

*****Draft Confidential*****

Paul J. Cosgrave, Commissioner

MEMORANDUM

TO: Deputy Mayor Ed Skyler

CC: NYPD Deputy Commissioner James Onalfo, FDNY Deputy Commissioner Milton Fischberger

FROM: Paul Cosgrave

DATE: April 5, 2007

SUBJECT: Hewlett Packard's Performance on the ECTP and NYPD CAD Contracts

DoITT and its partner agencies (NYPD and FDNY) have become increasingly disappointed with the performance of our primary contractor, Hewlett Packard (HP), with respect to their role on both the ECTP and NYPD CAD projects. We have continually requested for over a year now that they make significant changes in the way they manage these projects. They have been very slow to adapt to our recommended changes, and we believe it is time to address this issue at the highest levels of their organization. Following is a discussion of our financial commitments to HP, a summary of their program performance issues, and a recommended course of action.

Financial Commitments

New York City has two major contracts with the Hewlett Packard Corporation for the delivery of a new 911 service center. The first is the Emergency Communication Transformation Program (ECTP) managed by DoITT and the second is the Sprint CAD replacement project managed by NYPD. Collectively, these contracts are estimated at a maximum amount of \$444 million (ECTP is \$380 million and NYPD CAD is \$64 million). We have given or are in the process of granting task orders to HP on the ECTP program that total from inception \$95 million of which we have paid them \$32 million to date. We have encumbered a total of \$77 million. With respect to the NYPD program, \$10 million of the \$64 million has been paid to HP, however we have not been paid any additional money in the past two years as HP has failed to deliver the Sprint CAD replacement product. Citywide we have approximately \$20 million in other contracts with HP that have also been registered in FMS. These are principally for printers, computers and other commodity products.

Program Performance

HP has failed to meet New York City's expectations and contractual requirements for the ECTP program in a number of key areas:

Poor Project Management--Project management is a key requirement to ensure that the various ECTP component projects are on track. They do not use industry best practices for planning,

executing, and controlling projects. As a result, the City is not effectively able to drive towards desired outcomes.

1. HP has not supported NYC in meeting its goal of a December 07 move in to PSAC1 by the NYPD.
2. Its oversight of Verizon, its integration of other vendor systems (FD CAD and other applications) and products, and its performance in areas it owns have fallen far short of the city's needs and expectations.
3. HP has provided incomplete status reports, schedules, issues lists, risk management matrices, and executive summaries. Gartner issued a 40 page report in 12/06 documenting the lack of needed project documentation.
4. It uses no consistent methodology or process. Gartner's 12/06 report documented their failure to observe their own published communications plan.
5. It does not use industry best practices for planning, executing, and controlling projects. HP's PMO meetings were focused on change orders and revenue impacting events instead of highlighting the strategic issues upon which action was needed.
6. HP's schedule database could not be used to drive toward desired outcomes. It could not be used to produce reports that provide accurate predictions of schedule performance. It was not used to evaluate the value of purchasing a 500K schedule improvement from the console vendor, Evans.
7. HP was required to apply additional resources to manage the budget and forecasting requirements for each component project; an activity that exists within the scope of each component project PM.
8. HP provides a full-time Quality Assurance Manager who to date has not met with the City to discuss quality concerns other than at the City's request.

Poor Leadership/Staffing--Despite the fact that DoITT has provided HP with evidence of poor performance, adequate corrective action plans have not been forthcoming. Leadership and staff improvements have not occurred as promised. Deficiencies are not corrected. HP's staff is not sufficiently skilled to meet program requirement, resulting in a large additional layer of administrative staff to correct mistakes.

1. HP's is currently scheduling project management classes to give their staff the project management knowledge that they are missing instead of replacing them with experienced staff able to perform as needed
2. Billed hours have been cut do to poor quality of deliverables, plagiarized information delivered as work product, and over-billing.
3. They use their PMO staff, called SIMO, as an additional layer of administration to correct below standard performance of its component project managers.
4. Staff are being paid at levels above their level of ability. HP has failed to replace staff whom they agree do not meet standards. The e911 project team is replacing 2 of 3 members due to an administrator paid as a senior project manager and another project manager providing little value. These actions occurred after repeated missed commitments and only when DoITT refused future billings unless they occurred.
5. Many HP staff take responsibility for past problems, no one has lead corrective action. Last spring, last fall, and last December DoITT provided HP with evidence of poor and substandard performance. No one has permanently corrected these deficiencies and demonstrated leadership to permanently fix problem areas. DoITT and HP were to collaborate on the identification of deficiencies between December 06 and January 07. HP failed to contribute and DoITT prepared the document with Gartner assistance. HP was to respond within 30 days but failed to do so until February 07. Many of the corrective steps needed remain incomplete.
6. HP has been asked to provide specific resources for areas such as Organizational Transformation (OT); months elapsed with no solution proposed.

Poor Subcontractor Management--HP is overly dependent on subcontractors, especially iXP. iXP has failed to adequately support important operations such as the current 911 call center. iXP is known to keep information from its HP managers, thought to be for its business advantage. iXP and HP staff are observed out of synch to the detriment of NYC. HP does not exert the managerial control needed to effectively manage its subs.

1. HP marked-up by 50% the quote from Purvis for Starfire Staying Alive from \$11.9 million to \$18 million. The city instead used a direct contract to Purvis to save over \$6 million

2. Repeated requests to replace the iXP staff who heads the communications track remains not done. A suitable replacement has only recently been identified
3. Failed to prevent iXP from generating scope at their own expense and additional expense to NYC. HP removed iXP as the integrator's integrator from the Logging & Recording project only after the city ordered them, after promising to do it independently

Poor Communication – A core requirement to support executing ECTP is effective communication among team members and between HP and City stakeholders. HP has repeatedly suffered communication gaps within their own team leading to lack of timely response to City requests and project needs and execution of critical activities. Additionally, a key failing of HP is their inability to communicate issues to the City for resolution which has led to delays in problem-escalation and resolution.

1. Critical activities such as demonstration of furniture console prototypes that require input from different leads from HP have been poorly coordinated and exhibited disconnects between functional areas.
2. HP PM's have requested project information and documentation from the City rather than ensuring the requests are internal.
3. Direction provided to HP's management team by the City has been slow to extend to the HP team on strategy, processes, use of templates and general direction.
4. HP has facilitated Working Group meetings, NYPD status meetings, FDNY status meetings, PMO meetings with few or no issues raised for discussion and resolution.
5. Until recently directed by the City, issue logs have not been a source of discussion with the City's project teams limiting escalation, understanding and resolution.
6. Issues have not been consistently captured and documented by HP nor explained with resolution dates and impacts.

Limited System Integration Methodology – The City counts on HP to provide best practice methodology for Systems Integration (SI) to help plan for and meet the City's project objectives. HP's approach to SI has been poorly communicated to and managed with the City and has had little or no impact on driving project outcome.

1. SI methodology has been limited primarily to a 'Touchpoints Matrix' that has been described by HP as a tool to identify areas where vendor scope does not exist.
2. Several meetings on the application of the 'Touchpoints Matrix' have been conducted; little or no output, strategy or direction has yet been derived from use of the tool.
3. HP's documentation provided to the City does not include specifics on SI approach
4. During meetings to discuss SI planning, conflicts regarding the definitions and approaches to SI have been arisen among HP's own Systems Engineering and Integration (SEI) team.
5. HP's project schedule that is intended to manage the integration and coordination aspects of the project has been limited in providing visibility into project change. Most recently, the City was considering payment to expedite the delivery of a component project (furniture consoles) and when requested to report on the schedule impact to assist the City's decision-making, HP could not provide the data in a timely manner.

Failure to Deliver NYPD CAD System--In addition to the above, HP has failed to deliver on its contract to the NYPD for a new CAD system. HP's subcontractor Motorola failed to achieve contracted milestones and when this issue was initially raised to HP they responded by admitting they were not effectively overseeing the development of the software and would resolve the problems. Ultimately, Motorola was unable to develop a system to replace NYPD's Sprint system which is the basis for 911 call taking and NYPD dispatch functions. This system is over 20 years old and is in desperate need of replacement. HP presented two alternatives to meet their contractual obligations: a Motorola/Microsoft solution and an Intergraph solution. NYPD has elected to go with the Intergraph solution. HP raised concerns about the Intergraph technology solution and contract after over 6 months of vendor analysis had been conducted. HP has so far refused to change their relationship with Motorola and provide the Intergraph solution that NYPD has selected.

Poor Corporate Support--There is little evidence that the local program team is part of a global corporation. There is no corporate oversight, no corporate quality assurance, and no SWAT team to swiftly correct deficiencies.

Recommendation

DoITT has recommended and our partners at NYPD and FDNY have concurred that we should put the ECTP contract up for re-bid. This would not result in an immediate termination of HP's work as we would hold them contractually responsible for completing the Phase I component of the program which involves moving the NYPD 911 call takers and dispatchers into PSAC 1 by March 1, 2008. At the same time we need to continue work on Unified Calling Taking and activities associated with moving FDNY and EMS into PSAC 1 by March 1, 2009. We would scale back those activities that we have assigned to HP thus minimizing the number of tasks that will need to be transferred to a new vendor in March of 2008. Work on delivering the Intergraph CAD Solution for NYPD along with the additional features needed to support Unified Call Taking would be accelerated and performed as part of the NYPD contract with an amendment to the ECTP contract to address the Unified Call Taking Requirements. HP could compete for the re-bid and if we saw significant improvement with respect to the above mentioned shortcomings we could grant them a new contract.

We recommend that you call the Senior Management at HP, voice our displeasure and let them know of our intent to begin a re-bid process. You could give them the ultimatum to improve their performance by dramatically altering their staff, improving on all the points mentioned above, and agreeing to provide the Intergraph CAD solution as a replacement solution for the NYPD CAD system that they failed to deliver. While there are financial and contractual issues for HP/Motorola associated with the Intergraph alternative (we understand that Intergraph is more expensive than their fixed bid commitment), these are not the City's problems and we should inform HP that they need to resolve those issues with their subcontractors.