test. You see, there was - one of the key parameters, I recall, is that they assumed that a virtual user would persist for five minutes in the system, so you would have 12 tasks performed per hour per virtual user. Now, that's an assumption. In reality, it might be 15 and

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that change in that parameter could have a significant effect on performance because the actual load on the system would scale up accordingly. So there were - it's - the challenge in this area is to accurately model the workload, so the actual tests you run are a reasonable indication of what you can expect in real life. There's a further factor here, is that when you do load testing, and this is that inherent trap in any performance engineering, is that in a - I call it a "lab" or an "artificial test", you're dealing with what I can "deterministic processes". So if we assume we're going to do - a virtual user will do 12 jobs per hour, every five minutes you create a new job. The reality of real life is that it has a high degree of randomness and so you have to - the actual randomness factor, which may sound trivial but I can assure you it's totally non-trivial, can have a significant effect upon performance. So this again is an aspect of the workload modelling, so without knowing any details about that beyond what I see in the reports that I read, the principle underlying is that the continued performance testing is required and as the solutions matures you expect to see performance issues arise, you expect to address them and tune, and adjust the system to deliver better performance.

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Can I ask it perhaps in this way: what was being done to Workbrain in order to achieve the solution? Was being, what, configured, extended, is that - are they words that were used? And what sort - can you give us an idea of the scale of the configuration or extension that's taking place? How many extensions were used?---I understand that the total number of extensions in the end was 1029. Without having - without knowing how complex each of those was, I know it's - what I understand to be the case is they arranged in complexity from quite simple to quite complicated, but nonetheless the sheer number of extensions and each of which has performance implications is quite an important factor.

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Just explain what an extension is. It's (indistinct) in code?---The extension - yes, I can - the - if you don't mind my being a little tutorial at this point, but as a vendor you have a product going to market, you have to - you have a number of options. If you - the issue you face is that different customers have quite different requirements. You can try and build your products so that your product meets the requirements of every customer. That's not impossible, but for large systems that tends not to be a winning strategy. A second strategy is to say, "I'm going to produce this core product and I'm going to let every customer customise it to their own purposes." That breaks down because when you bring out new releases you may break all the changes that different customers have made. You can't keep track of 1000 versions of the same product. It is simply not feasible. There's another strategy which I believe is the one used by Infor with Workbrain is you produce a core product that meets what you regard as like, for argument's sake, the majority requirements for the majority of customers, but on top of that you provide a toolset or an ability to extend the product in a customer specific way to meet customer specific requirements.

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And these are all the things you say that the Workbrain specialists ought to have been doing or contributing to. Is that right?---Certainly.

Yes. You expressed the view at about line 25:

It's unlikely that Workbrain would have met its performance targets had it been deployed in the time frame initially proposed.

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What I want to ask you is this: initially, the go live date is September 2008. Yes? Knowing everything you know, you go on to talk about it, problems with scope, problems about business requirements, problems about communication - knowing all that, are you able to express a view about whether because of IBM's own struggles with Workbrain, it could ever have achieved a September 2008 go live regardless of the other issues taking place? What I mean is can you isolate it to Workbrain and saying, "Whatever happened, this part of the component would not have been ready to go live in September 2008 because of IBM's struggles with the system problems"?---I agree with that and there are issues both there of delivering functionality and I believe there would have been - and this is hypothetical - performance targets would not have been met in that time frame.

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So are you saying that Workbrain, because of the Workbrain issues that you identified, seeing what you can see from the outside now, the system could never have gone live in 2008?---Yes.

On page 4, the bottom half, you deal with scope. I'm going to come back to that later on because you deal with scope separately as well. Can I turn to the next question, "Did IBM properly and diligently implement the solution it proposed?" You say, "IBM was diligent." What do you understand diligent here to mean? Do you understand it to mean, "Turned its mind in a conscientious way and worked hard"?---Yes.

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But you don't understand it here to be asking you about whether what was done was up to the standard that one would expect of a vendor in IBM's position?---That's right.

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But when you're asked about property as well, which we'll come to, but that imports more in your mind, does it, whether the system - sorry - whether IBM in implementing the solution behaved in a way one would expect of a reasonable vendor in its position?---I would say it's - IBM acted in a reasonable way for a vendor in its position. It's a systems integrator. It took on risk. Some of that risk manifested into issues. It actively sought to manage those issues diligently, I believe. Diligent I go by the dictionary meaning, hard working. The way I interpreted the question was to - it was diligence in terms they applied their minds to the problems and which I certainly believe they did. They didn't walk away. They had issues; didn't walk away from the issues. In fact, they took corrective actions when issues were identified. The sheer fact of ramping up the Infor staff from two to give is an indication of an appropriate reaction by the systems integrator to address an issue. This underpins my opinion of diligence. The way I read the question was "properly" relates ultimately to the quality of the question and there were a lot of factors affecting this and across a number of parties, of which IBM was one. There were certain - IBM though, shall we say sins of omission, did contribute to the delivery of what I would call a proper system.

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You've said though that there was too little Workbrain specialist expertise too late. One might be reasonable in arriving at that position, but it might not be proper. That is, it might be short of the standard that's required of the vendor. Is that, in your view, a reasonable conclusion here to make about the too little too late Workbrain specialist expertise?---I think to my mind is that applying too little Workbrain expertise too late was one of the errors that were made that affected the delivery process.

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Can I turn now to the change request process because you comment upon that and this really is about, largely, the issue of scope. You clearly identify the issue that there were disputes between the parties as to scope. Is that correct? You've identified that?---Yes.

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And IBM was of the view that requirements were constantly changing from the Queensland Health perspective. Is that what you were able to see?---Yes.

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And on the other hand, the state seems to have said, "You promised to deliver a solution which paid people and that's what we're waiting for." Yes?---Yes.

You say once it became clear about the difficulties between the parties about scope, there were two options, in effect, don't you? You say one is as a vendor, IBM could have said, "You change. You vary the contract, you pay," to the state or it could have - I think you used the word "reset". Take us through, would you, both of those options. What, in your view, would a reasonable vendor in the position of IBM - what ought it to have done when confronted with those scope problems?---This is a key issue relating to account management; never an easy area. In this case - if I could just make an aside comment which may be provocative - I don't believe that IBM and the state had a common understanding of the contract from day one. I'm happy to address that later on, but let's put that to one side, a contract existed. IBM diligently defined a baseline of scope and diligently protected that baseline scope through the course of the project as a vendor must do because customers can otherwise just hang you out to dry in a flash and they will and they do all the time. So they did what they had to do. At one level you have no option but to protect your commercial position and your baseline scope through the change request process. This is good practice and I certainly would - anybody would endorse that, I think, but that's what - in terms of delivery, that is what I call the reactive component of account management. You have to manage the contract and protect your commercial position and the state will do the same on its side. I believe there's also - and it's not a contractual obligation, but there's the product part of account management which complements that which I say you have to have an ability to sit above the project and say, "What is going wrong and is there a different path I could pursue to address what looked like serious issues?" Changes in scope was a serious issue in this project and that seriously expanding change of scope was evident through 2008. So we're confronted with a problem. What should have happened there - and to me this is a governance issue, so I certainly - I would say this is not just IBM alone. It's IBM in conjunction with a customer saying, "Things aren't going as they should. What should we do to get it to fix that?" This is how I would think about it in that position. I have been in this position and you have to find a way to get above the problem and address it jointly.

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Is this what you're saying at the bottom of page 4 when you're dealing with scope, about line 47?---On page 4?

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Yes, the previous page. The paragraph beginning:

Recognising the baseline scope determination from SOW 7 and 8A may be insufficient and constrained by the customer's expectation for a short time frame. IBM should take a sensible and prudent step to put a checkpoint in the project

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---Thank you for drawing my attention to that.

Is that what - - -

COMMISSIONER: Mr Horton, where is this?

MR HORTON: I'm sorry, the second last paragraph, Mr Commissioner, on page 4, commencing about line 45.

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COMMISSIONER: Yes, thank you?---If I were in that position facing uncertain scope, it's, I believe, is a prudent - when you don't know what the scope is, then you define a process to determine that scope and we see evidence of that through statement of work 8A to complement what was done in statement of work 7. Given that must have been an identified area of risk that it would have been a good thing to propose a check point in the proposal to say, "Let's get together at a point when we've determined sometime beyond when we've had the chance to look at what's in front of us and to say, you know, "Are things doable within the framework that we've agreed to under the contract?" So that's part of the proactive account management and you can - it's often - in a way, you have to help the customer help themselves and so I believe myself it would have been a prudent move in the - given there was an expectation that the scope may be uncertain to put such a check point into the project at some reasonable time to see how things were going.

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MR HORTON: Yes. And can I try to understand the dilemma in this way: IBM is paid to scope the project in SOW 7 and SOW 8A and has paid \$926,000 over the relatively short period to do that. Yes? And as part of that, it would gather from the agency, the customer, Queensland Health, the business requirements which help define scope. Is that right? You have to say yes if you agree?---Yes.

To what extent then should a prudent thing to go in your experience in eliciting from the customer requirements as part of that scoping process and to what extent should a customer be proactive, if you like, in communicating them? ---This is a very difficult area and I can't give you a really prescriptive answer on this. There are too many variables which are not visible to me to make any strong

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statement on that. I'd reassert the general principle is where you are aware of the likelihood - logic of high uncertainty is to checkpoint something because - and it's best done at the contractual time so the, you know, part of that proactive account management, you build it into the process, you have that opportunity to get together to determine whether requirements are sufficiently known. The second question is what should a prudent vendor do to determine that they have all the requirements.

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Yes?---This is a very difficult question. I - the - I - it's - I really don't have enough context at the time to really - to make any great contribution - to really answer that question to you at all well.

Can I ask you in this sense, then: have you been involved in large complex projects of an equivalent kind to this?
---Yes.

And have you been involved in a vendor's side of the equation?---Yes.

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Have you been involved in projects where scope has been volatile or highly unsatisfactory?---Yes.

What have you done in those cases, what have you advised be done?---At the sake of repetition, what - where you are facing uncertainty, the only approach you can viably pursue with a customer is some sort of phasing approach. So you say, "We only know this much. Let's work with that and as part of doing that first phase, we'll determine what we can do in the second phase and so on." In the face of uncertainty that is, in the end, the only option you have. So when I talk about checkpointing, that's really what I'm saying, that phase one would get to a point where you have - you would know enough to be able to determine whether you can go ahead or not. So that - my opinion is - - -

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COMMISSIONER: Are you talking about ascertaining scope on the phase-by-phase basis or are we talking about something else?---I'm ascertaining scope on a - well, yes, I'm talking about ascertaining scope on a phase-by-phase basis. And to me - so the - in the end, you can only build against what you know, so I was speaking generally before because where you have uncertain scope and then some sort of phasing is the only tool that you have, the issue is how to interpret that approach in this particular context. The way I suggested in my report is that - is to think about requirements gathering process that resulted in the defined scope of work in February. You would say, "Let's have a checkpoint here, guys, and determine whether we have a sufficient common understanding of the scope of requirements to deliver against in the time frame."

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And when it became obvious, as surely it did to someone, in the course of this contract, that scope hadn't been adequately defined, what would have been a practical solution to that ongoing demand?---The practical solution to that would be to have a - what I would call here a project reset and say, "Where are we? Where do we want to be?" Things are different to what we thought initially and there is no other way to - that is, I believe, is the right way to handle it.

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And that suggestion for the reset could obviously come from either customer or the vendor?---Indeed.

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Or both. With goodwill and commonsense, it should come from both?---Exactly right. And I think that in itself begs questions about why that was not the case. And I think there was a culture surrounding this project of what I call "plan A or die" and - - -

Death or victory?---So - - -

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MR HORTON: Can I take you, Dr Manfield, back to the next page, page 5. I know I'm switching between the two questions here, but I'm really going to ask you now about the issue of UAT, user acceptance testing, and you addressed that question from about line 35 and following on page 5. You say, "The implementations delivered to UAT and important in phase four," you say, "were of contentious quality." And on what basis do you make that assertion? ---The basis on which I make that assertion are the communications and reports done by the UAT test team in relation to their discovered quality of the product as delivered to them.

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And that UAT, however, is done against the background of an uncertain scope. Is that correct?---This is - that is true.

And that's relevant, isn't it, because before you know what is in truth a defect, one has to know, is that right, what the contractor has been asked to deliver?---This is quite true, but there are two separate issues here. When you enter into UAT, you enter into UAT against a defined baseline, a time, a defined baseline scope of requirements and defined baseline of software implementation, and I might point out also it should be a defined baseline of documentation. So the UAT test team is delivered of these things and that defines their starting point. So that's - the fact that scope is subject of change should be incidental - is incidental to that equation. They should be applying their skills to a defined baseline of software and requirements. It's a separate issue that props up if requirements are changing because that - but that is a quite separate issue.

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So when we see in user acceptance testing something called a defect arising take, for example, a severity 2 defect, is that something which necessarily affects the proper function of the system or is it something which we should think about merely as a missed requirement or some other part of enhanced functionality, or could be both?---It could be either and I think that's - and it's clear that was happening here, the defects were arising from a range of courses and there were, at a high level, there was - there were defects which were being called out as a result of misunderstanding of requirements and also genuine software defects.

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You say in the middle of the page on page 6 at about line 25, the number of these defects regardless of their treatment is in issue. What are you in effect saying - the shared number is a problem. Is that correct?---That's right, yes.

Why should share number be an issue? Shouldn't we know the answers to some of the questions I have been asking you, whether it's in truth a functional problem or a missed requirement?---Both are serious causes for concern. I think that - again, I'm not positioning myself here as an auditor of the UAT. I think we must be guided in this are by the output that came out of the UAT test team and there - that is what must guide our thinking about - the facts so - when I was talking about the sheer numbers I - endorsing - I am endorsing the view from the UAT test team that the large number of defects discovered was a serious issue. I think that is the right call and that is what I am basing my conclusion on here.

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Yes. And in UAT, we see - I think you have observed it, the changing of the severity of defects, we have seen the changing of entry criteria and the changing exit criteria for UAT. Are they things which ought to be of concern or are they things that in a project of this kind ought to be expected?---I think they are a great concern. I think the - for a - even given the size of this solution, I believe that the number of defects raised by the UAT were of a type which should cause serious concern. Given that you're an hour late in the project, the fact that you have misunderstandings about requirements is a serious cause of concern. The fact you have a significant number of actual software defects presenting through UAT gives a serious cause for concern.

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Should we understand the problem about defects in this way: assume for a moment that there has been incomplete scoping by reason of business requirements being missed, don't allocate fault for a moment, don't worry about whose fault it is. The system is proceeding along, there are business requirements which haven't been included so the system is not taking it into account. One gets to UAT and those

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omissions are now emerging as problems, so the UAT tester says, "I don't care why they were missed or who is to blame for them being missed. What I'm telling you is the system has a defect which is going to affect its proper functioning if this goes live without it being fixed." Is that an accurate way of thinking about defects for the present purpose?---Yes.

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Perhaps with a qualification though, you would say that some of those missed requirements might not affect functioning in a fundamental way but might be an added extra in the way of functions but not essential to its correct functioning in terms of basic processes?---Well, possibly but we can't know. There may be - you know, non-existent requirements or different requirements that - it depends on the requirement but it's still a cause for concern that if you have such discrepancies in any number, that is certainly a cause of concern.

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You have seen the KJ Ross report done at the completion of UAT 4, 27 January 2010. What prudent parties have done having received that report in your view, should it have proceeded the way it did or should something different have been done?---In my opinion, something different should have been done and I would strengthen that statement by saying something should have been done far earlier than that. The problem - - -

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THE COMMISSIONER: Accepting that, can we deal with what should be done with UAT?---Pardon?

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Accepting your proposition which is something that should have been earlier, what should have been done at the UAT stage?---What should have been done at the UAT stage should have been a more - let me answer in a different way. I haven't seen such an unequivocal sign of distress in a project.

Are you talking about the Ross report?---Yes.

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Yes?---As it manifested through UAT testing, UAT has a very defined role in the process as KJ Ross quite validly point out that I must say, you know, their approach to this project was exemplary in terms of what they did and in terms of in them doing their work, so when you see - the refinings that were made out of that UAT testing were to me unequivocal, an unequivocal statement about quality and about non-readiness of the product at that time, so to me that's a reflection of - I do not say that as a reflection on any of the particular products, I certainly say as a reflection on the process that was being followed at the time which was totally unsatisfactory and hadn't - and I can expand on that if you like.

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MR HORTON: Can I ask then though: knowing what you know about where things were as at January 2010, concluding, for example, the position of the LATTICE legacy system, what order would have been done by the parties once they received the KJ Ross report?---That report should have figured prominently in any risk assessment they made of that go live. To me, it's unequivocal evidence that it was not ready to go live. 1

Now, can I take you just down the page a bit on page 6 about line 34, Infor's Workbrain audit on 11 November 2009. I can take you to it if you like. Do you need to see it? I'm going to ask some questions?---What line number was that, sorry? 10

Line 34, Infor's Workbrain audit on page 6. I'll take you to it, if you don't mind. Could the witness please be shown volume 12, page 45?---I'm familiar with the report.

Good. I'll start asking you questions anyway. You say you report a high level of issues in the implementation but the main problem you say is the stage of the project of which this report comes. Is that right?---Yes. 20

Why is that?---What the report clearly points out is that there are - it says a very specific thing. It doesn't say that the Workbrain implementation is bad per se, it does not say it is bad. What it says is the implementation could be done differently to render a more efficient solution. The major conclusion I draw from the Infor report is that the performance-affecting nature of the implementation that had been done for extensions, and this - I might point out for this type of product where you're doing extensions, having performance implications is generally an issue. I have experienced those myself and found from experience that when you're confronted with a need to extend the product to deliver a certain piece of functionality, there is not just one way to do it, there are many different ways you can do it, and it's down from very bitter experience that some of those ways can be quite - make it work quite quickly and some can make it work quite slowly by very large factors. 30 40

THE COMMISSIONER: So you're saying what you drew from the audit report was - the way that the extensions have been done here (indistinct) had affected the performance of the system?---Yes.

MR HORTON: Can I ask you to turn over, please, to your heading Performance on page 7. You refer to the Workbrain scalability assessment report and I think at line 39, you say that it hasn't been made available. I think you probably were provided with it after your report was completed. Is that right?---Yes. 50

And did it change any of the conclusions that you have reached and if so, how?---No, it didn't change my conclusions. The scalability report gave a positive view and I think that was a good thing. It showed it was a confidence raising measure early in the project to say that the product was scalable under the conditions that existed at that time, of course realizing that this is early in the project before the real stuff had been rolled out. I regard scalability testing as a good risk management measure to apply early in the project and then of course you move beyond that to keep testing performance as you go along. I understand from what I have seen that that did continue to happen through various - in various forms.

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Can I take you now to the issue of system testing. You'll recall that Mr Cowan expressed the view in his KJ Ross report of 27 January that there might, in his view - and there are in his view - issues with the system testing of the system?---Indeed, yes.

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Can I ask you to be shown please volume 9 of the bundle. I'm sorry, volume 8. I'm sorry, I've written down the wrong volume number. It starts at page 275. It's the KJ Ross and Associates test audit report for UAT readiness, 17 March 2009. Have you seen this document before?---Yes.

At page 278 it asserts that system test exit criteria were not met?---Yes.

And are the things in the dot point things which, in your view, were serious and warranted attention?---Yes.

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Then I'm taking you through a sequence of things because I want to ask you a question at the end about what you might infer from it. On 24 April 2009, exhibit 108 - might the witness please be shown exhibit 108. This is - you might have seen it - you have, Dr Manfield - audit of the draft QHIC system test SIT completion report, a KJ Ross document, which this portion of it says is dated 24 April 2009.

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COMMISSIONER: What's this document, Mr Horton?

MR HORTON: This document was provided by KJ Ross pursuant to a request when they were asked for the audit of a system test completion report dated 24 April.

COMMISSIONER: It's the KJ Ross audit of the system report, is it?

MR HORTON: It is, yes, but the only document the commission has which might be the audit referred to and I'll come to that in a moment.

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Dr Manfield, the first three pages, I think, of this document are the ones which seem to deal with the system

test and SIT completion report. Are you able to draw any conclusions or interpret this for us as to the state of the system testing analysis as it stood on 24 April?---The request was about how it pertains to an assessment I would make on 24 April 2009 or subsequently?

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Yes. On 27 April I'm going to ask - - -?---27 April?

Yes. There's a later document which is, in effect, the test completion report which takes this all into account. What I really want to ask you in the end is how do we get from a circumstance on 17 March as showing problems with the system test to a problem on 27 April where a system test completion report can be submitted and accepted?

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---Yes. This was curious and I spent some time with this and I think my - initially it was a very puzzling point because it looked like a sudden change had occurred. The way I understand the sequence of events, and I believe this is a very important sequence of events, the UAT readiness report of 17 March draws upon a system test audit that was done on 9 December 2008. There's some key conclusions there which were: (a) the high number of system integration test defects; secondly, the lack of an appropriate way for tracing requirements in terms of what should be in scope or not. This is a key factor. I was very encouraged to see subsequently - I'm not sure whether it's in this document here to which you're referring or in the test completion report. I think in the end it's referred to both in some sense that by that time following the 9 December audit through to the time subsequent, even to the UAT readiness report, leading up to the time of 27 April, my conclusion is that IBM did go in fact to produce a traceability matrix, which is good, maybe a bit late but, you know, it's an excellent thing to have done. Secondly, my presumption is that the errors that were identified at the audit of 9 December must have been fixed by the time that the system test, SIT completion report was written and this material from KJ Ross tends to support that view because part of that information there pertains to a re-audit, if you like, of the system test results and the audit says, basically, "Yes, the state of the system test is a reasonable representation of the system test results."

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And so you're saying there's been a correction of the defects which have been identified in the 17 March 2009 KJ Ross and the 24th - - -?---That would be my understanding.

Yes. Are they things which in your view could physically have been corrected in that time?---This is the only way I can understand it is that between the period between 9 December 2008 and the time of the test completion report that the errors were fixed. That's the only way I can understand the audit results, both from December and from

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April and this is generally a good thing that such corrective action was taken, so that is - as at 27 April it looks good, but I would make further comment in terms of how the results - there's further interpretation I would make with those results based on what I see going forward beyond that. Would you like me to address that issue?

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Yes, please. Can I just you just first for completeness, the test completion report because you're now going to move on to the next - - -?---I know the test completion report.

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Sorry?---I do know the test completion report.

Good. That's exhibit 102, but you're speaking about the stage after that. Is that correct?---Yes.

Can I show before - and then we move on - one further document which is an email, Dr Manfield, concerning the revised test completion report. The last in this string is dated 11 May 2009. It seems to relate to system test completion?---7 May?

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And there being an acceptance of it by QHEST. You may not have seen that before?---I haven't seen this before, no, but it doesn't tell me - I don't believe it tells me anything new.

That's all right. It may not, but I wanted you to see it for completeness. I tender that email string.

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COMMISSIONER: The email from Mr Van Der Zwan to Mr Dymock, 11 May 2009, exhibit 125.

ADMITTED AND MARKED: "EXHIBIT 125"

MR HORTON: I don't need to ask Dr Manfield unless there's something which - - -?---I just have one question.

Yes?---It refers to system test completion report version 1. The report I read was system test SIT completion report version 1. I'm assuming this is one and the same report.

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It's my assumption, just because of time, that's the coincidence of time. You were going to go on to say about a matter which you say was relevant after the test completion report as informing us about the system testing?---Yes. I make one observation about the audit material you've shown me here is that what it says is very precise, which is what a testing organisation is, if anything, in pursuance of its role.

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It says that the test results represent - the report - the test report is a fair representation of the tests which were performed, so the result of the tests were accurately represented in that report. Very important statement and I'd just like to park that thought as I move on because I - this was a puzzling episode. What I observed subsequently and is borne out by these further results becoming triggered by UAT - the UAT process, which began in May 2009, was that an immediate occurrence of high level of high severity defects, a large number of defects overall and, particularly worrying, a high number of high severity defects soon afterwards. So we need to find a way to understand that in the context of the time and one conclusion I draw from that, based on what I've seen, is that in fact the testing that was the basis for the completion report of 27 April or 1 May, depending on which date in the document you prefer to read was incomplete. The audit reports were correct in as much as this is an accurate representation of the test which we've done. It doesn't say anything about the scope of the tests which were done, which in the end is not necessarily - it's not the role that K.J. Ross was in at the time, by the way, but it's up to the - the scope of tests which should be something which is subject to review generally speaking, and I point out it was subject to the same sort of uncertainty as was the scope of the implementation itself.

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So when we see Mr Cowan expressing reservations about the state of a system in his 27 January 2010 report, you say that's not necessarily wrong just because of the documents which I've just shown to you, including the test completion?---That's correct.

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Now, can I take you to a conclusion on question 2, please, at page 8 at about line 25. You say, "IBM produced a not quite proper implementation of Workbrain for performance for March 2010." And what were the aspects in which it wasn't proper?---You must excuse my rather clumsy use of English there but I struggled for some time to find a way to express it, but the - what I was looking to express was to summarise the effect of the performance testing which had been done. I point out that performance testing was in two parts and it's really quite a key distinction. There is - the first part is about what I call the batch processing or non real-time processing where I'm going to do awards interpretation, for example, and I'll have a large data file to process and it's going to take me extra hours or extra minutes to process all that data to produce a result. So the other part of the performance is, I'd call - we'd call the real-time processing. I hope I can - by "real-time", I mean immediate. I mean, you have users connecting to a web site and they're entering rosters or leave information or something and they're expecting a response in the industry called "real-time"; they expect some sort of immediate or close to immediate response.

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These two types of performance are utterly different. They usually exercise different parts of the system and is subject to quite different - the design of the system impacts quite differently upon each of those areas. What I saw in the end was that the performance testing shown at the batch processing part was what I call - was the reports being shown by the performance testing that the batch processing results were well within the metrics or the performance thresholds which had been set. On the other hand, for the real-time processing where I had users entering rosters, for example, the results were, we'd say, equivocal. They were having trouble getting to the defined benchmark of 3000 concurrent users.

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And you've heard, I think, the evidence of Ms Stewart. You were here for some of that this morning, but I think you've read the transcript of her evidence given yesterday and you've read her statement. Are the things which she talks about things which you've put in the category of being part of a not quite proper implementation of Workbrain?---Indeed. So the problems she's speaking about with respect to NVS and the problems she experienced were solidly - well, hm, let me backtrack because by looking at Jane Stewart's statement and listening, I think the problem was a bit richer than I had been - than I understood from the contract material or sort of the documentary evidence I seen before. Clearly the - it was clear that the real-time performance of the system at go live wasn't sufficient, so the - and the conclusion I draw from that is that the testing that was done didn't accurately - sufficiently accurately represent the actual load that was going to be placed on the system, and so that was - so that's - this is being wise in hindsight, but basically that sort of experience reinforces exactly the reason why I said "not quite proper" because the real-time performance of the system wasn't - presented no - at best, presented no safety margin. So going live in a system where there's really no margin for error.

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That's the sort of speed or performance issue, but there were other issues Ms Stewart referred to in evidence, such as custom code problems or core code problems. Did you see that evidence that she gave? Problems in the code?---I don't - no, I don't recall that so I'll have to look at it.

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Now, can I move you to question 3, please, page 8:

What action should the state have taken as a reasonable self interested customer to ensure IBM properly and diligently implement the solution?

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You say, "The state made some poor decisions." You say that at about line 39. What were the principal poor decisions which you identified the state made as part of this?---Well, there are two main decisions which I believe

are poor. The response to the change in scope was poor. Secondly, the response to the continuing difficulties in UAT, the response was poor.

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What response, just so we're clear?---In the first instance, the response was to - well, in the first instance the response was to really keep within the plan A exercise change request but to keep on - observe the same basic strategy. And this is really actually - this is actually very important because if I'm sitting here as the vendor, it's really quite difficult. If I had - let me be hypothetical. If sometime in 2008, even mid-2008, where there's a situation we can say, "Well, we have an extra 18 months," we can sit down and approach it with that mindset and approach or design implementation with that mindset. If, on the other hand, you have a situation, which is the one that happened, where you've got an extra, for argument's sake, 18 months, it was dealt out to you in 12 little bits. As the implementer, it's constantly going to be finished next month and it's a virtually impossible situation for the developer to be in when you're confronted with those - what I call that sort of slicing the salami sort of approach. Very, very difficult. So it sounds - well, like, at the time, in the end, on one hand you can say that's quite true, but I'm not making any comment about anybody at this point because it's helicoptering above the solution, is that it's night and day, and we should not lose sight of that fact, but the process which is followed, which is, I called before, plan A or die, predisposed you towards the die simply because the - that slicing the salami effect is so difficult, creates such a difficult environment for anybody to function successfully.

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Go on?---The second big problem around the results of UAT. 1
It was clear from May onwards that UAT was showing up
problems it shouldn't be showing up, regardless of what
those problems was, that set of problems was. So the
response was to - I cannot put it more - it makes it a
little bit crudely, but they basically doctored the system,
so there was - again, I just point at the systemic issue
here not at any particular player that the governance
process was such that the move was to adjust entry
criteria, adjust exit criteria in order to facilitate go 10
live in an environment where you have scope, your
foundational scope constantly changing, on top of that some
poor chappie is trying to implement something with these
bits of salami being dealt at it periodically, on top of
this and at the same time, testing happening, system
testing, integration testing happening, on top of which
you've got UAT happening all at the same time. All right?
The project was taken under the governance frame that
existed was to have this parallelism and I can tell you,
that sort of an approach is absolutely fraught. It only 20
works - it only works - in a situation where you have
basically a small number of errors going into UAT because
within that parallelism you can cope. Once you get to a
significant level of defects, you're rapidly in a situation
where everything is changing at the same time and the end
result of that is unequivocal. You end up with a poor
quality result. If the results of UAT tell me anything is
that the system was producing a poor quality result. If I
can backtrack and this is really a cultural issue, but a 30
key point that underpins this, and I make it in my report,
you have three things to play with which is functionality,
time or scope, time and quality. The imperative on this
project very clearly, unequivocally, was: (a) time;
(b) cost, which is sort of scope if you know what I mean;
(3) quality. There were conscious decisions made - this
is overt in the project. It wasn't unconscious. Overt
decisions were made to reflect that order of priority.
That order reflects systemic failure because it guarantees
a bad result and that is exactly what we saw. So what we
find is another software project fail or gave an 40
unacceptable result, I should say - I'm getting carried
away with my statements here, but it basically didn't
produce the desired result for the same old reasons that
software projects fail and it's because of this bad
priority setting.

Is that a problem you put down to project management in
part, at least?---I make a richer statement than that.

Yes?---Certain project management is - and I'm being a bit 50
pedantic here - almost incidental to this process. The
role of the project manager is to set a schedule, monitor
the health of the project and to exercise quality assurance
functions. Yes, in that quality assurance sense it has a
stake in this particular problem. In the end, the

parameters I spoke vehemently about before are set by the governance framework and this is why you may see me making strong statements about governance in my report because in the end it's the governance process that determines the priorities for everybody in the project.

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In one sense here, IBM is the project manager, isn't it? It's the prime contractor?---Yes.

But in another sense you're saying as a project - management of the vendor as another type of project management which you seem to be critical of in your report?---I am. Again, in the governance sense, you have - this is where it all comes together. This is the key point. You have the project executive. You have your chief supplier, which is IBM in this case. You have your chief user, Queensland Health. All those parties come together in a governance structure which became known ultimately as the project board. This is where it comes together, so I'm not - and this is where the project governance is so important. This is pure Prince2 methodology and most methodologies in the end say the same sort of things, but in different ways, but it was totally curious to me where such a big deal is made about Prince2 and we see such overt poor use made of the methodology.

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If you had to identify - - -

COMMISSIONER: Can you explain to me what you mean by that in this case?---Prince2 is what's called a project methodology.

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I understand that. What I wanted you to expand upon, if you wouldn't mind, is the poor use of it that you saw here?---I make a strong point in my report that having processes is important. I regard it as a necessary ingredient for success. What I'm at pains to point out, there's not a sufficient requirement for success. So within the methodology that you use, it's beholden upon the various people to do the right things and I'm making a point that the right things were in fact not done. That has been the theme I've just been exploring now for some time in this discussion. I make the point in my report that it is quite acceptable - it's not uncommon to change entry conditions for UAT. It's not uncommon to change exit conditions. Within the methodology, you can do these things, but the methodology also says you have to consider the implications of what you do. What I'm saying here is those implications are not properly considered under the mind set I just described before. So I regard that as a poor exercise of the methodology. Right?

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I follow. Thank you. Were you saying before - you said there were three priorities: time, cost and faulty. Are you saying here that emphasis was given to time and cost but not to quality?---Exactly.

15/5/13

MANFIELD, D. XN

Yes?---That's quite right.

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MR HORTON: On the final topic, Dr Manfield, the terms of reference direct the commissioner to consider whether any recommended changes to existing procurement contract project management standards, et cetera, for communication projects delivered in the future to ensure the delivery of high quality and cost effective systems. The views you express in your report and you have expressed today seem to be relevant to a consideration of those matters. What are the principal failings here that you identify in terms of avoiding a repeat, if you like, of what you seem to say are, in a way, age old problems or problems which are unexpected?---Yes. Let me just set the scene a little bit because it wasn't inside my brief and so I alluded to it very briefly in my response to question 4 and that is the way in which the ITO was conducted. The ITO went to market with basically months to spare before Workbrain was allegedly going to die.

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COMMISSIONER: You mean LATTICE?---LATTICE, yes. Sorry.

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MR HORTON: You said Workbrain?---I apologise, LATTICE. It went to market. We're saying we have a short time frame. You've got two weeks to respond, make your response. I think that was commercially a very difficult position for the respondents to address. It was silly. As a vendor, you only have one way of dealing with that and that is obviously you work very hard and you - you work very hard, but, secondly, what you have to do is you take the material that you know, which is the specification documentation that is delivered to you by the customer at the time and you do your best analysis you can of it at the time. You apply whatever matrix you have and to cost the solution, but in the end you have to surround your position with a set of assumptions based on what you know and based on the time you've had to respond and analyse the required solution. The reason I make that contextual comment is that it starts to set the scene because you're going in with what must have been for each vendor a strong set of assumptions. If I were IBM I'd be looking at it saying - at some high level, it's hypothetical, don't take me wrongly, "This is ridiculous."

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So you've got to find a way to help the customer help themselves and this is very challenging for a vendor because you say, well, plan A, I'm going to say: look, what you've asked for is unreasonable, and they will say, well, go away, I've got other people I can deal with, so you don't tend to do that. So what you try to do is take an approach where you can actually help the customer help themselves and the best example of that I can see here is IBM's proposal of an interim solution as an option. So what you do is you - the way you manifest that is through options. You say: well, you've asked for this. We think these sort of options are a good thing to think about, and you try to use that to enrich your proposal. It's inefficient in the sense that you have to do the work to define different options but as a vendor you have limited weapons to deal with and this is what you tend to do. I thought the concept of an interim solution was a very valid and powerful one to apply in the circumstances given the apparent impossibility of the scope and time frame that were being asked for by the customer. That's context. I believe, as I made earlier comments to, you try to build into your approach other risk management mechanisms such as, you know, checkpoints to see, given that there's - you have a high expectation of uncertainty. I make it - in terms of the extra comments I would make, I would summarise, there's a few different things. The inferences I've drawn from what I've seen, one was about delivery capability. I make comments about governance and also about culture. In terms of delivery capability, and this is - I've talked about IBM's issues with Workbrain before and that was certainly a - there were issues there with, I believe, delivery capability that they managed under their prime contractor risk framework and produced certain results. In the absence of all of the factors, if scope had a, say, fixed - if the governance of - what would have happened is that - I believe, based on what I've seen, IBM would have been delivering late, the customer would have had some interactions with IBM about the situation and they would have come to some sort of resolution about whether it was more time or maybe to exit, but it's hypothetical, I can't say. But delivery capability is also a key issue on a customer side and what I see is that - and this I would like to - I tendered as sort of advice to the customer is that when you take on board a contractor to deliver you a solution, that is only one half of what you need; the other half is your environment because that solution comes into your environment and you have to make sure it's - it's behold upon you to determine whether the solution will work in your environment.

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And this is the point about project management of the vendor. Is that right?---It is. Well, it's richer than that. No, it's not about project management of the vendor. Project management of the vendor is how you manage the contractual interface towards the vendor to make sure that what you're getting is what you expect to be getting. I'm

talking about here not only about that but how you manage your own environment to ensure that the solution you're expecting operates correctly inside your environment, and the sort of things that the operational people such as Jane Stewart and - - -

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Janette Jones?---Janette - - -

Jones?---Jones. Were speaking about case in point. They're the operational people. They need - they were clearly doing good work to make sure the solution would work in their environment, but it's more than that. That's - I'm not directing my comments towards them at all. I think what I'm saying is you have to - it's behold upon you as the customer to make sure that you actually understand what you're getting and what I see here was, if I can use a strong term, abnegation of that responsibility. I would make a strong statement that I believe the customer never understood what it was going to get. They had - did not have - this is a very - it's directed towards the IT delivery organisation and the SDA in particular. The SDA never seemed to have provide any evidence that they actually understood the scope of what was being delivered. This is - and this is a really important point. I think when you structure your team on the customer side, you must - as part of your role in the solution delivery is to take on - you need to make sure you structure your team so you actually do have that understanding of the baseline, because unless you have that understanding - let me be rhetorical. How do you talk about change requests? How can you even talk about changes in the direction of the project? How can you properly advise the operational users about what to expect?

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Well, you've heard, for example though Ms Stewart saying, "Well, I expected by reference to the project execution plan a stable support and supportable solution which, in effect, paid people." Is that not a legitimate approach to adopt? Saying to the contractor, in effect, "Well, you deliver that to me"?---Well, this is - it relates to my earlier comment. I don't believe that the - IBM and the state had a common view of the contract. I - my reading of it said IBM's going to do whatever to make sure it operates correctly in the user environment. That, at one level, sounds fine. On the other hand, I see a contract which is very specific about what's going to be delivered. Do the two things line up? It is behold on the customer to have a position on that. In the end, the customer by definition is the owner of business requirements. I'm saying you need to structure your team to deliver on that because otherwise you have no firm foundation on which to progress. You don't have a - you can't discuss change requests. How do you discuss acceptance if you don't know what you're getting? Why were there so many fights about defects? This is all clear evidence, there was no firm - there was

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certainly no common understanding of the requirements. The evidence is very clear, the only source of truth in requirements was IBM's contract. To be successful, you must have a common consistent shared set of requirements. It's worse than that. There is clear written evidence, in what I've seen, the state sought to avoid taking any position on scope. They sought to say, well - they said, "We don't want to take a position. We don't want to actually take a position on the requirements traceability matrix."

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COMMISSIONER: Or produce their own, I suppose. I think there is - it's equivalent. I think their reservation about the IBM matrix was that it was produced by, I think, Mr Gower over the day and hadn't been agreed, but your point is more general?---My point is more general. But in the end, for success, and this is very basic, the basis for success is a common set of requirements, a shared set - a common understanding of requirements. And the - this is a general - a point towards the governance, but the governance should ensure that you haven't had that, but it seems to have been explicitly avoided for whatever reason, and I can't comment on why, but I observe that very strong in what I see. There's a further comment I'd make about the delivery capability that in the end you must have a strong process of managing risk. This is often poorly done. I think it was poorly done here - is that the risk management process was inadequate and we saw the results of that. If I can make just a further general comment about - - -

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No. Before you leave that point, how could the risk have been better managed; by the way that you have discussed already, rescoping or resetting, a more intelligent approach to having a common view about what the contract was to provide and what it did provide for. That's it, basically?---Yes. At that level, quite correct, but at another level also - because I agree with what you're saying - if I paraphrase what you said is a better approach to risk management would have led to different decisions being made about how to go forward than the ones that were made.

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I understand. Yes?---But secondly, when you're actually taking on risk around changing entry and exit positions from UAT, in particular, is that what gets missed in that process tends to be the concept of residual risk and I say this in my report. It's not sufficient to say, "We've identified that as a risk and in the best case I've got a workaround." In the end, you have to look at what is the residual risk - because the implicit assumption there is my opinion based on what I see. Once we've got a workaround, we're fine. I don't agree with that. I think that is not a well informed view. I think that you have to look at the collection of all the decisions that were made and say, "This is where we were. These are my mitigation measures," like workarounds for example, and it's all the things that were done in and of itself were valid. I can have a workaround. I can defer something. All these are in and of themselves valid things to do, but for proper risk management, you've got to look at the collective residual risk and say, "Where am I?" Under the time imperative that was there, I do not believe that was properly handled.

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I think you began to say earlier on that you thought the ITO process was rushed and too compressed. You didn't quite finish that point. Is that what you were intending? You're nodding. Yes?---Yes, yes.

MR HORTON: Finally, Dr Manfield, I think perhaps the most colourful expression in your report is that, really, all these factors contribute to a death spiral - is the phrase you use - and there's an inevitably, it seems, in that view you express that once the problems you've spoken of were committed that it was almost inevitable that the project ended the way it did?---I think that's a nice summary of what I'm getting across, in particular, in terms of when I described everything happening in parallel at once. That's the result of that. The result of that process is what I would call a death spiral.

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Thank you. Mr Commissioner, could I tender for completeness two documents? One is the request number 16 to IBM and the other is request 17, along with a letter which comprised the responses. It's relevant to the systems test issue and the documents which were provided

about which I've asked Dr Manfield. I tender those. Otherwise, Mr Commissioner, that's the evidence-in-chief of Dr Manfield.

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COMMISSIONER: Yes, thank you. What have I got here?

MR HORTON: You've got - - -

COMMISSIONER: A requirement to IBM, is it? That's request number 16 and - - -

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MR HORTON: Yes.

COMMISSIONER: - - - the reply from - - -

MR HORTON: Ashurst.

COMMISSIONER: - - - Ashurst; so request 16 and 17.

MR HORTON: Yes, because there's a response in relation to - - -

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COMMISSIONER: I see. Attached to each is the actions required.

MR HORTON: Yes. It's really what was produced.

COMMISSIONER: Exhibit 126 is the requirement to IBM to produce documents, number 16, and Messrs Ashurst's reply of 19 April 2013. Exhibit 127 is the requirement to IBM to produce documents, number 17 and Messrs Ashurst's reply of 2 May 2013.

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ADMITTED AND MARKED: "EXHIBIT 126"

ADMITTED AND MARKED: "EXHIBIT 127"

COMMISSIONER: All right. We will adjourn now until 2.30. Is 2.30 - - -

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MR HORTON: Yes. Mr Commissioner, we were hoping - I'm sorry to interrupt you.

COMMISSIONER: Sorry.

MR HORTON: We were hoping to call Mr Thatcher this afternoon, depending on how long the parties expect to be with Dr Manfield.

COMMISSIONER: Can you indicate, gentlemen?

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MR KENT: I'll be some little time, probably 30, 45 minutes probably.

COMMISSIONER: Mr Doyle?

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MR DOYLE: I think it's unlikely we'd get to Mr Thatcher. I'm sorry. 1

MR HORTON: Thank you.

COMMISSIONER: Thank you for that. Do you want to resume at 2.15 or 2.30?

MR HORTON: Thank you.

COMMISSIONER: 2.15? We'll come back at 2.15. Thank you. 10

THE COMMISSION ADJOURNED AT 1.04 PM

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MANFIELD, D. XN

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THE COMMISSION RESUMED AT 2.18 PM

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COMMISSIONER: Yes, Mr Kent?

MR KENT: Thank you, commissioner.

Dr Manfield, you were asked before lunch some questions by Mr Horton about the reference sites that are referred to in your report. Can I just revisit that briefly please. In your report, at least - I don't think I've seen these emails, but there's reference to reference sites being provided and in particular Bunnings and Pacific National. Correct?---Yes.

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As you describe it, and I don't think you've resiled from it today, these were references which could give IBM some confidence at least in the scalability of Workbrain. That's correct?---That's right.

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Bunnings, I think on your evidence, has in the order of 30,000 employees?---Yes.

I guess we all know what it does. It's basically a hardware retailer?---That's right.

In that business, to your knowledge, is there a great variation in rosters, awards and allowances for those employees?---I don't know. What I was - the data point that I was working from was clearly from the emails I was shown, but the data point was that the Bunnings' application had a range of awards. It also involved the use of other functions in Workbrain that were to be in the Queensland Health interim payroll solution.

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It didn't have the integration of Workbrain and SAP?---It didn't have an integration of Workbrain and SAP, no. What I was speaking about is the functionality of Workbrain itself rather than the integration, the time and attendance, sort of leave and rostering award interpretation and functions.

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But you don't know anything about the relative complexity? ---No, I don't.

Pacific National is a rail freight company. Correct? ---Yes.

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About 4000 employees?---I've forgotten the details of Pacific National.

All right. It's fair enough to say that Pacific National, at least, is not comparable in any relevant sense to give

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much confidence about a comparison with Queensland Health?
---No, I agree. In my report I said very little because I
knew very little, so I simply noted the fact that in the
clarification questions, those two sites were called out.
I had no way of assessing their value in providing guidance
around the scalability of Workbrain.

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And so you don't really ascribe them much value in that.
Is that correct?---No. I just had - at that time, I only
had names and so I couched my language fairly carefully to
say, "Inasmuch as those sites provide evidence of a size
and scope of functionality that fits with Queensland Health
application then you can have confidence in the ability of
Workbrain to comply." So what I was really saying is that
it was certainly beholden on IBM to qualify those sites in
order to make a sensible and prudent choice of Workbrain's
part of the solution.

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You have no way of knowing from your knowledge, what you've
seen, whether they did investigate to a degree to qualify
them further?---No, I don't. I want to be very clear about
that. The emails that I received subsequently show there
was quite a level of activity to discover sites and to -
particularly parameters around the sites. Inasmuch as the
detail presented in those emails is correct then it led to
my revised opinion I talked about this morning about the
number of customers, the average size of customers and the
comments about some of the larger sites where Workbrain has
been used.

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Just to touch on, and I'm sure you're aware of this detail,
but just so that we're on the same playing field, you're
aware that Queensland Health had in its consideration, the
payroll division had to deal with up to 13 awards.
Correct?---Yes.

And multiple industrial agreements?---Yes.

Providing for up to 200 different allowances to employees?
---Yes.

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You would have seen the figure, I'm sure, there can be up
to 24,000 different combinations of calculation groups and
rules in any particular pay run?---Yes.

A complex environment. Correct?---Yes.

All right. Can I ask you some questions about the solution
and the way that you've dealt with it. I think you've
already agreed that the solution, particularly the
integration of SAP and Workbrain, was somewhat technically
demanding - - -?---Yes.

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- - - particularly for a business of this scale and complexity that Queensland Health was?---Yes.

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I think you may have already agreed with Mr Horton about this, I just want to be sure. To be frank, even starting from the contract dated December 2007, it was really never realistic to suggest that the interim solution could go live as at the end of July 2008, was it?--I'd disagree with that.

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Okay. You think that was a realistic possibility? ---Realistically, I think that looking at the - having been involved in projects of a comparable order of complexity and size, I would say that if I had the right team on this that a - I think there was quite a reasonable chance of delivering a solution in that time frame.

If you're involved in a company that's tendering for a contract in that scenario, do you tender for a completion date that you're a reasonable chance of achieving - - -? ---Oh, indeed.

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- - - or one that you're pretty sure you can achieve?---No. It's really important. I mean, I can't see inside IBM's mind here, but I think generally vendors want to succeed because, not the least, it's a start of a much longer stream of work with the customer. I'm not here to promote a - I don't know what was inside their mind when they're bidding, but usually you will seek to offer something you can actually deliver because it's doesn't generally work in your favour not to deliver against what you offer.

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Surely it's incumbent on you to be confident you can deliver it. Isn't that right?---I think it's incumbent upon you to be confident. I think confident, yes; guarantee, no. I don't think anybody is going to say that they can offer ironclad guarantees, but that sort of misses the point. I think that - I didn't see evidence to suggest that the proposal to deliver under the scope they offered and the time frame they offered was being imprudent.

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All right. I would like to add to that and repeat what I said earlier that there were certainly risks associated with their offer, but having risks associated with those sort of offers is totally usual and so that's why it boils down not so much was it a prudent offer, but did they go about it in a way to manage the risks which were attached to what they offered.

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If the state signs up a contract with IBM that provides for a go live date of 31 July 2008, isn't the state entitled to rely on that or is it to be treated as aspirational?---The short answer is yes, but I think there's a key point here when you're a vendor that what you offer is a scope, a price, a time frame and also a set of assumptions and those set of assumptions are critical in determining and allowing you to manage the risks with which you are presented. There are two types of risks you have to deal with when you're making a proposal like this. There's the internal risks and the external risks. The internal risks are: what is my confidence in the estimation, my ability to deliver the solution and what's my confidence in the estimation that I make internally around delivering that solution and that's not an exact science, as you will appreciate. These are estimates, so it's the internal risk. The external risk relates to the customer, and you have to gauge that and you have to ask yourself key questions, and say, "Does the customer know what they're doing? Is the customer giving me confidence to have a clear scope of requirements, or business requirements on their side? What is my confidence that they have the ability to work with me to plug the gaps that may arise?" So you have to assess those things, and the way you protect yourself in your commercial offer is by listing assumptions that help you or give you a means for dealing with the risk, the external risk, presented to you by the customer. This is incumbent on you to provide a realistic result that you're confident of achieving, but, having said that, there are always critical dependencies upon the customer, and to pretend otherwise is foolish. There are key dependencies on the customer and you must contain those risks in order to deliver what you said you would deliver. To me, that is more the issue rather than saying - and hence my report was specifically worded on this point. In order to have confidence in what I offer: (a) I must be able to manage my internal risk by my ability to deliver on the Workbrain solution I've offered; secondly, I must be able to contain the external or customer risk in order so I have a firm target in which I need to hit and the time frame I'm offering.

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Have you had cause to look into, at all, the previous implementation of Queensland Health of the LATTICE system? ---No, I have not.

Did you hear any evidence given about that this morning? ---No. Pardon me, I heard the testimony this morning from Jane Stewart.

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Are you aware of evidence in this inquiry that LATTICE, when it was implemented in the late 90s took, in effect, three years or a bit more to implement in Queensland

Health?---I wasn't aware, but I'm not necessarily surprised, but I didn't know that, no.

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Isn't it the case that even on an interim basis this payroll solution that was being implemented was likely to take in the order of a couple of years to get to the stage of go live?---In order to address that, I really have to go beyond what I know, which is what was the significance of the minimum solution that IBM proposed and the gaps between that minimum solution and what was ultimately required to go live. I'm not qualified to address that, I could simply observe there were in fact gaps. There's two things that are intersecting here and causing an issue, one is that IBM proposed a very specific scope and a very specific time frame. Separately to that was the issue about what was turned out to be necessary in the end to meet all the Queensland Health requirements, and the intersection of those two things is what led to the behaviours that I've described in my report.

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Are you aware that the initial period for scoping under the contract provided for a two week period for scoping. Are you aware of that?---Yes, I'm aware of that.

This couldn't be scoped in two weeks realistically, could it?---With the benefit of hindsight, I'd say no. It depends what question you're asking. In terms of IBM making a sensible and prudent offer or response to the ITO, then they laid out a scope, they defined a process. Personally, I believe the two week period associated with statement of work 8A was short. Personally, I would go as far as saying too short and hence my comments earlier that it would have been prudent, I believe, to have a checkpoint somewhere in that process to say, "Where are we guys? Have we got enough?" There's a particular issue here for me as well, I'm not, as I keep saying, I'm not an auditor. There was an impressive range of requirements which are provided under the ITO which covered all sorts of award information, there was all sorts of business process definition. I'm simply not in a position to talk about the completeness of that information, but there was a substantial amount of information. It's not really a question I could answer about how much is enough to determine the requirements, and when I said, "Maybe not enough," it's probably with the benefit of hindsight there but I really can't make a comment on the completeness of requirements because that was not something that was really called upon me to do, and not was it possible for me to do.

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Certainly, as at December 2007, IBM was an experienced systems implementor?---Yes.

As you understood it, they also had some experience on the ground in Queensland Health as well?---Yes.

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MANFIELD, D. XXN

I'll just take you to page 4 of your report. I think you might have been taken to some of it, it's the sentence after your phrase "they got it wrong". You do hold to the opinion, don't you, that IBM underestimated the work they had to do?---What I believe is there's a combination of two things that are: the estimation of work they had to do and the capability they put in place to delivery upon the Workbrain functionality. I can't really distinguish between those two factors, but in the end it amounts to maybe the same thing.

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They gave rise to a result is what you're saying?---Yes.

Can I take you, please, to page 6 of your report, and one of the dot points starting at about line 20. You're dealing here with essentially the implementation and the testing, but you make observation that it's acceptable within a project methodology to change its severity rating of defects. "Any changes that are signalled for caution downgraded with an alternative resolution or workaround is generally acceptable" - - -

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COMMISSIONER: Where are you reading from? Mr Kent, where are you reading from?

MR KENT: Sorry, it's page 6 of the report - - -

COMMISSIONER: Yes?

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MR KENT: - - - about point 20 down the page there's a dash there starting with, "It is acceptable."

COMMISSIONER: Yes, thank you.

MR KENT: You say in the end that regardless, in the end there's a defect which sooner or later has to be fixed. Correct?---Yes.

You don't differ from those opinions today, do you?---Not at all.

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No? Okay. Downgrading a defect with an acceptable workaround can be okay?---Yes.

Is it true to say that if you're approaching go live a large number of such defects with workarounds start to become problematic?---Yes.

Is that right? Although, that, in weighing up the decision to go live, has to be balanced against the risks of the alternatives. Correct?---That's correct.

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Okay. You say at point 40 on the same page, "In summary, IBM was diligent in its implementation," by which I take you to mean hardworking, basically?---I'm going by the Oxford dictionary definition. Yes.

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"But qualified by the effects of the uncertainty of baseline scope in not properly delivering to UHC a solution of sufficient quality." In that context, doctor, wasn't it the obligation of IBM as the people doing the scoping and being the implementer to make sure that scope was properly ascertained during the scoping phase which they were paid? ---Yes.

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Thank you. Can I take you please to page 7 of your report and it's the fourth paragraph and particularly the end of that paragraph, given the appreciation of the risk, that is the time risk, and the likely difficulty in engaging Queensland Health, which was evident in their ITO response assumptions, you say, "A better mechanism than just SOW 7 and brief SOW 8A activity performed in January 08 should have been proposed"?---Yes.

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That is what should have been proposed was more thorough scoping which would have taken a longer period of time. Correct?---Up to a point. I think just to repeat my earlier comments, I believe the period of time that was allowed for the pursuance under statement of work 8A it was a short time. I cannot quantify the overall risk, but I believe it would have been a good move to build in that checkpoint at that time to see what the status would be and determine if further time would be required and how much because I simply cannot make a quantitative assessment from where I stand about how much is required. Certainly, in terms of my appreciation of overall scope of the project, that two weeks was short, but without knowing more about the starting point, it's hard for me to go beyond that, but I do believe the general point is that given the degree of uncertainty which I see there, a checkpoint would have been a better way to proceed.

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By checkpoint, you may have told us earlier, I'm not sure, but you're really proposing a point sometime during 2008 when contractually the parties stopped and drew breath and reassessed where they were at?---Yes.

Correct? Do you know how far into 2008 you would put those?---Given the time frame that's proposed, it would have to be earlier n 2008. It would have to be, I would say, in a time frame befitting the schedule which was offered which would take you really to about, at the latest, the March time frame.

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March?---Given that you're looking to be in design and build mode from March onwards, basically, and that would be the logical place to put it.

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All right. Can I ask you about a couple of things you said earlier today. I'm sorry about this one. I'm jumping forward a little bit here. Mr Horton asked you about the KJ Ross and by that I think you're being referred to the one that was dated January 2010. Correct? You were asked about that earlier today?---I was asked about the - no - KJ Ross UAT readiness audit report of 17 March 2009. There was discussion later around - I don't think he referred - you have to refresh my memory here.

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COMMISSIONER: You did answer some questions with respect to the UAT 4 results.

MR KENT: Yes. This is a result delivered not too long before go live and dealing with the results of UAT 4. Are you familiar with that document?---Yes.

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What I think you said, I'm pretty confident, to Mr Horton is that that document, describing as it did, defects remaining after UAT 4, right, should have figured in the risk assessment of the decision to go live is how I remember your evidence. You're not saying, are you, doctor, that that report and its results was not considered by the people but decided to go live?---That's correct. I'm sure it was considered by the people. That was not the point.

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You're disagreeing with their conclusion on it?---I am.

Now, in giving that evidence are you aware of all of the pressures on the project directorate and board in relation to the continuing concerns, escalating concerns, about the potential failure of LATTICE?---I'm aware of those concerns.

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You're aware of a very real concern that those on the ground, right, with their hands on this system were concerned that it could catastrophically fail and no-one would be paid in Queensland Health?---I'm aware of those concerns.

You're also aware of this factor that had go live in March not proceeding, there are only so many windows of opportunity per year to realistically do it?---I'm aware of that factor.

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The next realistic one might not be before September 2010? Are you aware of that idea?---Yes.

Are you also aware of the concern that in that time frame between March and September there would be new EBA's that would have to be dealt with by the system?---Yes, I'm aware of that.

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And that those concerned with it at the time regarded the alternative to going live in March 2010 essentially as basically starting again with the implementation because so much would have to be reinvented?---I'm aware of that opinion.

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You disagree with it?---I disagree with it.

COMMISSIONER: Mr Kent, you're adopting the plan A or perish mentality, aren't you?

MR KENT: I'm sorry?

COMMISSIONER: You're adopting the plan A or perish mentality, aren't you, when you put the - - -

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MR KENT: The scenario that I'm putting to the witness - perhaps he's right in describing it that way. I don't know?---Perhaps I can paraphrase what I think I heard to make sure. When you said unless the go live decision was to taken when it was then we'd be back to square one and having to start again.

Pretty much?---And that's what I was disagreeing with.

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You didn't think that that would be necessary?---I can't see why. Perhaps you could explain to me what would drive us back to a square one scenario.

The fact that so much was changing in a complex and ever changing industrial environment?---I'm into the area of speculation because I have - I quantitatively have literally no idea what the scale of these changes were. What I would simply observe is that whatever these new things were, they would be in addition to functionality that was already implemented. So without knowing the degree to which the new functionality had an impact on the existing system, I really can't comment. If you're saying to me - I thought your question was implying that the changes were so profound that what had been done to date was literally throw away and if that's the case, I stand corrected. My impression from what I'd seen was that these changes, while significant, were incremental to what had been already developed and hence my earlier response.

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I hear what you say. Tell me this: the people dealing with this system sitting on the project directorate held the views that I've just expressed to you, you have no reason to doubt that they were views other than genuinely held, do you?---I believe they - I'm sure the views were sincerely held.

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Yes?---It misses two points which are really quite important to the equation. The first point it misses is that these problems were evident in really from May 2009 onwards, so what we are seeing in January 2010 was really no different to what is being observed six, seven months earlier. This is a very key point. The second point where I disagree or I would augment what you're saying is that there was - is the risk treatment of what they were given. Now, I believe the project board has an obligation to - under their role to have an obligation to do more - to ask some hard questions and to understand the implications of what they were doing, so there is an accountability to say - I think - the risk - as I said earlier today in collaborating my report, the risk assessment that was running at the time was inadequate. It did not deal with the key area residual risk. What I see in the go live reports and the assurance reports around go live were saying, it was a long list of issues and they were dealt with by specific devices, particularly the defect management scheme or defect management plan - is that it? Sorry, I'm just trying to get the right words.

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Defect management - - -?---The risk assessments I saw at the time in my opinion merely reflected the prevailing wisdom at the time and in no way sought to drill down quantitatively on the issues to come to a position that may have led to an alternative solution. I don't want to draw too long that argument as I simply wasn't in the room and I don't want any malintent inferred from what I'm saying. I would make the objective fact - sorry, the objective observation in my opinion is that the risk assessment at the time was not adequate.

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In writing that allegation frankly, doctor, how do you factor in the risk of LATTICE catastrophically failing with 80,000 people not being paid?---Look, it's a very serious issue and with knowing literally nothing about LATTICE, I'm not in a position to say - to quantify the risk. What I - - -

I'm sorry to interrupt you. How then do you say what you have just said about the risk not properly assessed?---My comments are a direction for the risk assessment around the Workbrain solution going live. Now, I - so my comments were focused on that particular piece so I'm not making any statement about the state of the LATTICE, the existing

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legacy solution about the likelihood of - resumed to run or likely that it's failing - and clearly that's an issue, I'm simply not making any statement about that.

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Yes?---But I would go back to something I said before which is really quite important. While we have spent a lot of time just now on the risk assessment of go live which is still important in my opinion, it fails to address the point, there's this problem was evident much earlier and not addressed earlier and so had it been addressed earlier, you know, I mean, that is the primary issue that I would present here because to me - but anyway, there may well be more detailed risk assessment material available around the continued use of LATTICE, I have not seen that material. What I have seen is unsatisfactory but I fully agree I haven't seen the full picture.

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All right.

THE COMMISSIONER: It's right, isn't it, that there has been no evidence from anyone in this inquiry to suggest that anyone made an assessment of the likelihood that LATTICE would collapse within a week or two or mightn't (indistinct) for another year or two?

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MR KENT: All I can say about that is I think that it's the evidence of both Jones and Hood that - - -

THE COMMISSIONER: They were terrified it was going to collapse.

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MR KENT: Yes.

THE COMMISSIONER: But there's no evidence, is there, that anyone actually engaged in a rational objective assessment of what it might do and how long it might last.

MR KENT: I suppose that depends if one accepts the evidence of Ms Jones who worked with it constantly as being a rational assessment.

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THE COMMISSIONER: Their experience was obviously a very anxious one and there were occasions when it seemed to be on the verge of collapse.

MR KENT: Yes.

THE COMMISSIONER: It's right, isn't it, that no-one made, no-one commissioned or made for themselves an assessment objective - sorry, an objective assessment of how long matters might be prolonged. Not suggesting it was - - -

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MR KENT: I can't think of one, commissioner.

THE COMMISSIONER: Right.

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MR KENT: I'm not aware of Health - - -

THE COMMISSIONER: People had adequate opportunity to come along and tell me that if it happened, or if anyone had even thought about doing it. No-one has suggested that the thought of it or did it.

MR KENT: I certainly can't recall anyone commissioning an outside report about LATTICE.

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Can I ask you about some other evidence that you gave this morning about - to summarise it, poor decisions that you said were made and this was referred to, I think, on page 8 of your report.

THE COMMISSIONER: Sorry, where are you going now?

MR KENT: It's mentioned at page 8, I think about point 40.

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THE COMMISSIONER: Thank you.

MR KENT: Point 35.

I think you were asked about it?---Line 35 on page 8.

Yes. Was it the sentence that says, "The documents show that poor decisions were made by the state during a project with major contribution to 8 March 2010"?---Yes.

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You were asked about that and as I understand it, you went to - in two ways. You said that the response to changes in scope was poor and the response to UAT or its results were poor. Have I got that right?---Yes. Yes.

They were the two broad - - -?---Yes.

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Can I just ask you what you mean by the change of scope being poor?---What I mean by that is that the - when there is so many change requests occurring in a - what is really a short space of time, then they should give pause about the sanity of the process that you're pursuing. They should give you pause about the validity of the plan A which I call - which is the intended progression at the time the contract was set up.

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Assume that it gives a lot of people pause, what should they do differently?---What you would do differently is you say - ideally what happens is that the - is through some account management mechanism that the parties get together in some venue and say, "Look guys, it's a moving target. How can we work together to deal with this?" It's as

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simple as that. It's not as simple as it sounds because in that defence of mindset where there is some strong contract discussions happening, on the vendor side, they have got to raise the issue about appearing to - and be not delivering on their promise and from the state's side, they have got to approach the subject that are appearing to give the farm away.

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I hat to interrupt you but are you familiar with the evidence about the processes that led to in the first place change request 60 and 61, and then about a year later, change request 184. Are you aware of how those came about?--What I understand is that change request 60 and 61 came about through a re-architecting of the solution at the behest of the customer of the state that resulted in further work for IBM. Change request 104 I'm not familiar with.

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All right?--The number rings a bell but it's not something that I have dwelt on.

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Look, if I suggest to you that they are described by witnesses as both being attempts to lock down scope, right, and both being products particularly 184 of fairly lengthy negotiations - - -?---Excuse me for interrupting; I thought you said 104.

184?---184, I am familiar with, yes.

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Okay, all right?---Yes.

If that was the scenario - I'll just put to you that question, isn't that what you're describing, about how they should manage attempts to lock down change in scope?---Yes, I agree. Under plan A which persisted, that is what happened. You just have a managed change request process. My only observation - I have no criticism of that at all, I merely made the observation that the change request 184 is happening in a June 2009 time frame which, you know, in terms of a - you may consider a tad late given the overall time frame which we're seeking to achieve.

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Sure, but isn't that in the context that the attempt a year earlier to lock down scope apparently had not been successful because of the disputes were immediate and contingent?---I would ask the question: what do you mean by the attempts to lock down scope in 2008?

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Sorry, 60 and 61, I had them in the middle of 2008?---Oh, 60 and 61 occurred in June 2008 but - and I wouldn't be critical of the process, these things happen. I also observe my understanding of this is that subsequent to those change requests there were a large number of subsequent work change requests which did have a direct bearing on the Workbrain implementation.

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And a lot of which were related to scope?---Yes.

Isn't this correct, doctor, you understand what went on here, that there was enormous trouble ever clarifying exactly what scope was in this project?---I think that's a very good observation. I think, really, the difficulties turn on that question, so I agree with that problem assessment. My criticism is directed to how the problem was dealt with.

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You don't suggest, do you, that both sides weren't doing what they could to try and set scope in the contract, trying to lock it down?---I disagree. I think that this is a very key point here that I would like to elaborate on, is that the - yes, IBM was maintaining a firm control of scope; it was managing a process of change requests to manage scope in as much as the state - certainly the state was party to the change request process, so at that level they're both staying the same - staying in step. Where I - the reason I say I disagree is that, a couple of points, two quite key points in my mind. One is that if the scope keeps changing, you've got to ask yourself: will it keep changing? What is - how do I know when I've finished? I contend how could they know they were finished at the point of change request 129 or 184. In fact, it turned out to be the case that subsequent change requests occurred in each case. So if you're saying to me those change requests - I call them, like, cleansing change requests. They're supposed to clear the fear. We had two cleansing change requests. Were they effective? My answer is no, therefore - - -

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I'm not suggesting to you for a moment - I'm suggesting they were the product of an honest effort by both sides to do that?---And I wouldn't say otherwise, but this is why I make the point about reactive and proactive account management. Reactively, the reactive part, and I hope this doesn't sound pejorative, but I'm saying you're contract managing, you're following a valid process of change requests. I have no problem with that; it's the right

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thing to do at that level. My comments aimed at the next level up, what I call the "proactive account management". Proactive account management was saying, "Is it really going the way we think it should be going," and I think what I contend, and I think would be the commonly held view, "No, it's not going the way it should be going because we have this continuing process of change requests." I'm not criticising the change requests, I'm saying that change requests keep coming. We don't know when they're going to stop, this is a sign of distress, that should have been dealt with and my criticism is directed at that process. I'd make a second point - and I made it earlier to day - which is, to my mind, a very strong point. In order to have a discussion about the continuing change requests, you must have a view of the destination. It was (indistinct) upon both parties to have a shared common view of requirements which provide a common ground for agreeing scope. In the absence of that, you're left with a process where the end process is unknowable, which is what happened. So there's an obligation on both sides to have a good control of scope, even better, a common view of scope. I asserted earlier today that was never achieved.

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From the first proposing, what would you have done differently from what the state representatives did to try and lock down scope?---A lovely question to be asked. Yes, what I would do is - and this is quite a serious issue - in the end you've got to be able to say to - in my report I refer to a reset of the project, we've got to say, "Change requests are happening, we cannot see an end to this change request process. How are we going to approach the project differently?" So you have to be in a position where you can actually contemplate a plan B. The culture was such in the project that plan B could not be contemplated.

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If you suggested a plan B, what would it be?---
There's - - -

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Sack IBM, is that what you're saying?---Pardon?

Are you saying sack IBM?---That's a possibility. There's a range of options. In terms of the time frame - in that position I probably wouldn't pursue that as my preferred option. Again, it's based on factors outside my knowledge, but you'd have to have a sense of their commitment and so forth. I think there are other options, I mean you have alternative approaches, which, in my mind, were never considered and this goes back to the way the ITO was framed. For example, it has to be a big bag, what I call a "big bang solution", we need it all and we need it now, at this time. Why is that so? I would have considered options such as - and this is me speaking without having spent any great time looking at the technical details, but

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why did both rostered and non-rostered employees need to be cut over at the same day? Would it be feasible to cut over non-rostered employees first because that's a simpler part of the solution, see how the system unfolds and we'll do the non-rostered ones later. It's an option. You could think of - - -

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Do you know that's an option?---I don't, and I tried to qualify that up front. You asked me - I use that but it's a powerful thing as an example. I mean, were alternative delivery options considered as part of - what I'm contending here, I've generally found this in life, when you set your mind to it you can find - once you've identified the problem you can find alternative approaches that can ease the path.

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I accept that observation, with respect. Can I ask you this question: You are postulating, if I'm correct, that those in charge of all of this, particularly as far as I'm concerned those on the state side, should have re-thought all this, perhaps thought outside the square, as you're saying, and tried to come up with a plan B, right?---Yes.

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That observation necessarily turns on the idea that there is a viable plan B?---It does.

Can I ask you a different question now. What you described as the "slicing the salami effect", now, I took that from your evidence to be a reference to this: from the beginning of the contract, go live dates and in fact the running of the contract were extended incrementally over time and indeed from the original go live date, nearly two years later. Your point, as I took it, was that it was difficult when it was being only added to in little stretches over time. Correct?---Yes.

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Your proposition, I thought, was that it would have been simpler or better and more effective for IBM to simply have been given an 18 months extension the first time they asked for it. Correct?---No, what I was saying, I was creating a hypothetical situation. Were it presented by some means as an option at that time, then the approach would have been a more measured approach and more likely, and I would say it goes further to say likely, a better quality result would have been delivered.

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I understand. So you're not suggesting, are you, that you're aware of some evidence that says in the middle of 2008, IBM asked for an 18-month extension?---I did not wish to imply that at all. No.

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Thank you. One thing that you did say is that you seemed to detect, so you thought, a mind set on behalf of someone, either in Queensland Health or CorpTech, to this effect, "Once we've got a workaround, we're fine," I think was your phrase. You don't know of any witness that says they thought that, do you?---To the contrary. I thought I saw that in the documentary evidence which was presented.

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You think some witness said, "We weren't worried about it once we had a workaround, we were good"?---Sorry. What I was referring to was in the contract bundle of documentation I was given that there was in the assessments around go live - is that, you know, "We have a workaround for every defect. We are covered."

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I understand?---That was the collective view.

I took you the wrong way. I thought you were saying that someone was saying they didn't need to do anything with that defect in the future they were right forever. You're not saying that. It's only in the context of go live?
---No, no, no.

This is where the defect management plan came in and - - -?
---Indeed, yes.

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All right. Thank you. Can I take you please to page 10 of your report. You say there's no record in the documentation except indirectly through change requests that the customer was aware of the cause of slowness in forming the basis of scope and took any governance action to address the cause. Were there, as far as you're aware, a lot of, in fact constant correspondence between the parties meetings, meetings where representatives of both IBM and the state were represented about this project where complaints of either party were aired?---In my reading of the documentation, I couldn't find anything here and I stand to be corrected.

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Okay?---In my reading of the documentation, I couldn't find - I meant what I said, I guess, this is quite a key point because to me there's quite an important issue here about how in this case the project executives through CorpTech would work with Queensland Health to ensure that a proper baseline was being established. I didn't see any evidence of that. It was a concern because the requirements have to come from within from the customer and be articulated. I'm not trying to say that unilaterally because obviously the vendor and the customer have to work together to achieve

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that common understanding, but my conclusion I drew from what I saw was that - it relates to my earlier question, there was a continual set of change requests and nobody has at any point said, "Hey, change requests, there's a lot of them. They're still happening. How do we know when they will end? Should we do something differently because why this is happening? What's happening in our processes that's causing these change requests?" It's that sort of issue I intended to describe in my report.

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You understand there was a thing called the QHIC Project Board?---Yes.

Which had representatives of all of the parties on it. Yes? You have to answer?---Yes. Sorry.

All right?---I occasionally forget.

Okay. You do say in the second paragraph on that same page, "There was no evidence the state considered a project reset to establish a baseline." To some extent you and I have been over this ground, but I'm just going to put this proposition to you. Is that not what both change requests 60 and 61 and later on, 184, were directed to do?---Only in part. I'd include change request 129 in that list. 60 and 61, to my understanding, addressed - all change requests are relevant. I guess where I'm coming from has a bit of a Workbrain bias and so 60 and 61 are important, but were not Workbrain specific, but I accept they were part of the overall change request process. To me the ones which are most important to me overall were what I would call a cleansing change request, 129 and 184, which went to say, "This is the baseline."

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So doesn't that qualify as a project reset on that?---No.

Does it qualify as an attempted one?---It's a partial attempt, yes.

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COMMISSIONER: What more would a program reset, as you would describe it, have involved?---In very quick simple terms, it relates to the checkpoint idea, as I say: let's sit down. Let's take a short time out and determine what the total - let's agree on the total scope of requirements to the point where we're confident that change requests will not continue to flow. All those change requests were reactive in nature. They all dealt with issues that had come up. There was nothing that I saw - and I stand to be correct - that addressed the issue of future change requests coming out and to me that is the key value add in a reset process.

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MR KENT: All right. Just a couple of other questions for you. I think in your evidence before lunch you were discussing with Mr Horton the ITO and the short response time?---Yes. 1

I think you went so far as to say it was so short as to be silly?---Yes.

I think you would probably agree, would you, that that seems to have been driven by a concern about LATTICE going out of support in July 2008? Does that sound like the logical reason for - - -?---I agree with that. I must say, I don't agree with the logic, but I agree with the observation. 10

Okay. If that is what's driving at, they don't have much choice but to have a short response time, do they?---They do.

Other than to start - - - ?---No, I don't agree with that proposition. To sound a little bit glib, in my life I've never met an immovable customer milestone that couldn't move, never. 20

All right?---Every immovable - - -

How would you solve this one, just tell me?---A good question. Look, how would I solve this one? You're confronted with a seemingly impossible situation. We're sitting here in June, July time frame whenever the - when was the ITO issued? 30

September?---Prior to September is what I mean. You're sitting there with - you're saying LATTICE is going to die, 1 July 2008. This is the thinking. We've got this far. We're nowhere near the answer. We're going to go out to the market and so if you accept all the assumptions that went into the ITO then you say: nothing was possible. How would I do it? You have to - you simply don't accept the proposition. You're asking me an impossible question of saying, "I'm not interested." So what I'm saying - what I made my comment before, something has to give. If I can just make with the benefit of hindsight now, LATTICE was still working on pretty well come, you know, mid-2010 - - - 40

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I hate to cut you off, but is that in the sense that we know that now and they didn't know it then?---They didn't know it then, it's a good point, I accept that point. I retract that. The only value in making that statement is to say that I call into question - what I would do is call into question the assumptions the customer is making around its timing and the scope of the ITO.

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Is this what you're saying, that what they should really have done was back themselves that LATTICE wouldn't fail and they'd just be able to keep going?---I agree with that. It's a really important point. Given there's been a lot of discussion about short time frames, and that was clearly a key area of risk, so it was always going to be likely that more time would be needed. The point I would make: don't ask any possible questions but basically look at the assumptions more carefully and see what you come up with.

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Are you aware of the evidence that the people involved in CorpTech had been to see the vendor of LATTICE in Melbourne to plead for an extension of support unsuccessfully?---Yes, I saw that.

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You've given the evidence that you have criticised some of the decisions. Can you answer this for me: if they did just ignore the fact that LATTICE was going out of supported, and even if we go onto the end of the process at the go live point and they accept the risks that you're talking about and think that, "No, we're better off not to go live here, LATTICE is limping along," had the system then crashed and 80,000 people are not being paid at all, wouldn't that be a poor decision then?---Yes. I would also say that I just make the observation that risk is a really difficult issue for most people to deal with, because risk is only appreciated before the event, as you rightly pointed out before, because after the event you have certainty. Risk is really hard, so what is generally done poorly is the actual risk assessment because it is quite true that if LATTICE failed catastrophically 78,000 employees or whatever would not get paid, this is a fact. As with all risk, you're confronted and you have to go through the normal methodology to assess what's the probability, because the probability is never zero. People are not attuned to probabilities other than zero and 1, a fact of life.

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I've seen people on race tracks that might disagree with that?---But when they bet they think, "I was going to win or was not going to win," and they base their betting on that, so people do not think probabilistically. So, probability, you've got to look at the likelihood of the event, that's a likelihood, but you've got to look at the impact of an event when it occurs and you've got to

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multiply it out and those are hard things to deal with. Because what I've found in doing risk assessment with customers, they all get to this point and say, "If that happened it would be disastrous, therefore we have to do this." Hang on a minute, all right. That is the way people work, so it's human nature at work here so please don't think I'm being critical, it's the way human nature works. So risk assessments tend to be dodgy as a result. I'm not saying this with any knowledge about the probability of LATTICE failing, because I said before I simply don't know, I simply make the general observation. So you have to - given you have to deal with this imponderable, you have to find a way forward, you have to, you know, break it down to more level of details so you can actually get a bit quantitative about that risk, particular about the probability, and particular get quantitative about mitigations you might pursue. I was quite encouraged to see - it was central to what I was doing - but mitigation strategies were developed around LATTICE, and this is totally appropriate. That's probably more what I meant by my earlier comment, because mitigation strategies are there for a purpose and they can work, so it was sensible for the state to focus on mitigation strategies regardless.

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Given the perceived risks in the two alternatives, by the time they got to the go live date it comes down to this: those responsible for the decision were simply between a rock and a hard place, weren't they? They had two risky possibilities either way?---That's true. The key word there you used though was "perceived".

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And any judgements of their perceptions now necessarily imports the use of hindsight. Correct?---Not necessarily. In fact I was at some pains earlier to say that, "Unless you do some more detailed risk assessment then you don't have the best information available to make the call." So I agree with you in the sense that they were confronted with two options. Given the significance of those options, then more information would have been better.

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Doesn't that run into what you've already agreed with me about, which is that there are limited windows for the implementation of a new system per year?---I agree, they're all factors in the risk. Again, as I said before, I qualified that by saying, "If the problems around go live were the quality of the system, the quality issues were known much earlier. If some amelioration about those quality issues had been taken earlier, then you may not have been confronted with such a stark choice in March 2010.

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From (indistinct) weren't IBM continually trying to remedy defects in the system. Correct?---Yes, I'm sorry, I meant something different. If I take some form of what we've been discussed as reset, then you could say in 2009, "This inefficient process in which we're currently engaged, how can we reset and do it better?" What I'm suggesting, not that we could cut down time but we may have come to the February, March time frame with a better offering where the system structured around Workbrain was of high quality to not confront such a stark choice of risk options.

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Yes, thank you, Commissioner.

COMMISSIONER: Mr Traves?

MR TRAVES: Thank you, Mr Commissioner. Doctor, in order to form a view about whether the right decision was to go live or not to go live you'd need to be familiar with the risks of LATTICE collapsing as well as the risks of going live?---Yes.

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And you're familiar with the latter but you wouldn't qualify yourself as familiar with the former?---LATTICE, no.

In effect, you'd concede that you're not really in a position to give an opinion as to whether or not the decision, the actual decision to go live, was right or not?---That's correct. I'm not in a position to make any call on that.

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Just one other topic. Some buildings contracts have a situation that the building contract and the principal each defer to a project manager who will manage the project, and on occasions make assessments as to their respective rights. Are you familiar with that sort of structure in a building contract, for example?---Just run it by me again.

Principal, the builder, and the principal, the owner, and a project manager to manage the project?---Yes, I'm familiar with that concept.

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Here, CorpTech on the hand and IBM on the other, above them sat in effect a project directorate?---Yes.

Do you understand that? You've just made some comments about the way that the board conducted itself, you said something like, "The board should have been asking big questions during the course of the project"?---Yes.

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Did you, in that context, consider the role also of the project directorate?---I did. The project directorate provides a service, as I understand it. My understanding of the way it operated, its role in this project was to - it provided basically what I call - what's generally called a "PMO", the project management office. So they're responsible for the maintenance of the schedules, the tracking of deliverables and I presume also a QA function, so they provided a service. Under the PRINCE 2 structure, which certainly was observed by the project board, they provide a service. They provide the information about the state of the project. Their job is to identify issues to project board and the board takes a position on those issues. The project delivery office, if I've got this right, is providing that service. Their job is not to side those issues but to articulate those issues for the board to determine.

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The evidence shows that frequently the views which they formed - ordinarily, I should say, the views formed from the project directorate were views held uniformly by the directorate; that is, there was one view and the matters would come to the board by way of a recommendation which was effectively a case for that view?---I can't comment on that.

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Have you seen those documents at all? To come to the crux of it, you say the board should have asked big questions and perhaps they should have but of whom? The directorate?---No. I think that the job of the directorate is to provide information about the state of the project and in terms of - and it's quite reasonable to expect the project directorate to not only describe issues but describe options for the board to consider with the company information. That is quite normal process. I hope I didn't imply otherwise. Then the job for the board to - representing as it does the major stakeholders to take a position to address issues that are identified and choose options that that's appropriate or to suggest something else.

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Is the structure that we have been talking about one which you're familiar in other projects? Is one often adopted?---What - my belief is what we're talking about here is one of standard, Prince2 methodology compliance structure.

How does that - could you describe that briefly for us?---What it is is you have a governance board which is comprised of a project executive and chief supplier, IBM, and a chief user, Queensland Health. That's very straight up and down. Beneath that and to one side is the project directorate which provides the services that I have

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described before. Below that, you have actual teams doing the work, you have the actual IBM delivery team or teams. You have - in the customer side, you have operational type teams who are preparing to accept the solution when it's delivered. The various teams or functional groups which are being - which have - sort of one way to do all this if you have a set of teams that have specific responsibilities around both developing and taking onboard a solution as it occurred.

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Thanks, doctor. Thank you.

THE COMMISSIONER: Mr Ambrose?

MR AMBROSE: No questions.

THE COMMISSIONER: Mr Doyle?

MR DOYLE: Thank you.

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I've got - you know there was an ITO obviously. Yes?---Yes.

Do you know that there was a couple of weeks to consider the information contained in it and to provide their responses?---Yes.

And I take it from what you have already - some of what you have said today, you have read the IBM response?---I have.

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You know from doing so that it identifies a series of assumptions?---It does.

And you have studied them, I take it?---I've studied them but I wouldn't be able to reiterate them to you right now.

Never mind. I will be able to help you. You recall, don't you, that the form of the structure of the ITO was to identify a series of items identified as being particular items of work and some of them were things which, in respect of which fixed prices were to be provided, others in respect to which best estimates were to be provided, and they were priced accordingly. Yes? Do you recall that? ---Yes.

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An aspect of that was the HR - the LATTICE replacement interim solution. I know it wasn't called that at that stage?---I think - yes.

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Okay. There was something called priority HR and different components for it. Do you recall that?---I don't - but it does make sense.

I'll just read you something. You can go to the document if need be, but an assumption that I want to suggest to you that was expressed in the ITO response was for priority HR awards and rostering, all Workbrain functional designs delivered by CorpTech as part of the request for offer are final and will be implemented unchanged unless a specific change request is raised. Do you recall reading that?
---Not at all.

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All right. And similarly in respect of priority HR awards and rostering, the assumption was articulated in these terms: "Appropriately skilled client resources will be available to advise the rostering team and make binding decisions"---Yes, I do recall that one.

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Now, one of the things that you mentioned in the course of your evidence is a high degree of dependency, I think that's the language you use?---Yes.

That any vendor has a high degree of dependency upon the provision of information and the making of decisions by the customer?---Yes.

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It's really both. Providing the information and making decisions about things?---Indeed. I agree.

Whatever the ultimate significance of this assumption, if you were clear when you read it, that IBM was identifying as a critical assumption that skilled client resources be available to advise the rostering team and make decisions about events?---I agree, and just to make a general comment, I don't recall specific assumptions. I remember when I reviewed the documentation, there were a strong set of assumptions. They were the sort of assumptions I would fully expect to see in such a response.

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Good. I will try one more and see if you would have expected to see that, that the legacy solution upgrades and legacy is a description used to describe at least in part the LATTICE system?---Yes.

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The scope of work - can I ask you - I will put it this way; you know that there were assumptions which were expressed in terms of the WRICEF category and complexity - - -?
---Yes.

- - - which was involved in achieving that degree of functionality which the customer wanted?---Yes.

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And it's expressed in terms of numbers and identifying the numbers as being low, medium or high degree of complexity?---Yes.

And that too is an important assumption - - -?---It is. 1

- - - to articulate in identifying really the parameters of the effort which the vendor is contemplating is to be involved in doing that activity?---Yes.

Thank you. You recall also, do you, an assumption that the vendor was appointed prime contractor in a time frame which allowed the LATTICE replacement project to commence on 5 November 2007. Do you recall that? It doesn't matter if you don't?---Please just repeat that, sorry. 10

An assumption that the - it's in these words, "CorpTech appoints a prime contractor in a time frame which would allow the LATTICE replacement project to commence on 5 November 2007"?---I don't recall that one.

All right, thank you. Similarly when we move to the contract, I take it you have seen it and you have read it? ---Yes. 20

You have seen it?---Seen it, yes. To be honest, the approach I took just to be clear - I mean, I'm sure you assume this anyway but I've been presented with this many documents and I've sampled them and drilled down where I thought was appropriate so certainly I have been through the contract, yes.

Very good. You have probably been through enough to answer the kind of questions that I'm going to put to you. You understood that the contract contained two categories of schedules, one called statements of scope and another called statements of work?---Yes. 30

And you understand broadly the function of those two? ---Yes, I do.

One of the statements of work was statement of work 7? ---Yes. 40

And the gravamen of the work to be done pursuant to statement of work 7 was to carry out a scoping exercise for the QHIC project as it became called?---Yes.

Is that your recollection? You're hesitating?---I'm searching my memory as you speak. The statement of work 7 was directed at the - was it directed at the standard offer? 50

You see, I suspect, doctor, that you may - you think your view is that it's statement of work 8A which is the statement of work pursuant to which the scoping exercise was conducted?---My understanding is this that statement of work - the work to be performed in the statement of work 8A was an augmentation of what was done under statement of work 7 with the express purpose of coming up with a scope for the interim payroll solution.

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Right?---Is that a fair descript?

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I'll ask the questions please. So you didn't understand statement of work 7 to be a thing pursuant to which the scoping was to be done for the interim LATTICE replacement project?---Could you just express it in a different way.

Yes?---What do you mean "pursuant to"?

Statement of work 7 was the statement of works which required IBM to scope the QHIC project, the interim LATTICE replacement project. That is not your understanding, is it?---I was unsure on that point, so thank you for clarifying it.

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The state of your understanding before I've clarified it was that it dealt with something else and that statement of work 8A was the thing pursuant to which the scoping of the LATTICE replacement was to be conducted?---No. No, my understanding was to the contrary. I thought 8A was built on what was defined under statement of work 7 and that statement of work 7 plus the statement of work 8A or the work done under those statements of work would collectively result in the definition of statement of work 8 which would perform the work that would provide a scope and a program for delivery of the interim solution.

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A moment ago you agreed, I think, with the suggestion that there was a period of two weeks to define the scope of the QHIC project?---In that case - - -

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You did, didn't you?---I did. I recall saying it. Yes.

Give me the dates of those two weeks that you had in mind? ---Those two weeks were in January. It was, goodness, around about - the QHIC - it would be a single digit, January, the date I think culminating 23 January.

Or the 18th?---The 18th?

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Anyway, that's a period - the first two weeks in the first half of January is the two weeks you had in mind as the contractual period to scope the QHIC project. Yes?---No, I disagree and if I've presented otherwise, I apologise, but

my understanding was that what was the work that was defined under statement of work 8A was additional to whatever was done under statement of work 7. So it was never my understanding - and I'm sorry if I gave you another impression - is that the QHIC project or the interim payroll project lay solely upon the work defined under statement of work 8A. That was never my intent.

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Okay. The two-week period that you had in mind is under 8A, but we should now understand you were conscious of some other period?---I was conscious of the work that was - I believe statement of work 7 was the work largely done around the December time frame.

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Your understanding is that statement of work 7 was to do with a whole of government activity which would include part, at least, of the scoping of the LATTICE replacement? ---I agree with what you say and what I was trying to articulate when I talked about a standard offer and I apologise if I have the wrong term, but I understood that what was done under statement of work 7 had general application as well as having specific application to the interim payroll solution.

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Right. General as in what we've been calling the whole of government activity. Yes?---Yes.

And not specific to the interim LATTICE replacement activity?---Yes.

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It's your understanding that 8A is the one which is specific to what I'll call the QHIC project?---That's true.

Building on the general material?---Building on, yes, what was done under statement of work 7.

I'm not suggesting you're right about that, but I'm glad you've clarified your understanding of it.

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When you read, which I take it you did, statement of work 7 and statement of work 8 a while ago, you can recall they, too, contain assumptions?---They do.

Whatever it was pursuant to, you know that ultimately a QHIC scope definition document was produced. As a result of the activity that we've just been trying to identify the origin of, a QHIC scope definition was documented, was produced?---Yes.

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And you've read it?---Yes, I have.

It, too, articulates some assumptions on which it has been prepared?---Indeed it does.

Okay. Thank you. You recall, don't you, that the assumptions include that decisions would be made - sorry, I'll read it. QHEST resources - and you know who I'm talking about when I say QHEST?---QHEST was the Queensland Health entity that was involved in executing the project is my understanding.

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That's right, "QHEST resources will be empowered to make decisions on behalf of their business areas so as to not cause delay." You can recall that?---I don't recall specific assumptions.

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But that's, you would think, a sensible and usual assumption to articulate?---I agree that's a very sensible assumption to be making, yes.

And also that they would participate - "QHEST resources would be available to participate in workshops and confirm and sign off on deliverables in a timely manner," and even if you don't remember the words, that's a sensible and usual requirement to articulate?---It is.

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Thank you. All right. I may as well deal with the process. That QHIC scope document itself you understood to be developed in which month?---It was published in - I don't know the dates - it was published in February. The precise date eludes me at the moment, but it was available - the version 1.0 was available in February 2008. It was a requirement of - I think it was essentially the same as version 0.12 which was available as at the end of December 2008.

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That's probably what I want to take you to. Have you read the statement of Mr Prebble?---No, I have not read Mr Prebble's statement.

Tell me if you're aware of this that the process of identifying the scope required for the QHIC project commenced in November 2007 before the contract was signed? ---I didn't know that, but I'm not surprised. I didn't know that explicitly, no.

40

All right. And that workshops were conducted on numerous dates throughout the first half of December 2007?---Yes, I'm aware of that workshops were - - -

And from what source are you aware of that?---From the documentation I was presented, I saw references to interviews and workshops in the December time frame.

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The QHIC scope document itself identifies a whole series of people that have been spoken to?---Indeed, yes, yes.

Dozens?---Yes.

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And also identifies a number of workshops. Is that what you have in your mind?---That's consistent with my understanding.

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Very good. Indeed, I want to suggest to you that they are, in effect, a subset of the workshops that were conducted. There were in fact more identified in the QHIC scope documents. You have - - -?---I accept that. One of the issues I did spend a bit of time on, I could not find references to what further interviews and workshops had been conducted specifically in that general time frame, specifically around January, so that was - to me that was a black hole where I couldn't find evidence. That was of concern to me because I was interested in what went in to forming the scope.

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I understand. And a draft of the QHIC scope document was provided to Queensland Health ahead of its final articulation?---Yes, I'm aware of that.

20

Some feedback was provided, you're aware of that, and another draft produced taking into account the feedback?---I wasn't explicitly aware of that, but that is certainly what I would expect.

That's the normal process, anyway, you would expect?---It's the normal process.

You'll recall in the QHIC scope document itself was a list of issues identified as issues, but sometimes referred to as open issues?---Yes.

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Things that hadn't been able to be resolved - - -?---As in - - -

- - - at that stage and are identified as unresolved?---Yes.

And differing arrangements made for the ultimate resolution?---Yes.

40

Tell me if you understand this that the contractual arrangement provided for IBM to perform things that it had to perform under its statements of works by providing things identified as deliverables - - -?---Yes.

- - - for their consideration, approval and acceptance by CorpTech?---Yes.

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The QHIC scope document is itself a deliverable under a document, under a statement of work?---Yes. 1

I want to suggest to you it's statement of work 7, but you might think it's to that end statement of work 8A. Would that be a - - - ?---I really don't know. What you say is reasonable, but I haven't retained a level of detail in my mind.

I don't think it'll matter. So that the process under the contract was for the identification through workshops and so on, articulation of it in a document which was submitted to the client for its consideration and, in this case, approval? You understood that?---Yes, I understood that. 10

And that is a normal kind of contractual process?---It is a normal process.

As well, you'll know from that QHIC scope document it contemplates that levels of documents with great detail will be produced, identified as levels 2, 3, 4, 5?---Yes. 20

They would include the identification of technical, functional and process documents?---Yes.

Which you understood themselves to be produced as a result of discussions at workshops or discussions between IBM and client, the submission of documents and their acceptance and approval?---Generally, yes. 30

That is, you understand that generally as a process?---I understand the principle but I can't speak for the detailed contents there.

Just so that I'm understanding. You understand the process, what you're not able to comment upon is the suggestion that it may be higher levels of detail for various things?---Look, I understand there were high levels of detailed deliverable were called out, and that there would be - I don't explicitly recall the words here - but I would expect those to be done where input was required from the client, that would happen and they would be subject to the normal review process for any deliverable under the contract. 40

I would not get any assistance from you if I asked you to identify the dates by which those things were done in respect of any particular documents?---No, what I focused on was the - which ones I referred to earlier was the - because I was interested in the overall delivery time frame - was the commitments around design documentation and the milestones for those, which I think originally were around mid-March, maybe 20 March sort of time frame. 50

But that's in relation to Workbrain, is it?---In relation to Workbrain, yes.

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We'll come to Workbrain in a moment, I'm just trying to understand the process. The process I want to suggest to in relation to the QHIC scope project document itself required as its milestone, nominated as its milestone, 24 December 2007. Do you recall that?---No, I don't.

In fact, it was submitted on that day?---The scope document?

10

Yes?---This is under statement of work 7, this is the draft version of point 1 and 2 of the QHIC definition of scope document?

Yes?---I couldn't recall the actual date, but, yes, that fits my understanding.

You recall in fact when you read it, it says - sorry, a statement of work that's produced subsequently says, "There wasn't time for the customer side to consider and give its comments on that over the Christmas period"?---I saw that, yes.

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And so that in fact statement of work 8A extends the time for that until a date I think is 18 January, but nothing turns on that?---Yes, thank you. I understand better, thank you.

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Also, because until that happens, until it's accepted, IBM can't start doing any work on statement of work 8, that is, on actually doing the job. So statement of work 8A also provides for some work to start on actually developing the interim LATTICE replacement system. That is your recollection of how statement of work 8A works?---Yes, indeed. Sorry, I was a little bit fuzzy on the process by which 8A came into existence. By stringing the beads together, that's useful, thank you.

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It's not usually my strength. I'll come back to the scope later on. Can we, now, talk about Workbrain because one of the things you've identified and deal with in some length in your report is things about Workbrain. The first thing I want to ask you about is your discussion of reference sites. Can you recall?---Yes.

My learned friend, Mr Horton, asked you about them. You know, don't you, that in the course of the consideration of the ITO response the reference sites were provided, or in some cases asked for? Some other documentation was provided and was the subject of evaluation?---Yes.

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Evaluated by teams of experts, some of whom would include people who have IT expertise. Were you aware of that?
---Generally, no. I simply assumed in my sampling that the reference sites would have been reviewed by - I know there were a number of assessment teams, and I assume the relevant team looked at it, I presume it was a technology team?

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Yes?---Would have looked at the reference sites as part of their normal assessment activity.

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And you'd assume without perhaps knowing that the team would comprise people with sufficient IT expertise to be able to make informed judgements about what they learn from considering those reference sites?---I certainly would assume so, yes.

I'm saying a CorpTech technology team. The parties doing the evaluation in this case are on the government side, is what I'm suggesting?---I understand.

20

Thank you. The kinds of things that you've identified as being - I think my learned friend, Mr Horton, put them to - five areas of reservations you had. Those are the sorts of things that you would imagine would occur to any confident IT expert evaluating the reference sites or evaluating consideration of Workbrain for an awards system?---Awards, yes.

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The implementation of any IT system is a tentative risk, but one of the things that you've identified for Workbrain is a requirement that IBM have sufficient local knowledge to deal with Workbrain?---Yes.

Am I overstating it?---No, I think it's - - -

Tell me if I get it wrong. You have concluded from the suggestion that there were two Infour personnel in January escalated to five, or it another five by August?
---Escalated to five in August 2008.

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Another three, as we should understand it?---Yes, that's my understanding.

Is too little too late, is that the way to describe it?
---Yes.

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And that you are reinforced in that conclusion by the assumption you've made, or it might be a conclusion you've relished, that the functional design of Workbrain wasn't submitted in a document form until July or August. Is that right?---Yes, that was one of the principal data points I was using to go find a conclusion. Just to be clear, I was at some pains to point out it's the Infour experts were, in addition to whatever local expertise, present to do their Workbrain implementation. My concern was - this is where I had encountered in those qualified terms because certainly - put it another way, if IBM were relying only on the Infour consultants that certainly would not have been proven to be too little - certainly would be too little too late. Without knowing - despite what local resources may be available, the time line they wished the Workbrain delivery occurred indicates to me that too little resources applied to the problem too late.

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They're probably not two different things but they're related. If it's only the Infour people you think it's not enough, and you think whatever it was you draw a conclusion from the July/August presentation of documents that it was not enough. I'm summarising it - - -?---Yeah, that's a - - -

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Just a moment. Can I just ask you to look at this, please. I think you've been given this spreadsheet?---I have, yes.

Do you have it with you?---I have it - - -

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Don't worry about it. I'll give you another one?---No, I have it.

Doctor, it is right to say, I think, that you have not seen this document before lunchtime?---That's right.

But you will see, and I want you to assume, that it identifies the number of people, the names of the people and their country of origin, if you like, employed on this project in the various months listed on that page?---Yes.

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You know who Infor is. That's the people who are the owner of Workbrain or - - - ?---Yes.

- - - the now owners of Workbrain and Thinkstorm. Do you know who they are?---No, I don't know Thinkstorm.

They are Australian. Sorry, they work on Workbrain. They are a specialist Workbrain organisation in Australia. Had you heard of that before?---I haven't heard of them, but - - -

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For reasons which are perhaps unreliable, I've got in mind they may have been a former owner or licensee of Workbrain in Australia. Does it ring any bells with you?---It doesn't, no.

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All right. I just want you to consider that for the moment. I also want to show you a document which - another spreadsheet we've given you and I'll hand a copy to you. Again, doctor, it's right to say you've only had this since lunchtime?---Yes.

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Can we just sort of look across the page. In the first column there's an identifying code number which we needn't worry about for the moment, I'll come back to that, and then a statement of work column. Do you see that?---Yes, yes.

Do you know that statement of work 12 relates to what? ---Rostering.

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Workbrain?---Workbrain, yes.

Thank you. We don't need to worry about the serial number and then there's a program milestone which you would know, but perhaps not knowing the detail of it, but the milestone is nominated for the delivery of certain documents within, in this case, statement of work 12. You know that to be so, don't you?---I didn't hear that.

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The statements of work contain milestones by which things have to be done?---Yes, yes indeed.

What I want to suggest to you is that this shows the - if you go further across the page - description of the deliverable name, which is a description of the item which is the subject of the deliverable, the due date, the date it was submitted, the date of expected feedback, the date of feedback and so on across the page, concluding with acceptance. Do you see that?---I see that, yes.

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You'll note looking down the page that the dates of submission vary, but they start on 1 April and go through to various dates. Do you see that?---Yes.

If these relate to the design of Workbrain relevant to the QHIC project, this represents the provision of design documentation months ahead of the assumption you've made in your report, doesn't it?---It does.

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Thank you. Just keep that. There's one more document I want to give you.

COMMISSIONER: What was the date you have in your report? 1
---Pardon?

What was the date you have in your report?---In my report I think I just spoke of March 2008.

No. You disagreed with Mr Doyle that this document appears to show the designs for the Workbrain functions months earlier than you had anticipated or assumed. What date did you assume?---What I said earlier was I saw the deliverables appearing in July through October time frame. 10

Of what year?---2008.

This seems to show parts of the design, anyway, being received as late as September?---I'm a bit bemused to understand this, but I'll just - - -

It shows some of it being delivered as early as March 08 and some as late as August 08. 20

MR DOYLE: I'll just deal with those, if I may.

There's also a column headed CR, you'll see?---Yes.

It's on the first page. If we go on to page 2, about halfway down the page we see the first entry in that column?---Yes. 30

Which is a change request and you understand that change request - - - ?---I understand.

- - - the process under the contract for variation and if there were such a thing, it would require a modified deliverable in some way?---Yes.

If a change request is made, it will require some functional change which will require some document to be produced to record it?---A change request is either scope or time or both. 40

Yes. If it leads to the production of a deliverable which needs to be submitted and accepted, it would be something which deals not just with the extension of time but with some scope change. That's so, isn't it?---Yes.

Thank you. The final document, I hope, on this point. 50

COMMISSIONER: Dr Manfield, I'm sorry, if you look at the last four entries on this document, they seem to be the delivery of parts of the design in August and September 08 which don't result from change requests. Is that how you read it?---Yes.

MR DOYLE: I'll deal with that, too. I'm sorry,
Mr Chairman.

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This document identifies deliverables, some of which are related to the QHIC project. I'll give you an example. If you go on to page 1 to CDB12009, you'll see that it says QHIC - - -

COMMISSIONER: I'm sorry, what page are you on?---Excuse me, what document am I looking at?

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MR DOYLE: I'm sorry. The schedule that the commissioner was just asking you about. We're probably getting the schedule that has CD number in the top left-hand, but rather than trouble the doctor, I'll tell you that this schedule identifies the milestones for both the whole of government milestones and for the QHIC project ones and the four, Mr Commissioner, that you've referred to, three of them are said to be standard offer which our contention is that's the whole of government and the last is the final status report which I'm about to hand to the doctor.

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Is it right to say also - - - ?---It is, yes.

And we've had a busy lunch, I'm sorry. It's probably nothing. To further your understanding of it, if it becomes relevant, do you see that the stream is called "Workbrain team" which would give you a fair - on the first page it's identified as relating to Workbrain?---Yes.

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If you turn to page 3 it tells you the purpose of this document and the related materials. It tells you the document will form part of the deliverables under the statement of work 12. Do you see that?---Mm'hm.

And then if you go through the document to page 7 it says, "The Workbrain team working on statement of work 12 achieved the following accomplishments," and part of it you'll see is, "Completed all configuration items required for standard offer and QHIC." So it's drawing the distinction that I suggested to you before and then if you look to the next page, it has a look of project deliverables and I won't trouble you, but the CD numbers which appear on that sheet correspond with the CD numbers on the schedule that I've given you?---Thank you.

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Now, I know you haven't had a chance to consider these or indeed check them, but it's right to say that so far in your evidence you've proceeded on the basis that the documents which were finding the scope of Workbrain for the QHIC project emerged July through October, which you provide upon to suggest it's too late?---Yes.

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If what I'm putting to you now is right, you'd obviously have to revisit your consideration of that question?---I would.

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Similarly, if you go back to the schedule of the numbers of people that I started with, if you just accept from me that Thinkstorm are Workbrain specialists and Infour are Workbrain specialists, this would represent if it's true? Do you accept this is true, a significant on the ground expertise greater than and much earlier than the expertise you've preceded, assumed, in your evidence to date?---Yes.

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COMMISSIONER: Mr Doyle, this is headed "CorpTech list of subcontractors". Is it contended that the names listed under Thinkstorm and Infour were resources attached to or engaged by IBM?

MR DOYLE: Yes, on the CorpTech project, as IBM would call it.

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COMMISSIONER: That's the whole of government project?

MR DOYLE: Yes. In this case, I've taken you to the bit that deals with Workbrain.

COMMISSIONER: Yes, Workbrain, but just on the QHIC project.

MR DOYLE: No. Now, we're obviously going to have to demonstrate the accuracy of some of these, but I would seek to have those three documents tendered.

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COMMISSIONER: I thought that final stage report was actually in the bundle.

MR DOYLE: I can't say it's not, although we don't - - -

COMMISSIONER: We'll leave it out for the moment - - -

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MR DOYLE: Certainly.

COMMISSIONER: - - - rather than duplicate it. If it's not in the bundle then obviously I make it apart of the exhibits.

MR DOYLE: Thank you.

COMMISSIONER: The other two schedules, schedule of CorpTech subcontractors and schedule of program milestones I make together exhibit 128.

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ADMITTED AND MARKED: "EXHIBIT 128"

MR DOYLE: You'll recall I read to you some time ago now an assumption in the ITO response to the effect - and I might refresh my memory - that , "All Workbrain functional designs delivered by CorpTech as part of the request for offer are final and will be implemented unchanged unless a specific change request is raised." I can't remember, doctor, whether you told me you could recall reading that in the ITO response or not?---No, it's not one I specifically recall, no.

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Were you aware then, tell me, if Workbrain had been selected by CorpTech prior to the ITO process at all for use within the departments and agencies?---I was aware it had been previously selected by certain agencies, yes.

For rostering agencies?---For rostering agencies, yes.

For use in conjunction with SAP?---Yes, I'm aware of that.

And for at least, you would assume, the rostering solution for Queensland Health if there had been a shared services roll-out to Queensland Health?---Yes, I believe so. Yes.

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Can you tell me, please, when you understood that decision had been made?---That decision, from memory, was considerably before 2007. The year that springs to mind is more like 2005.

Right. Tell me if you can help me. When that decision was made, whenever it was, you imagined there be consideration of the scalability of Workbrain to be used for rostering purposes at least and payroll the size of Queensland Health?---Yes.

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For its capacity to integrate with SAP?---Yes.

And to try to identify, if there were any at the time, reference sites where Workbrain was in use for a payroll the size of Queensland Health?---Yes.

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And to satisfy ones self if it wasn't, that it was a liable foundation for assuming it could be used for rostering purposes in something the size of Queensland Health?---The way I'd respond to that is: I did look at a previous involvement of IBM with Workbrain and SAP with respect to other agencies. My understanding of that is that under IBM's involvement through the HR - four letter acronym - HRBS program?

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I think that's right?---Let's assume it's right.

Mr Horton's telling it is so it must be?---Through IBM's involvement, the HRBS program, it was involved with or aware of the use of Workbrain and SAP together with certain

agencies. Let me just say, that was, to me, maybe a data point I should have mentioned because the familiarity with the technology is quite important in terms of being able to bid it, so I'm glad you reminded me of that because I did look at that. Where I was left unsure is to what extent that those arrangements resulted in actual implementations, and personally I would make a stronger statement: I wasn't aware where those relationships actually led to an actual implementation. That's my understanding.

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That's fine, and I'm not suggesting it had, but there had been two occasions where the suitability of Workbrain to be used in conjunction with SAP had been considered by CorpTech. Once back in 2005, or thereabouts, if that's when it was, and once again as part of the ITO evaluation process. The question of its scalability to a payroll of 80,000 people and its capacity to integrate with SAP is relevant to both deliberations. Yes?---Yes.

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Thank you. Can I ask you to go to your report, please, to page 4, and this is to the proposition you've expressed that IBM got it wrong. We should understand, now, you want to reconsider that in light of the - and assuming for the moment the additional facts that I've put to you are correct - you'd want to reconsider the view expressed there?---I would, I'd like to look at the data and assimilate it.

I think you'll have a chance. Assuming contrary what I've put to you, that what you've said here is factually correct, I want to deal with the conclusion. Do you follow me? So go back to your original hypothesis. You say there, "This issue became swamped by other changes." Do you see that?---Yes.

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And then I'll read out a sentence, "The time frames manifested through these change requests became the time determining factor rather than that of a slow Workbrain implementation." Would you accept that what you're saying there, in effect, is that the other changes which were taking place meant whatever was the slowness in the implementation of Workbrain was not in the critical path? ---Up to a point. I'm not in a position to judge what was on the critical path or not, so I couldn't say it was not on the critical path but certainly there were other factors which determined the critical path.

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Okay. Other things which were emerging in the course of change requests became more demanding both in terms of the requirement to have them address and the diversion of resources towards doing so?---Yes.

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Still on Workbrain, there were a series of tests, one of which was a scalability test which you've told us about. And that was, is it right to say, to determine Workbrain's scalability in order to comply with something which was provided for in the contract?---Yes.

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And you read the contractual provision about that and you know what it said. I'm not going to ask you - - -?
---Generally, yes.

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I just want to know what you're going to say to me is against the background of having done so. There was a test plan prepared for the conduct of that test?---Yes.

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And it was submitted and approved by CorpTech, that is submitted to and approved by CorpTech. Yes?---Yes. I'm just trying to remember the date, but I can't.

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It won't matter. The test plan is already an exhibit here, so I won't trouble you with it. The test was conducted and a report prepared reporting upon the outcome of that test or those tests?---Yes.

The tests showed that the tests had been passed. Yes? ---Yes.

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That was itself approved by CorpTech?---Yes.

There were later tests of Workbrain and awards interpretation tests. Do you recall that?---Yes.

It was completed and passed by, or at least said by Queensland Health to be acceptable. Do you recall that? ---Give me more detail there please.

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It was a requirement which first appeared in a change request, change request 129?---129. Yes.

And there were two tests?---Yes, I understand. There were two so-called conditions precedent which defined - basically, two performance assessments of Workbrain.

Good. One was an awards interpretation test and another one was a payroll function test or the payroll performance verification test?---Yes.

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And you know that the awards interpretation test was completed and passed. Queensland Health said it was happy with it. I'll complete the story. CorpTech wouldn't pass it because it had been submitted by Queensland Health rather than IBM. Do you recall that?---I recall that there was dissention. My conclusion from this was that if it didn't pass, it was awfully close.

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Okay. The payroll function test completed payrolls - the idea was to complete pay runs within a certain window? ---Yes.

And that's the one where - - - ?---The 29 minutes.

- - - it was just outside, yes, 29 minutes outside, but it was accepted that it could be overcome by additional hardware and some other steps?---Just to explain my - because I have considerable experience in this sort of area and while that can be a negative sign, I mean, in itself it's a negative sign, but performance issues can be worked on.

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Yes. And experienced people looking at the test will be able to make a judgment themselves as to whether it could be improved by putting on an extra hub?---Indeed. Personally, I did not see it as a drop dead measure. It's an indication, but certainly I did not ever consider that to be a drop dead issue.

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There was also systems unit and systems integration testing conducted which would have included Workbrain?---Yes. That was resulting in the test completion report of 27 April.

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Yes, 09, if you meant 09?---09. Yes.

The conduct of that test was - I'll start again. The criteria for the testing were stated and the tests conducted reported upon and accepted by CorpTech?---Yes, I understand that.

The report itself is the one which I think you've been taken to today which was subject to an audit by KJ Ross? ---Yes.

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I'll just ask that you be shown that again. Excuse me please. I'd like Dr Manfield to be shown exhibit 102 please.

COMMISSIONER: 100?

MR DOYLE: 102 please?---102?

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I hope so. Is that the one?---Yes, this is the one I - - -

Good. I want you to turn to page 16 of it. There's a heading Mapping of Requirements to Test Cases?---Yes.

Can you just read to yourself the second and third paragraphs under that heading. Read the whole thing to yourself and I'll ask you some questions?---I've read it.

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It refers, you'll see, to a requirements traceability matrix which was used for the purposes of whatever it was used for in this report?---Yes.

In the test, I'm sorry. Can you briefly describe the utility of a requirements traceability matrix in relation to systems and systems integration tests?---I can do that and it's really an expansion of what I describe in my report as the V model. If I can borrow that terminology here for brevity, as you go down the left-hand side of the V and develop more detail requirements, you go through a track and trace process. So as you go down, every new detail requirement has to be traced back to a high level requirement. That becomes important. At each level you're

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also developing test cases, so it's important that test cases are linked to requirements at a designated level and, therefore, traceable back up the chain to business requirements. So that up and down process allows you to make sure you retain cohesiveness around both the scope and the applicability of the tests to the actual requirements.

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Just reading what it's reported KJ Ross have said. It's suggested, isn't it, that they have been able to establish the evidence of those links?---Indeed.

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That's to identify the test has been conducted in accordance with the documents which identify the functional and technical requirements of the system at the time of the system - - -?---They do.

And the business requirements at the time they were - - -? ---They do.

This test was conducted?---It's very encouraging thing, too.

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Very good. Thank you?---I will repeat my comment from earlier today that KJ Ross in their role of auditor made no comment and, presumably, had no role in determining the completeness of the scope testing and the point I'd make there is that testing is an open-ended thing. It's a piece of string, as we say, in the industry. You can do a lot of testing. What they have said there is - I'll have to be careful about the words, but one would not necessarily infer from that statement that sufficient completeness of testing had been undergone and that's a serious issue. I've mentioned here because it did colour my thinking about what happened next, so I did particularly want to state that again here now.

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That's fine. I want to ask you though tell me if your knowledge of the contract and its dependent documents extends to this that the deliverables include the delivery of reports which ask for certain nominated tests?---Yes.

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You know that to be so?---Yes, yes.

The process for achieving that is to identify the criteria which the particular test is to test, that is, the parameters of the performance of the system which is to be tested. Yes?---Yes.

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That those parameters will be, in part, provided by IBM, but in part provided by the customer, CorpTech or Queensland Health?---Yes.

In the latter category might be the number of users, the speed of - the number of minutes that are spent in entering

a transaction, those sorts of things and those criteria are set out in a program or plan for the test that was approved by CorpTech. Yes?---Yes, I agree. That's what should happen.

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The test is conducted in a manner which satisfies CorpTech that it's being conducted in a satisfactory way?---Yes.

And a report is prepared which is the deliverable which has to itself be accepted by CorpTech?---Yes, that's right.

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I know we shouldn't dwell with you on contractual matters, but your understanding is the contractual arrangement is - that's how this contract has been structured that IBM performs by delivering a document which is ultimately accepted?---Yes. That's quite true. I wish to identify a gap in my knowledge. I did a review of this because it was of particular concern to me. I was confident I could trace through the contract, through the statements of work that there was adequate coverage of acceptance of documentary deliverables.

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Yes?---The contract, the GITC contract - it points towards acceptance as being contained within relevant statements of work. The statements of work in point 2 have specific tables which nominate acceptance criteria for the documentary of deliverables. I think I understand the acceptance process for documentary of deliverables. The gap in my knowledge is around the acceptance of software itself, and what I expected to see, and I could not find anywhere in what I was given, the definition of the criteria for acceptance of software so I simply want to note that. As I walked in here today, my only thought was there was reference to a master test plan and I thought that might have it, but I was guessing. This is quite important because in terms of accepting software it's important the acceptance criteria be early and the criteria laid down early so you know what you're shooting at, so it was of some concern to me they couldn't find any evidence of that determination.

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We'll see overnight if we can't help you, but what I'm asking you about is the testing of things?---Yes.

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You know the regime to be one that I described to you, the criteria is set, the target of the testing are identified, the test is conducted and report showing it is either approved or not approved, and it's the acceptance of that which is the requirement of the deliverables onto the statement of work. yes?---Yes.

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Thank you. Can I just ask you this before we - you were asked about, by my learned friend Mr Kent, about the proposition that a go live in July 08 was or wasn't realistic, was a reasonable thing to predict. You accepted, I think, implicitly in the question that there was a go live date of July 2008. Do you know that to be so?---My reading of the contract, the initial go live date was 31 July 2008.

You know, don't you, that statement of work 8, which is the statement of work pursuant to which the QHIC project is implemented, has an indicative go live at the end of September 2008?---Thank you. I accept that, it does seem correct.

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I'll remind you of that?---Remind me of that, yes.

Statement of work 8 was accepted, itself, as a deliverable, it was accepted at January or early February 2008?---Yes.

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All right. Let's assume that date's the real date for these purposes.

COMMISSIONER: Doesn't that just mean there was a variation of the contract date?

15/5/13

MANFIELD, D. XXN

MR DOYLE: It may well. It probably doesn't for reasons that we, I think, will have to address you on the proper construction of the contract. There were many variations to this contract, and this might be one of them.

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COMMISSIONER: No doubt.

MR DOYLE: It doesn't really matter, assume it's the end of July - - -?---I know there was an early change request that did vary the date quite early on in the project, so what you're saying to me sounds reasonable.

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Whether it's the end of July - - -

COMMISSIONER: Mr Doyle, can we resume this debate tomorrow morning?

MR DOYLE: Of course.

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COMMISSIONER: I'm told that my associate and the commission staff can't find a copy of the final status report in the material, I thought I'd seen it, but I've added it to exhibit 128.

MR DOYLE: Thank you.

COMMISSIONER: We'll adjourn, now, until 10.00 tomorrow.

WITNESS WITHDREW

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THE COMMISSION ADJOURNED AT 4.32 PM UNTIL THURSDAY, 16 MAY 2013

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