DII E-Sign Routing Slip

IT Activity/Project Name: Department of Liquor Control - Retail & POS Independent Review

Department: Department of Liquor Control

Oversight Project Manager: Barbara Cormier

Document(s) for Approval:

__Business Case/Cost Analysis __Contract

__RFP or SOW x IR Final report

__Other (please specify):

Has the Business Case been approved already? Yes

Please include a copy of the approved Business Case in the e-sign package for reference.

Is this a resubmission for approval? No

If yes, please list the issues &/or questions that needed to be addressed to obtain approval. Provide responses to those questions/issues &/or indicate where they are addressed within the document to be e-signed.

Other Comments?

BA (Over 100K)		
Oversight Project Manager	E-SIGNED by Barbara Cormier on 2013-07-25 18:10:49 GMT	July 25, 2013
Contract & Procurement Specialist		
Subject Matter Expert		
CTO or Designee		
Deputy Commissioner		
CIO	E-SIGNED by Richard Boes on 2013-07-26 19:48:06 GMT	July 26, 2013

State of Vermont

Independent Review
Department of Liquor Control Point of Sale System

Submitted to the
State of Vermont, Office of the CIO
July 17, 2013

Version 2.0
FINAL

Prepared by:

Daniel McLane, PMP, Senior Partner, IR Project Manager

Mark Peterson, Managing Partner

Coeur Business Group

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1 EXECUTIVE SUMMARY

This section provides a summary of the Independent Review.

The State of Vermont's Department of Information and Innovation (DII) and Department of Liquor Control (DLC) engaged Coeur Business Group (Coeur Group) to conduct an Independent Review of the Department of Liquor Control Point of Sale System (System) IT activity. Coeur Group interviewed staff and management from the DII, DLC, the Project Management firm BerryDunn, and the selected vendor Systems Technology Group (STG). Additionally DII, DLC, BerryDunn and STG provided Coeur Group with a number of relevant documents that were used to perform this review.

State of Vermont statute requires the DII to solicit an Independent Review for all information technology projects estimated to exceed $1,000,000. The State Office of the Chief Information Officer (CIO) sought an independent review of this project with regards to Acquisition Cost, Technology Architecture, Implementation Plan, Cost and Benefit Analysis, Negotiation Advisory Service (not required for this engagement) and an Impact Analysis on Net Operating Costs for the agency carrying out the activity. The primary objective of the Independent Review is to identify risks and issues that may impact the success of the scope of work.

The primary entities involved in this Independent Review include several stakeholders in the State of Vermont such as the DII, Enterprise Project Management Office (EPMO), and DLC. In general, these stakeholders are referred to in this report collectively as "the State" unless otherwise indicated. The non-State entities involved in the interviews and data collection processes for this review are limited solely to BerryDunn and STG.

Department of Liquor Control Point of Sale System is believed to result in a Positive Return on Investment. This conclusion was reached by analyzing the tangible and intangible benefits reported to the Independent Review team by DLC using the initial Business Case that was submitted to DII. The final version of the Business Case was not available for review prior to completion of this IR. Tangible benefits are defined as those in which there are quantifiable savings associated with the Project. Significant intangible benefits have also been identified, but inherently contain anecdotal estimates of dollar values. However, from Coeur Group's perspective the Business Case is validated not upon the projected savings, but by the risk associated to NOT implementing this solution in a timely manner.

It is Coeur Group's opinion that the issues and risks identified as part of this review if adequately managed and mitigated, DO NOT pose enough concern to the State to warrant foregoing the execution of the proposed Project. For many of the concerns, DLC, Berry Dunn and STG have demonstrated that effective mitigation strategies are already being implemented.

However, based upon issues listed in the following sections, Coeur Group recommends delay of the imminent Contract with STG until issues surrounding the Project Plan and the Contract are properly mitigated to the satisfaction of DII.

2 Summary of Key Findings

Through a series of interviews with DII, DLC, BerryDunn, and STG, Coeur Group identified 16 key findings. A summary of these findings is listed in Table A below. Many of the findings resulted in the documentation of issues or risks. Table B and Table C list summaries of the Issues and Risks respectively. The following definition of a Finding is provided:

Finding: A relevant fact discovered during the execution of this Independent Review that may lead to a recommended Mitigation or Identified Risk.

As Coeur Group conducted this Independent Review, we organized our meetings with the State and Vendor(s) into the five major areas of the Independent Review process as identified in the Vermont Statement of Work for the Department of Liquor Control Point of Sale System IT activity and added one additional area not listed in the SOW: Acquisition Cost Assessment, Technology Architecture Review, Implementation Plan Assessment, Organizational Readiness, Cost Analysis including Impact on Agency Net Operating Costs.

When we identified a Finding, we documented it for additional team discussion and comment. Our Findings have also been organized into the five major areas of the IR process:

Table A - Summary of Key Findings

Acquisition Cost Assessment

- **Finding 1:** The selection process for both consultant vendors (BerryDunn and STG) utilized selection criteria and a ranking of each vendor response. Both Vendors presented significant previous history with this type of engagement. Pricing for the proposed services was typical in the industry and within the operational limits set by DLC. **No issue identified.**
- **Finding 2:** IBM was the primary hardware vendor selected for the Agency POS equipment. This selection was made as a part of the winning STG solution. Costs for this hardware appear to be in line with industry standards and within the Operational limits set by DLC. **No issue identified.**
- **Finding 3:** The Project Acquisition Costs are not final as of this report. This is due in part to ongoing negotiation with STG surrounding the addition of “Options” to the Deliverables. **Issue #1**
- **Finding 4:** The Project Acquisition Costs are not final as of this report.

This is due in part to multiple components of the Project Plan not being complete. Without a formalized Project Plan that is agreed upon by all parties, specifics surrounding the deliverables and expectations of the parties to the contract cannot be finalized. **Issue #7**

Technology Architecture Review

- **Finding 5:** The DLC Disaster Recovery Plan, or better known in the industry as the Continuity of Operations Plan (CoOP), has not been updated to reflect the processes, procedures, training, and methods needed to ensure operation of the proposed DLC System. **Issue #3**

- **Finding 6:** The impact to the State-Wide WAN/LAN has not been fully agreed upon. Specifically, the State CTO and STG have been briefed on the planned architecture; however no formal acceptance of the proposed architecture has been obtained. **Issue #4**

- **Finding 7:** Moving forward with the Proposed System has a greater ability to "Support the Business Need" when compared to the status quo of the current solution. However, projecting improvements beyond the benefit of the physical upgrade of the Technology is speculative. **Issue #5**

- **Finding 8:** Vendor (STG and BerryDunn) compliance with the "Required Project Policies, Guidelines and Methodologies" is a source of contention. The implementation and practice of the "Required Project Policies, Guidelines and Methodologies" does not appear to be particularly well defined or enforced by DII. Without well-defined Required Project Policies, Guidelines and Methodologies both Vendors are trying to hit a moving target. **Issue #6**

Implementation Plan Assessment

- **Finding 9:** Because the Project Schedule is under development and has not been agreed to by DII, DLC, BerryDunn, and STG, any timetables are purely for the sake of RFP response and not for actual Project Management. Attachment O from STG indicates a project this is primarily linear with little parallel activity. **Issue #7**

- **Finding 10:** The Project Management Plan is under development and has not been agreed to by DII, DLC, BerryDunn, and STG, review of the many sub-project plans, list above, which would normally be available, are not ready and therefore not reviewed. **Issue #8**

Organizational Readiness Assessment

- **Finding 11:** DLC staff have been working on this Project for an extended period of time and have a significant personal attachment to its success. While the frustration of how long the Project takes before tangible results like the installation of a new register at an Agency become apparent, starting phases of the Project before they are ready can become more and more tempting. Caution is recommended and will be incumbent upon with BerryDunn to ensure the Project Management Plan is defined and ready for implementation prior to the start of the next phase. **No Issue Identified**

- **Finding 12:** STG has not yet assigned a Project Manager to the DLC Project. Success of a Project of this magnitude and complexity is not completely based upon the Project Plan. It is somewhat based upon the personalities and the ability to work together of the Project Management Team. Meeting the STG Project Team as early as possible is necessary to help ensure success. **Issue #9**

Cost Analysis including Impact on Agency Net Operating Costs

- **Finding 13:** Repeated from the above cost Section The Project Costs are not final as of this report. This is due in part to ongoing negotiation with STG surrounding the addition of "Options" to the Deliverables.

- **Finding 14:** Repeated from the above cost Section The Project Costs are not final as of this report. This is due in part to multiple components of the Project Plan not being complete. Without a formalized Project Plan that is agreed upon by all parties, specifics surrounding the deliverables and expectations of the parties to the contract cannot be finalized.

- **Finding 15:** Benefits listed have little to no associated dollar figures. A true cost Benefit Analysis cannot be performed until agreed upon dollar amounts are provided to the Benefits as well as the Costs. This was originally provided as part of the Business Case but it was asked that it be removed by DII. The dollar costs are speculative, but had foundational research to back them up. **Issue #10**

- **Finding 16:** It is typical for a Project of this size and complexity to utilize a Cost Benefit Analysis as part of the justification for the Project. In this particular case the real Cost Benefit Analysis boils down to the Risk to DLC and the State of Vermont if the proposed Project is NOT implemented and the existing system suffers a catastrophic failure. Direct Costs (loss of revenue, loss of customers to another State and others) associated to a catastrophic failure of the existing system outweigh the Acquisition and Operational Costs of the Proposed System. The Proposed System and identified Costs to date, indicate a Positive position for the Project. **Issue #10**

2.1 Summary of Key Issues and Risks

Coeur Group identified both Issues and Risks as a result of this Independent Review. The Project Management Institute (PMI) provides an important distinction between the two, and Coeur Group believes that this section must include a narrative regarding Issues in addition to Risks.

Issue: An Issue is a situation or concern which has occurred or will definitely occur. Issues can create Risk if they are not addressed prior to, or planned to be addressed during a project implementation.

Risk: Uncertain events or conditions which, if they occur, have an effect (positive or negative) on the project's objectives. Risks are events or conditions that may occur in the future.

2.1.1 Issue Summary

Table B Summary of Key Issues

During Coeur Group's review of the proposed Project, 11 Issues were identified.

- **Issue #1:** The Project Acquisition Costs are not final due to ongoing negotiations with STG Medium
- **Issue #2:** DLC CoOP has not been updated to reflect the requirements of the Proposed Project Medium
- **Issue #3:** Impact to the State-wide WAN/LAN has not been agreed upon Medium
- **Issue #4:** Benefits of the Proposed System are speculative Low
- **Issue #5:** Compliance with the Required Project Policies, Guidelines and Methodologies High
- **Issue #6:** Project Timetables are not finalized Medium

- **Issue #7:** Project Plan is not complete. High

- **Issue #8:** No Project Manager assigned by STG Medium.

- **Issue #9:** Financial gains associated to Project Benefits are not defined Low

- **Issue #10: Transferred from the existing Risk Register to the Issue Log by Coeur Group.** Customized software modules wholly owned by the State may not be supported by STG for some unforeseen reason. Medium

- **Issue #11: Transferred from the existing Risk Register to the Issue Log by Coeur Group.** The number of staff and subcontractors proposed by STG may create project management complexities and possibly delays. High

2.1.2 Risk Summary

Table C Summary of Key Risks

During Coeur Group's review of the proposed Project, 1 Risk was identified.

- **Risk #1:** Funding for this Project and it's continued support is subject to approval by the Legislature Medium

3 OVERVIEW OF THIS DOCUMENT AND BACKGROUND

This section provides background information, approach, assumptions, and objectives of the Independent Review. This section describes the scope of the Independent Review to give readers appropriate context when reading the analysis and findings found in this report.

3.1 Scope of this Independent Review

In accordance with the Independent Review of Statement of Work (SOW), Coeur Group conducted an independent review of the proposed Department of Liquor Control Retail and Point of Sale System Project. It is the intent of the State that the following items be addressed through the SOW:

- A Project Planning and Independent Review kickoff meeting with the primary goal to introduce the players and discuss the IR process going forward.
- Review of all pertinent materials, contracts, SOW's, project work plans and other documentation such as necessary to establish an understanding of the project(s) and proposed work being reviewed.
- On site meetings: Approximately 2 days on-site at State offices in Vermont collecting information and interviewing stakeholders
- A teleconference call with the selected system vendor as needed.
- Identification of risks and cataloging them into a risk register (State can provide template if required)
- Facilitation of a discussion of strategies to mitigate risks with OPM, Project Sponsor and Stakeholders
- Work with the various stakeholders to develop specific responses to each risk identified. It is our expectation that out of the risk analysis effort come specific plans/strategies and actions that are taken or planned to be taken to address those risks (i.e. accept risk, mitigate risk, transfer risk, etc.).
- Work with OPM to ensure the Risk Response Plan is finalized with Sponsor before final review with CIO.
- Conduct other meetings and collect other information as necessary
- Create an Independent Review report according to the Scope of Work, and deliver the draft document to the OPM
- Hold an on-site meeting with the State EPMO Project Manager, DII Deputy Commissioner, Sponsors & State CIO to present the final review report and answer any questions

- Update the final report incorporating feedback and submit the final report for CIO approval. OPM will "close" out IR with CIO once all Risk response plans have satisfied the CIO.
- Via the OPM, obtain CIO sign-off to signify the acceptance of the IR deliverables at the conclusion of the IR engagement and give DII Contracts Specialist final IR and acceptance documents to close out task.

The scope of this document is fulfilling the requirements of Vermont Statute, Title 3, Chapter 45, §2222(g1):

> "The secretary of administration shall obtain independent expert review of any recommendation for any information technology activity initiated after July 1, 1996, as information technology activity is defined by subdivision (a)(10) of this section, when its total cost is $1,000,000.00 or greater or when required by the state chief information officer. Documentation of this independent review shall be included when plans are submitted for review pursuant to subdivisions (a) (9) and (10) of this section. The independent review shall include:
>
> (A) An acquisition cost assessment;
>
> (B) A technology architecture review;
>
> (C) An implementation plan assessment;
>
> (D) A cost analysis and a model for benefit analysis; and
>
> (E) A procurement negotiation advisory services contract.

3.2 Review Approach

In conducting our Independent Review, the following activities were completed:

Table 2 - SOW Requirements and Activities Performed

SOW Requirement	Activity Performed	Date(s) Performed
A Project Planning and Independent Review kickoff meeting with the primary goal to introduce the players and discuss the IR process going forward.	Kickoff Meeting	June 5, 1013
Review of all pertinent materials, contracts, SOW's, project work plans and other documentation such as necessary to establish an understanding of the project(s) and proposed work being reviewed.	Documentation request to DLC and Review of Materials. See documentation list attached.	Throughout the IR
On site meetings: Approximately 2 days on-site at State offices in Vermont collecting information and interviewing stakeholders	On site meetings and Interviews of Key Stakeholders	June 12, 1013
A teleconference call with the selected system vendor as needed.	Teleconference with STG	June 21, 2013
Identification of risks and cataloging them into a risk register	Identification of Issues and Risks and cataloging into a Issues and Risk Register	Throughout the IR via the use of the DLC Process Review Register spreadsheet
Facilitation of a discussion of strategies to mitigate risks with OPM, Project Sponsor and Stakeholders	Facilitated multiple discussions between Stakeholders to mitigate Issues and Risks	Throughout the IR including: June 20, 21, 24, 2013 and July 2, 8, 9, 10, 2013 and continuing until IR completion
Work with the various stakeholders to develop specific responses to each risk identified.	Worked with Stakeholders to develop Issues and Risk responses	Throughout the IR and ongoing until IR completion.
Work with OPM to ensure the	Worked with OPM to ensure	

Risk Response Plan is finalized with Sponsor before final review with CIO.	the Risk Response Plan is finalized with Sponsor before final review with CIO.	
Conduct other meetings and collect other information as necessary	Conducted other meetings and collected other information as necessary	Throughout the IR
Create an Independent Review report according to the Scope of Work, and deliver the draft document to the OPM	Developed an Independent Review report according to the Scope of Work, and delivered the draft document to the OPM, DLC and BerryDunn	July 8 – 11, 2013
Hold an on-site meeting with the State EPMO Project Manager, DII Deputy Commissioner, Sponsors & State CIO to present the final review report and answer any questions	Held an on-site meeting with the State EPMO Project Manager, DII Deputy Commissioner, Sponsors & State CIO to present the final review report and answer any questions	July 15, 2013
Update the final report incorporating feedback and submit the final report for CIO approval. OPM will "close" out IR with CIO once all Risk response plans have satisfied the CIO.	Update the final report incorporating feedback and submit the final report for CIO approval.	July 15 – 19, 2013
Via the OPM, obtain CIO sign-off to signify the acceptance of the IR deliverables at the conclusion of the IR engagement and give DII Contracts Specialist final IR and acceptance documents to close out task.	Via the OPM, obtained CIO sign-off to signify the acceptance of the IR deliverables at the conclusion of the IR engagement and delivered DII Contracts Specialist final IR and acceptance documents to close out task.	To be determined

3.3 Documentation Review

A variety of documents were reviewed during this study including budgets, vendor contracts, plans, vendor deliverables, and vendor proposals. Table 3 lists the documents provided to Coeur Group by the State for review during the Independent Review process.

Table 3 - Table of Documents Reviewed

Document Title or File Name	Provided by	Date Received
STG Response to VTDLC Retail and POS RFP	DLC/BerryDunn	5/29/13
STG Attachment O Preliminary Project Plan	DLC/BerryDunn	5/29/13
STG Attachment H VT DLC Functional and Technical Requirements	DLC/BerryDunn	5/29/13
STG response State of Vermont Department of Liquor Control RFP Questions	DLC/BerryDunn	5/29/13
Payables in Microsoft Dynamics NAV	DLC/BerryDunn	5/29/13
Inventory Management in Microsoft Dynamics NAV	DLC/BerryDunn	5/29/13
General Ledger in Microsoft Dynamics NAV	DLC/BerryDunn	5/29/13
Business Intelligence in Microsoft Dynamics NAV	DLC/BerryDunn	5/29/13
The Current Environment Report	DLC/BerryDunn	5/29/13
Procedures Manual	DLC/BerryDunn	5/29/13
PCI abstract for RFP	DLC/BerryDunn	5/29/13
EPMO-Project-Management-Procedure-Flow	DLC/BerryDunn	5/29/13
EPMO-Project-Management-Procedure	DLC/BerryDunn	5/29/13
VT DLC Retail and POS Questions Answered	DLC/BerryDunn	5/29/13
Vermont DLC RFP v4 changes accepted	DLC/BerryDunn	5/29/13
Morey Response Re Policy ramifications of cloud	DLC/BerryDunn	5/29/13

solutions		
Frank Perricone To MKM Policy ramifications of cloud solutions	DLC/BerryDunn	5/29/13
DLC Addendums 1, 2	DLC/BerryDunn	5/29/13
Attachment P Environmental Information Form	DLC/BerryDunn	5/29/13
Attachment O Preliminary Project Plan	DLC/BerryDunn	5/29/13
Attachment N Implementation Plan Challenges	DLC/BerryDunn	5/29/13
Attachment M Staff Loading Chart	DLC/BerryDunn	5/29/13
Attachment L New and Operable Hardware Certification	DLC/BerryDunn	5/29/13
Attachment K RFP Submission Checklist	DLC/BerryDunn	5/29/13
Attachment J Required Responses to Questions about Functionality and System Implementation	DLC/BerryDunn	5/29/13
Attachment I Cost Proposal Worksheet	DLC/BerryDunn	5/29/13
Attachment H VT DLC Functional and Technical Requirements	DLC/BerryDunn	5/29/13
Attachment G Glossary	DLC/BerryDunn	5/29/13
Attachment F Warranty Specifications	DLC/BerryDunn	5/29/13
Attachment E Workers Compensation; State Contracts Compliance Requirement	DLC/BerryDunn	5/29/13
Attachment D Commodity Purchases Terms and Conditions	DLC/BerryDunn	5/29/13
Attachment C Standard State Provisions for Contracts and Grants	DLC/BerryDunn	5/29/13
Attachment B Offshore	DLC/BerryDunn	5/29/13

Outsource Form		
Attachment A Certificate of Compliance	DLC/BerryDunn	5/29/13
2013_06_13_VTDLC_Bi-Weekly_Status_Report_2 final	DLC/BerryDunn	6/20/13
VT DLC Retail and POS System Business Case v 1_2	DLC/BerryDunn	7/2/13
Retail and POS System Preliminary Life Cycle Cost AnalysisWithCurrentw2013v4	DLC/BerryDunn	7/2/13
Risk Register 7-9-2013	DLC/BerryDunn	7/9/13
2013_06_27_VTDLC_Bi-Weekly_Status_Report_3 final	DLC/BerryDunn	7/9/13
Stakeholders	DLC/BerryDunn	5/30/13
BerryDunn BAFO Letter for Vermont DLC PM Services	DLC/BerryDunn	5/31/13
BerryDunn Cost Proposal for Vermont DLC Retail-POS System PM_CD	DLC/BerryDunn	5/31/13
BerryDunn Technical Proposal for Vermont DLC PM_Redacted Section 6	DLC/BerryDunn	5/31/13
STG Response to VTDLC Retail and POS RFP	DLC/BerryDunn	5/31/13
VT DLC Retail and POS System Business Case Updated Version	DLC/BerryDunn	6/5/13
Retail and POS System Preliminary Life Cycle Cost AnalysisWithCurrentw2013v3	DLC/BerryDunn	6/12/13
PCI abstract for DLC	DLC/BerryDunn	6/12/13
VT DLC Retail Systems Project Summary of selection process	DLC/BerryDunn	6/15/13
Requirements Matrix	DLC/BerryDunn	6/17/13
Proj Mgt Vendor Scoring and Evaluation	DLC/BerryDunn	6/17/13
Network Architecture Diagram	DLC/BerryDunn	6/19/13
PCI Action Plan with STG and Shift4 v1.0	DLC/BerryDunn	7/2/13
Retail and POS Systems Design and Implementation Contract	DLC/BerryDunn	7/3/13

draft 7-3-2013		
STG Project Plan v1.0	DLC/BerryDunn	7/8/13
Hardware and Software Training Plan v1	DLC/BerryDunn	7/9/13
Agency Infrastructure Diagram v1	DLC/BerryDunn	7/9/13
VT DLC CoOP 07-2013	DLC/BerryDunn	7/9/13
Hardware Support Plan v1	DLC/BerryDunn	7/9/13

3.4 Interview Schedule

The major sources of information used during the Independent Review process include interviews with OPM, DII, DLC, BerryDunn, and STG in addition to project documents. The following represents a list of interviews performed during this Independent Review.

Table 5 - Table of Interviews

Person or Group Interviewed	People Present Curing Interview	Date of Interview
Michael Hogan Commissioner, Vermont Department of Liquor Control (DLC)	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane	June 12 2013
Richard Boes Commissioner Department of Information & Innovation (DII)	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane	June 13 2013
Michael Morey Chief Technology Officer Department of Information & Innovation (DII)	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane	June 13 2013
Barbara Cormier Oversight Project Manager Department of Information & Innovation (DII)	Dan McLane alone and at times with: Frank J. Perricone Brad Hanscom	June 5, 2013 and ongoing
Frank J. Perricone IT Manager Vermont Department of Liquor Control (DLC)	Barbara Cormier Brad Hanscom Dan McLane	June 5, 2013 and ongoing
Darwin Thompson Deputy Commissioner Department of Information and Innovation (DII)	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane	June 13, 2013
Peter Kipp Contracts and Procurement Specialist	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane	June 13, 2013
Jan Ciemiecki Retail Operations Director	Barbara Cormier Frank J. Perricone	June 12, 2013

Vermont Department of Liquor Control (DLC)	Brad Hanscom Dan McLane and for part of the interview, Michael Hogan	
Heather Duke Business Manager Vermont Department of Liquor Control (DLC)	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane and for part of the interview, Michael Hogan	June 12, 2013
Marcia Gardner Marketing and Customer Service Specialist Vermont Department of Liquor Control (DLC)	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane	June 24, 2013
Tonia Pryce Purchasing and Pricing Chief Vermont Department of Liquor Control (DLC)	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane and for part of the interview, Michael Hogan	June 12, 2013
Brad Hanscom Senior Project Manager BerryDunn	Dan McLane alone and at times with: Barbara Cormier Frank J. Perricone	June 5, 2013 and ongoing
Paul Flowers Vice President Systems Technology Group (STG)	Barbara Cormier Frank J. Perricone Brad Hanscom Dan McLane	June 21, 2013

Coeur Group would like to acknowledge the significant time afforded to our Independent Review team by a number of individuals including Frank J. Perricone, Barbara Cormier, and Brad Hanscom (BerryDunn).

3.5 Project Historical Background

(From the VT DLC Retail POS system Business Case V1.2)

The DLC's retail operations are supported by central office hardware and software ("Sequoia") derived from technologies up to 30 years old and point of sale systems based on technologies up to 20 years old. These systems are hard to maintain, requiring rare specialized skills, and do not support connectivity to business partners, easy access to data, or modern retail business practices. They are slow, prone to failure, and hard to support, often depending on used hardware that is increasingly hard to secure. Revising them to support new business initiatives is costly and slow, when possible at all.

Almost all of the DLC's business processes are built around Sequoia, an obsolete legacy system based on COBOL programs dating back up to 30 years. Sequoia has software to handle inventory and other retail functions, purchasing, marketing, and accounting, along with interfaces to other systems such as our Warehouse Management System and VISION. It also includes an Education, Licensing, and Enforcement system, which is outside the scope of this project and will be replaced in a later project.

Sequoia is highly vulnerable to system failures of many sorts, including hardware (most of the components are only available on the used parts market), software (it is impossible to get support for many of the third party systems), and skills (it is nearly impossible to hire employees or contractors with the experience relevant to the technologies in use). Any number of failures could cause severe to catastrophic loss of capability for DLC, including impact both on our revenue generation and law enforcement functions.

Sequoia's obsolescence also limits its ability to communicate effectively. Compatibility limitations prevent using its data for business intelligence analyses or exchanging data with business partners or the public in ways that facilitate efficiency or improved customer service. Developing new reports is slow and time-consuming, and new functions to support business initiatives can range from costly to impossible. Sequoia's design, dating back 30 years or more, pushes the DLC into business processes built on out-of-date assumptions and around technological limitations from a long-gone time, causing inefficiencies and preventing DLC from taking advantage of modern best practices.

In the DLC's retail stores, cash registers are in place, which connects daily with Sequoia, and which have all these same problems, since they are based on an operating system, programming language, and source code that are almost 20 years old. Due to the rigors of the retail environment, hardware failures are common, and parts have to be found on eBay and scrounged from the ruins of previous failures. The software is incapable of implementing new initiatives like gift cards or even adapting to changes in bank contracts and credit card processors. Customer service is severely negatively impacted, particularly by the limitations of dial-up modems, which make credit card authorization slow and unreliable, and prevent timely information from being disseminated to registers during the day.

The DLC has used these systems for many times longer than their intended lifespan, and managed to forestall many catastrophic failures, but there is no way to continue to sustain them. They must be replaced together, since they are intimately linked and function as a single retail system. Implementing a new system to replace them with identical functionality would be a solution to many of these problems, but would still leave the DLC saddled with outdated business processes and prevent taking advantage of many of the features of modern software and systems. The best option is to use the replacement of these systems as an opportunity to redevelop business processes systemically, building the new system around new business processes, and the new processes around the new system. This offers not only protection against failure and vast opportunities for efficiencies, but also a platform for future growth, new revenue-generating initiatives, better customer service, compatibility with future policies and technologies, and more chances to offer customers and business partner's usable information electronically.

Replacing these systems affords the DLC the opportunity to take advantage of considerable efficiencies, both technical and procedural, as the change in systems will be accompanied by a review of business processes and a re-engineering of those that can benefit from revision. It also affords protection against the imminent disaster of a system failure from which recovery is impossible due to lack of access to hardware, software, or skills.

Finally, new systems position the DLC to act on business opportunities through ability to implement new promotional programs, better access to sales data, and opportunities for improved efficiencies, leading to better customer service, reduced costs, and increased revenue.

3.5.1 The Project is being driven by the following needs:

(From the VT DLC Retail POS system Business Case V1.2)

- A system design will be created that meets 100% of those requirements that the DLC has classified as "Essential" in all areas (hardware, point of sale, retail, accounting, marketing, purchasing, and technical). The system design will specify the necessary configuration and customization of the selected system, as well as business processes as they will be used with the system as it will exist after deployment is complete.
- An implementation plan will be drafted that meets 100% of DLC's specified requirements for the testing, training, deployment, transition, and support, and allows all of DLC's business processes to continue to be accomplished during the transitional period.

3.5.2 The Project is being driven by the following benefits:

(From the VT DLC Retail POS system Business Case V1.2)

- The configured and customized system will meet all pass/fail requirements during unit testing; interface testing, user acceptance testing, load and stress testing, end-to-end testing, and data migration testing.

- All affected DLC staff and all agencies will be given training on the new system not more than a month before installation in their location.
- The installation will be subjected to end-to-end PCI/DSS compliance testing by a licensed QSA/ASV service and achieve a passing grade. Any shortcomings identified in the testing will be remedied before the next quarterly PCI/DSS security test.
- Revenue increase due to recouping sales previously lost to out-of-stock (OOS) conditions, register outages (due to failing equipment), and slow transaction processing.
- Revenue increase due to increased sales resulting from use of new promotional opportunities such as loyalty cards, coupons, mix and match, shorter-term discounts, case discounts, smarter use of promotions, inventory handling, etc. due to having better data analysis regarding sales trends, inventory turns, and improved planogram generation due to better access to product and sales data in shelf management software.
- Revenue increase due to sale of gift cards.
- Revenue increase due to increased use of special orders.
- Revenue increase due to use of customer-facing displays to provide customer-centric information and advertising, such as announcing upcoming events or promotions. Space on such displays can also be “sold” to third parties such as liquor manufacturers for advertising purposes for additional revenue.
- Reduced cost of postage and paper due to elimination of many mailings to and from agencies due to electronic transmission of data (such as sales reports), use of online processing (such as online ordering), in-store generation of labels and promotional materials, and the use of electronic signature capture for credit card processing.
- Reduced cost of write-offs caused by inventory errors due to more timely product data updates (e.g., updates to UPC lookup table), fewer hardware failures leading to bad scans or miskeys, etc.
- Reduced staff training time due to use of modern software and availability of complete and current procedures manuals.
- Reduced costs accrued due to problems with register cash management leading to delays in cash flow and staff time spent handling problems, due to improved cash handling and security functions on registers.
- Reduced cost of replacing register hardware due to significantly lower failure rates of modern manufacturing techniques, higher quality equipment, more use of power protection such as surge suppression, and use of commodity replaceable hardware reducing the increased costs of single-source equipment.

- Reduced cost of inventory on hand in warehouse due to improvements in order handling and shorter turnaround time on orders, and reduction in overstock return from agencies.
- Improved customer service for liquor customers, including licensees.
- Preventing the catastrophic loss of revenue and service that would follow system failures, including short-term, long-term, and unrecoverable, all of which are increasingly likely as time passes.
- Better law enforcement for liquor laws due to better and more timely information available to enforcement staff.
- Reduced rates of illegal purchase or consumption of alcohol due to improved ability to validate ID and other technological assistance in screening purchases.
- Protection against damaging or catastrophic loss of institutional knowledge during staff turnover, due to increased use of standardized technology and widely accepted business practices, and availability of complete and current procedures manual.
- Better relationship with agency staff due to significant improvements in register technology saving them time on all processes from daily sales to monthly inventory counting, and reducing problems.
- Data shared with the National Alcohol Beverage Control Association (NABCA), and thereby with suppliers, brokers, vendors, and other states, will be more complete, timelier, and more accurate.
- Improved departmental and state image due to better web presence with more current information, support for online transactions, a more current look and feel, and use of customer-focused current and advanced technology at public-facing retail points of presence.
- Support for newer payment methods, both current (e.g., gift cards) and future (e.g., paying with a smartphone), helps retain customer loyalty and avoid lost sales.
- As DLC’s technical limitations will no longer be a factor in the statewide bid solicitation and contract negotiation with banks, the state as a whole may get more vendor choices, leading to better terms and more features, for credit card processing and other banking services.
- Considerably reduced staff time spent on system maintenance and execution of duties across the following DLC divisions: Accounting/Business Office, Retail Operations, Purchasing and Pricing, Marketing, and especially Information Technology.
- Reduced cost of write-offs caused by credit card processing errors due to use of reliable networks instead of error-prone dial-up modems.

- Reduced cost of register receipt tape due to not producing unnecessary receipts or reports in many situations.

3.6 Limitations of this Review

This Independent Review of the Department of Liquor Control Point of Sale System project is limited by:

- Availability and schedules of key Stakeholders for interviews and follow-up clarifying conversations.
- Documentation provided to Coeur Group by the State (see Documentation Table).
- Throughout this Independent Review, Coeur Group has relied on the accuracy of the documents and interviews provided by the OPM, DII, DLC, BerryDunn, and STG

4 REQUEST FOR PROPOSAL REVIEW

4.1 Project Goal

(From the INFORMATION TECHNOLOGY REQUEST FOR PROPOSAL (RFP) Vermont Department of Liquor Control Retail and Point of Sale Solution)

The result of this procurement will be the design, development, configuration, testing, training, implementation, and acquisition of a new retail and POS system for the DLC and the agents who sell liquor on behalf of the State. DLC's overall goals for the new Retail and POS system include better data access, reliability, user friendliness, interoperability with other modern systems, state-of-the-art functionality, end-to-end automation, support from the supplying Offeror, flexible reporting, compliance with modern security and auditing requirements, support for live network connectivity between retail and back office, support for network connections to banks and processors, support for online transactions, a platform for implementation of future programs and new technology, and freedom from dependence on hard-to-obtain replacement hardware and support.

DLC is not merely looking to replace software and hardware, but also to continue to re-examine its business processes, take advantage of best practices, and continue reengineering how it conducts business. The goal is not only to become free of dependence on obsolete technologies, but also to set the stage for improved efficiencies and for future needs not yet anticipated.

4.2 Project Scope

(From the INFORMATION TECHNOLOGY REQUEST FOR PROPOSAL (RFP) Vermont Department of Liquor Control Retail and Point of Sale Solution)

This contract will be a deliverables-based, fixed cost contract for the acquisition of a new retail and POS system for the State of Vermont Department of Liquor Control and the agents who sell liquor on behalf of the State.

4.3 Major Tasks and Milestones

(From the INFORMATION TECHNOLOGY REQUEST FOR PROPOSAL (RFP) Vermont Department of Liquor Control Retail and Point of Sale Solution)

- Develop a statement of work (SOW) that will specify functionality to be delivered to the DLC. This SOW will result from the contract negotiations between the successful Offeror and DLC.
- Develop the project management plan which will establish and communicate the overall project organization and governance, project management control processes and serve as the guiding document for managing the project.
- Determine the critical success factors to successfully complete the project, review all project deliverables and confirm initial project scope.
- Identify project team roles and responsibilities, resource requirements; discuss and confirm project implementation strategy (conversion, configuration, and reporting, testing, training, change management).
- Develop a Project Charter that is consistent with project management best practices, such as what is found in the PMBOK. The Project Charter should contain a project background description, a statement of the project objective, critical success factors, required resources, and constraints.
- Build initial project work plan/schedule with preliminary dates for key project milestones and estimated resource requirements.
- Identify initial project risk factors and develop risk management plan.
- Develop communication plan and schedule for project team meetings.
- Define project status reporting requirements, processes and schedule.
- Conduct sessions to discuss enterprise system design considerations and produce high level design document.
- Project Management Plan
- Project Organization & Governance
- Project Team Member Roles and Responsibilities
- Resource Plan

- Communications Plan
- Quality Management Plan
- Risk Management Plan
- Organizational and Software Change Management Plan
- Deliverable Acceptance Plan
- Preliminary Project Schedule
- Project Scope Management Plan
- Project Charter
- Project Scope Statement
- High Level Enterprise System Design Document
- On-Site Plan
- Project Kick-Off Meeting
- Gap Analysis
- Project Kick-Off Meeting
- Requirements Traceability Matrix
- Finalized To-Be Business Processes Documentation and Updated Procedures Manual
- Hardware and Software Configuration Plan
- Data Migration Plan
- Interface Plan
- Testing Plans
- Training Plan
- PCI Compliance Plan
- Deployment Plan
- Installation, Customization and Configuration
- Delivery of Test-Ready Version of Solution to State Servers
- Central Office and POS System Unit Testing and Central Office System User Acceptance Testing
- Just-in-Time Training, Deployment, Go-Live and Warranty Period
- Roll-out - Region 1
- Roll-out Regions 2, 3 and 4
- Create implementation checklist
- Warranty Period Completed
- On-Going Project Management
- Updated project schedule
- Bi-weekly project status reports
- Hardware Delivery
- Hardware Certification

4.4 Payment Terms

(From the INFORMATION TECHNOLOGY REQUEST FOR PROPOSAL (RFP) Vermont Department of Liquor Control Retail and Point of Sale Solution)

- Invoicing
  All invoices are to be rendered by the Offeror on the Offeror's standard billhead and forwarded to the State's PM. Details such as name and address will be determined during negotiations. The offeror's proposal must clearly specify the address for submitting payments. All payments are to be based on State of Vermont's acceptance of agreed to, fixed price deliverables.
- Retainage
  The State will hold back 10% of each deliverable payment as retainage. Upon completion of all deliverables to the satisfaction of the State, all retainage withheld will be paid to the offeror in full, subject to the terms and conditions of the contract.
- The State will not consider any prompt payment discounts terms proposed by the offeror in evaluating cost. The lowest cost proposal will receive the maximum number of points allocated to cost. The State will evaluate the point allocations for cost on the other proposals according to the method set forth in the Proposal Evaluation form attached to this RFP.

5 ACQUISITION COST ASSESSMENT

This section provides information and analysis on the costs of the proposed Project. Specifically, it addresses the proposed costs, payment terms, cost assumptions, anticipated benefits, and a cost benefit summary.

5.1 Project Cost Summary

(From the VT DLC Retail POS system Business Case V1.2)

Current Operational cost defines the amount of funds necessary to run/operate the current solution. Operational cost may include planned or anticipated hardware replacement if historical information is available. The current operational cost as represented in the table below is $193,824.

Implementation Cost defines the amount of funds needed to design, develop, and deploy the planned future system. Implementation Cost also includes, one-time licenses, one-time hardware purchases, training, Project Management services for the term of the Project as well as the DLC staff costs necessary to implement the proposed system. The projected implementation cost is $3,379,144.

Projected Operational Costs define the annual amount of funds needed to run/operate the proposed system for a period of one year. Operational Costs include annual/repeatable software licenses, PIC compliance certifications, networks, maintenance agreements, planned hardware replacement or upgrades, DLC technical staff costs, and DII enterprise architecture costs. The projected Operational Cost is $302,668.89. Projected Operational costs represent an increase in annual Operational Cost of $108,884 or approximately a 56.2% increase over the Current Operational Cost.

Current Annual Operational Cost	Projected Implementation Cost	Projected Annual Operational Cost
$193,824	$3,379,144	$302,668

More detail on Project Costs can be found in the Cost Benefit Section *(Retail and POS System Preliminary Life Cycle Cost AnalysisWithCurrentw2013v4)*

5.2 Independent Review Findings Related to Acquisition Costs

4 of the 16 findings identified in this Independent Review are associated with Acquisition Costs.

Finding 1: The selection process for both consultant vendors (BerryDunn and STG) utilized selection criteria and a ranking of each vendor response. Both Vendors presented significant previous history with this type of engagement. Pricing for the proposed services was typical in the industry and within the operational limits set by DLC. **No issue identified.**

Finding 2: IBM was the primary hardware vendor selected for the Agency POS equipment. This selection was made as a part of the winning STG solution. Costs for this hardware appear to be in line with industry standards and within the Operational limits set by DLC. **No issue identified.**

Finding 3: The Project Acquisition Costs are not final as of this report. This is due in part to ongoing negotiation with STG surrounding the addition of “Options” to the Deliverables. **Issue #1**

Finding 4: The Project Acquisition Costs are not final as of this report. This is due in part to multiple components of the Project Plan not being complete. Without a formalized Project Plan that is agreed upon by all parties, specifics surrounding the deliverables and

expectations of the parties to the contract cannot be finalized.
Issue #7

6 TECHNICAL ARCHITECTURE REVIEW

This section provides information on the technical overview of the proposed Project. This section looks at how the Project, has the technical capacity to meet the needs of the State's objectives.

6.1 Support for the State's Strategic Enterprise Systems Direction

The DII web site as of June 3, 2013 states that its strategic direction is Private Cloud computing. This translates to a vendor-hosted server for implementations such as Department of Liquor Control Point of Sale System is the preferred method. The justifications for a Private Cloud are accessibility of data and resources, which allows State of Vermont government agencies to focus on providing core mission and less on data access. Furthermore a Cloud based solution allows DLC to pay only for the resources needed and used.

6.2 Security Analysis

The RFP specifies that the proposed solution must comply with modern security and auditing requirements, provide for support for live network connectivity between retail and back office, support for network connections to banks and processors, support for online transactions.

Most of the proposed system does not require intense or highly secure operation. The project calls for generally acceptable security methods including the use of virus protection, network monitoring tools and methods, as well as internet firewalls there needed.

The highest security risk associated to the project involves the credit card swipe and associated transaction. The project has dealt with this security concern by outsourcing the credit card transaction to a third party and not allowing the transaction information to pass through the DII or DLC network. Credit card security is managed through PCI/DSS security requirements as listed in the RFP. PCI/DSS is a set of security requirements, which are referenced within the contract that all credit card processors have with all merchants, and are therefore binding upon all merchants who accept credit cards. They are intended to protect cardholder data from identify theft, and the processors from the costs of fraud and the erosion of consumer confidence. Because they are incredibly broad and comprehensive, many merchants, even billion-dollar companies, are not fully compliant yet, and thus PCI has chosen to prioritize its enforcement activities on the largest merchants; however, while the harshest penalties are not being implemented on most merchants yet, compliance is still of vital importance, since those penalties can be as broad as a quarterly $250K fine along with suspension of all credit card processing capabilities for the merchant.

Planned implementations of the PCI/DSS standards as they relate to DLC are as follows:

- Install and maintain a firewall configuration to protect cardholder data
- Do not use vendor-supplied defaults for system passwords and other security parameters
- Protect stored cardholder data
- Encrypt transmission of cardholder data across open, public networks
- Use and regularly update anti-virus software or programs
- Develop and maintain secure systems and applications
- Restrict access to cardholder data by business need to know
- Assign a unique ID to each person with computer access
- Restrict physical access to cardholder data
- Track and monitor all access to network resources and cardholder data
- Regularly test security systems and processes
- Maintain a policy that addresses information security for all personnel

6.2.1 State of Vermont

The State of Vermont has information security policies that apply to hardware and digital media. Agency specific confidentiality and privacy policies may apply. These may include, but are not limited to:

- **The State's Information Technology Policies & Procedures at**: http://dii.vermont.gov/Policy_Central
- **The State's Record Management Best Practice at:** http://vermontarchives.org/records/standards/pdf/RecordsManagementBestPractice.pdf
- **The State Information Security Best Practice Guideline at:** http://vermontarchives.org/records/standards/pdf/InformationSecurityBestPractice_Ef.20090501.pdf
- **The State Digital Imaging Guidelines at:** http://vermont-archives.org/records/standards/pdf/RecordsManagementBestPractice.pdf
- **The State File Formats Best Practice at:** http://vermont-archives.org/records/standards/pdf/FileFormatsBestPractice_Eff.20071201.pdf
- **The State File Formats Guideline at:** http://vermont-archives.org/records/standards/pdf/FileFormatsGuideline2008.pdf
- **The State Metadata Guideline at:**

http://vermont-archives.org/records/standards/pdf/MetadataGuideline2008.pdf how media, such as the hard drives sent from VENDOR is disposed of.

6.3 Disaster Recovery Plan

Because this Project calls for a Cloud based or Hosted solution, the selected Cloud vendor would be responsible to meet all DII requirements for Cloud based Disaster Recovery. While the Cloud vendor has not been selected as of this Independent Review, the RFP calls for compliance with modern security measures and methods which should, if implemented properly, provide for proper system and data restoration in the event of a Disaster.

In addition to the Cloud based server, there will be a number of Client based systems located in the DLC Headquarters as well as the Agencies. Each of these systems will follow a prescribed backup and restoration process that will be defined in the Project Plan.

Disaster Recovery does not begin or end with hardware, software, and data restoration. It must include the training necessary to support the System in the event of loss of key DLC personnel.

6.4 State-wide WAN/LAN Impact

Impact to the Vermont State-wide WAN/LAN is expected to be minimal. Most information is transmitted via the Internet using independent internet connections at each Agency and the State connection for DLC. Minimal State WAN/LAN traffic is expected with the transfer of data between the DLC System and other State systems like Vision.

6.5 System Integration Requirements

System Integration is the bringing together of the component subsystems into one System and ensuring that the subsystems function together as a whole. Systems Integration is the process of linking together different computing systems and software applications physically or functionally, to act as a coordinated whole that meets the Project objectives. The Vendor (STG) integrator brings together discrete systems utilizing a variety of techniques such as computer networking, enterprise application integration, business process management or manual programming.

The following represent the System Integration Requirements as listed in the RFP:

- Gap Analysis
- Requirements Traceability Matrix
- Finalized To-Be Business Processes Documentation and Updated Procedures Manual
- Hardware and Software Configuration Plan
- Data Migration Plan
- Interface Plan
- Testing Plans
- Training Plan
- PCI Compliance Plan
- Deployment Plan
- Installation, Customization and Configuration
- Delivery of Test-Ready Version of Solution to State Servers
- Central Office and POS System Unit Testing and Central Office System User Acceptance Testing
- Just-in-Time Training, Deployment, Go-Live and Warranty Period
- Create implementation checklist
- Hardware Delivery
- Hardware Certification

6.6 Ability of the Technology to Support the Business Needs

The Proposed Technology affords the DLC the opportunity to take advantage of considerable efficiencies, both technical and procedural. The Technology will be accompanied by a review of business processes and a re-engineering of those that can benefit from revision. From the perspective of the current antiquated System, the proposed Technology dramatically reduces the risk of a system wide failure that may be unrecoverable. The proposed Technology positions the DLC to act on business opportunities through ability to implement new promotional programs, better access to sales data, and opportunities for improved efficiencies, leading to better customer service, reduced costs, and increased revenue.

6.7 Vendor Compliance to Required Project Policies, Guidelines and Methodologies

The Vendor(s) shall be required to comply with all applicable laws, regulations, policies, standards and guidelines affecting information technology projects, which may be created or changed periodically. It is the responsibility of the Offeror to insure adherence and to remain abreast of new or revised Laws, regulations, policies, standards and guidelines affecting project execution. Agency specific confidentiality and privacy policies may apply. These may include, but are not limited to:

- **The State's Information Technology Policies & Procedures at**: http://dii.vermont.gov/Policy_Central
- **The State's Record Management Best Practice at:** http://vermontarchives.org/records/standards/pdf/RecordsManagementBestPractice.pdf
- **The State Information Security Best Practice Guideline at:** http://vermontarchives.org/records/standards/pdf/InformationSecurityBestPractice_Ef.20090501.pdf
- **The State Digital Imaging Guidelines at:** http://vermont-archives.org/records/standards/pdf/RecordsManagementBestPractice.pdf
- **The State File Formats Best Practice at:** http://vermont-archives.org/records/standards/pdf/FileFormatsBestPractice_Eff.20071201.pdf
- **The State File Formats Guideline at:** http://vermont-archives.org/records/standards/pdf/FileFormatsGuideline2008.pdf
- **The State Metadata Guideline at:** http://vermont-archives.org/records/standards/pdf/MetadataGuideline2008.pdf how media, such as the hard drives sent from VENDOR, is disposed of.

6.8 Independent Review Findings Related to Technical Architecture

4 of the 16 findings identified in this Independent Review are associated with Technical Architecture.

Finding 5: The DLC Disaster Recovery Plan, or better known in the industry as the Continuity of Operations Plan (CoOP), has not been updated to reflect the processes, procedures, training, and methods needed to ensure operation of the proposed DLC System. **Issue 2**

Finding 6: The impact to the State-Wide WAN/LAN has not been fully agreed upon. Specifically, the State CTO and STG have been briefed on the planned architecture; however no formal acceptance of the proposed architecture has been obtained. **Issue 3**

Finding 7: Moving forward with the Proposed System has a greater ability to "Support the Business Need" when compared to the status quo of the current solution. However, projecting improvements beyond the benefit of the physical upgrade of the Technology is speculative. **Issue 4**

Finding 8: Vendor (STG and BerryDunn) compliance with the "Required Project Policies, Guidelines and Methodologies" is a source of contention. The implementation and practice of the "Required Project Policies, Guidelines and Methodologies" does not appear to be particularly well defined or enforced by DII. Without well-defined Required Project Policies, Guidelines and Methodologies both Vendors are trying to hit a moving target**. Issue 5**

7 ASSESSMENT OF IMPLEMENTATION PLAN

This section provides information and analysis on the implementation plan for the proposed Project. It addresses the proposed timeline, vendor and State staffing, project scope, implementation approach, the training methodology, and other considerations when relevant.

7.1 The Reality of the Timetable

The Timetable defines the length of time associated to each phase and component of the Project. The initial Project Plan (Attachment O) provided in the RFP lists a planned project of 993 days. The Attachment O from STC indicates a planned project timeframe of 1390 days.

ID	Task Name	Duration
1	**Retail and POS System Solution - Department of Liquor Control**	**1390 days**
2	**Stage 1 (RFP Released and Vendor Selection)**	**187 days**
3	1.1 RFP released	1 day
4	1.2 Conduct vendor conference	1 day
5	1.3 Deadline for questions	1 day
6	1.4 State response to vendor questions	5 days
7	1.5 RFP deadline	1 day
8	1.6 Initial scoring by the State	5 days
9	1.7 Oral presentations and vendor demos	2 wks
10	1.8 Negotiate contract and execute contract with preferred vendor	90 days
11	**Stage 2 (Project Planning and Business Analysis)**	**219.75 days**
12	**2.1 Vendor Creates D1. Project Management Plan, Statement of Work and Project Schedule within 20 days of cor**	**40.5 days**
13	D.1a Project Management Plan	4 days
14	D.1b Project Organization & Governance	2 days
15	D.1c Project Team Member Roles and Responsibilities	2 days
16	D.1d Resource Plan	2 days
17	D.1e Communications Plan	2 days
18	D.1f Quality Management Plan	2 days
19	D.1g Risk Management Plan	2 days
20	D.1h Organizational and Software Change Management Plan	2 days
21	D.1i Deliverable Acceptance Plan	2 days
22	D.1j Preliminary Project Schedule	6.25 days
23	D.1k Project Scope Management Plan	2 days
24	D.1l Project Charter	2 days
25	D.1m Project Scope Statement	2 days
26	D.1n High Level Enterprise System Design Document	6 days
27	D.1o On-site Plan	2 days
28	D. 1p Project Kick-Off Meeting	0.25 days
29	**2.2 Vendor conducts and creates D.2 Gap Analysis between their proposed system and identified requirements and "to be" business processes.**	**30 days**
30	**2.3 Vendor creates D.3 Requirements Traceability Matrix**	**37.5 days**
31	**2.4 Vendor creates D.4 Finalized "To Be" Business Process Documentation and the Updated Procedures Manual**	**13 days**
32	**2.5 Vendor creates D.5 Hardware and Software Configuration Plan**	**10 days**
33	**2.6 Vendor creates D.6 Data Migration Plan**	**13.75 days**
34	**2.7 Vendor creates D.7 Interface Plan**	**13.75 days**
35	**2.8 Vendor creates D.8 Testing Plans**	**54 days**
36	8a. Unit Testing Plan	10 days
37	8b. Interface Testing Plan	13.75 days
38	8c. User Acceptance Testing Plan	13.75 days
39	8d. Load and Stress Testing Plan	12.75 days
40	8e. End-To-End Testing Plan	8.75 days
41	8f. Data Migration Testing Plan	8.75 days
42	**2.9 Vendor creates D.9 Training Plan**	**8.75 days**
43	**2.10 Vendor creates D.10 PCI Compliance Plan**	**8.75 days**
44	**2.11 Vendor creates D.11 Deployment Plan**	**5.5 days**
45	**Stage 3 (Installation and Configuration)**	**269.25 days**
46	3.1 Offeror Development, Customization, and Configuration Period	264.25 days
47	3.2 Offeror delivers D.12 - Test Ready System to State server	5 days
48	**Stage 4 (Central Office and POS System Unit Testing and Central Office System User Acceptance Testing]**	**263 days**
49	**4.1 Conduct D.13 a-f, Unit, Interface, User Acceptance Load and Stress, End-to-End and Data Migration Testing**	**258 days**
50	**4.2 State sign off on results of testing**	**258 days**
51	D13 a. Unit	37.5 days
52	D13 b. Interface	93.75 days
53	D13 c. User Acceptance	45 days
54	D13 d. Load and Stress	22.5 days
55	D13 e. End-to-End	35 days
56	D13 f. Data Migration	24.25 days
57	**4.3 Exit Criteria met and Go/No Go decision made by the State**	**5 days**
58	**Stage 5 (Just in Time Training, Deployment, Go-live, Warranty Period)**	**336 days**
59	**5.1 Training - region 1 (Flight A - Central Office)**	**5 days**
60	**5.2 Roll-out - Region 1 (Flight A - Central Office)**	**64 days**
61	**5.3 State approves D.14 Roll out Central Office**	**1 day**
62	**5.4 Training - Region 2 (Flight B)**	**25 days**
63	**5.5 Roll-out Region 2 (Flight B)**	**63 days**
64	**5.6 State approves D.15**	**1 day**
65	**5.7 Training - Region 3 (Flight C)**	**25 days**
66	**5.8 Roll-out Region 3 (Flight C)**	**46.75 days**
67	**5.9 State approves D.16**	**1 day**
68	**5.10 Training Region 4 (Flight D)**	**25 days**
69	**5.11 Roll-out Region 4 (Flight D)**	**44.25 days**
70	**5.12 State Approves D.17**	**1 day**
71	**5.13 D.18a Create Implementation Checklist**	**5 days**
72	**5.14 D.18b Complete Implementation Checklist**	**5 days**
73	**5.15 Post Installation Warranty Period**	**12 days**
74	**5.16 Warranty Period completed D.19**	**12 days**
75	**Stage 6 (On-Going Project Management Deliverables)**	**45 days**
76	**6.1 D.20 Offeror updates project schedule on a bi-weekly basis**	**22.5 days**
77	**6.2 D.21 Bi-weekly Project Status Reports**	**22.5 days**
78	**Stage 7 (Hardware Delivery)**	**70 days**
79	**7.1 D.22 Delivery of Hardware to DLC**	**20 days**
80	**7.2 D.23 Hardware Certification**	**50 days**

A full and completed version of the Project Plan was not available at the time of the Independent Review.

7.2 Adequacy of the Vendor's Proposed Risk Management Plan

A full and completed version of the Risk Management Plan was not available at the time of the Independent Review.

7.3 Adequacy of Design, Conversion, and Implementation Plans

A full and completed version of the Risk Management Plan was not available at the time of the Independent Review.

7.4 Adequacy of Support for Conversion and Implementation Activities

A full and completed version of the Risk Management Plan was not available at the time of the Independent Review.

7.5 Adequacy of the Vendor's Training Plan

A full and completed version of the Risk Management Plan was not available at the time of the Independent Review.

7.6 Adequacy of Planned Testing Procedures

A full and completed version of the Risk Management Plan was not available at the time of the Independent Review.

7.7 Independent Review Findings Related to the Implementation Plan

2 of the 16 findings identified in this Independent Review are associated with the Implementation Plan.

Finding 9: Because the Project Plan is under development and has not been agreed to by DII, DLC, BerryDunn, and STG, any timetables are purely for the sake of RFP response and not for actual Project Management. Attachment O from STG indicates a project this is primarily linear with little parallel activity. **Issue #6**

Finding 10: The Project Plan is under development and has not been agreed to by DII, DLC, BerryDunn, and STG, review of the many sub-project plans, list above, which would normally be available, are not ready and therefore not reviewed. **Issue #7**

8 ASSESSMENT OF ORGANIZATIONAL READINESS

This section provides information and analysis on the readiness of the State and STG to execute a contact and provide or receive the services therein.

8.1 General Project Acceptance / Readiness of Staff

DLC staff is ready and eager to execute the contract with STG and begin the Project. Significant planning with BerryDunn has taken place over the last several months. The Project has full and complete acceptance within DLC and the support of all staff members and executive management at DLC.

8.2 State Staffing

No increases to DLC staffing are anticipated as part of this project. Existing staff will participate in the entire process of design, testing, implementation, and support. Formalized training is planned for each DLC staff member involved with the Project. All affected DLC staff will be given training on the new system not more than a month before installation in their location.

8.3 Agency Staffing

While no Agency interviews were conducted as a result of this Independent Review, it is readily apparent that the benefits to the Agency Contractors with this system will be significant. All affected Agencies will be given training on the new system not more than a month before installation in their location. If the anticipated Agency benefits become a reality they should see improved customer service for liquor customers, including licensees, better relationship with agency staff due to significant improvements in register technology saving them time on all processes from daily sales to monthly inventory counting, and reducing problems.

8.4 Adequacy of DLC and BerryDunn to Provide Project and Implementation Management

DLC staff has participated in multiple Projects over the last several years. The DLC staff is not formally trained in Project Management but is aware of the general requirements and methodologies. Due to the size, scope, complexity and cost associated to this project, it was determined by DII that an Independent Project Management firm would be utilized for this Project.

BerryDunn has been selected as the Project Management contractor for this Project. Their selection was based upon a predefined set of criteria as listed in the following table taken from the Vendor Evaluation Register:

BerryDunn	
Evaluation Factors	**Score**
Quality of Proposal	9
Understanding of Work	10
Approach and Methodology	9
Firm Experience and References	10
Proposed Staff Experience and References	10
Availability and Flexibility	9
Hourly Labor Cost	40
Total	**97**

BerryDunn and their staff have extensive and professional experience with Projects of this nature, size, scope and complexity. The individual assigned to the Project from BerryDunn appears knowledgeable and has managed multiple projects for the State in the past.

8.5 State OPM Project Oversight Manager

EPMO staff has been assigned to this Project for the purpose of oversight, monitoring and reporting. The EPMO Oversight Manager will remain deeply involved with the Project through the Procurement Phase, then once the Project moves into an Implementation Phase become les involved on a daily basis and move to move of the oversight role. Should the project risk increase beyond an undefined threshold, the Oversight Management will become more involved to ensure Project success.

8.6 STG Project Manager

While STG management was interviewed as part of this Independent Review, they had not yet assigned the individual Project Manager to the DLC Project and therefore the Individual performing Project Management for STG was not interviewed.

STG was selected as the vendor of choice for this Project. Their selection was based upon a predefined set of criteria as listed in the following table taken from the Vendor Evaluation Register:

Vendor		STG
Eliminated?		N
Level of Fit	30	28
Contract Cost	20	3
Essay Questions	15	13
Project Approach	15	13
Experience	20	18
Total Score		75

STG and their staff have extensive and professional experience with Projects of this nature, size, scope and complexity. The Company and Management interviewed appear knowledgeable and have installed multiple similar projects for other States and Agencies.

8.7 Independent Review Findings Related to Organizational Readiness

2 of the 16 findings identified in this Independent Review are associated with Organizational Readiness.

Finding 11: DLC staff have been working on this Project for an extended period of time and have a significant personal attachment to its success. While the frustration of how long the Project takes before tangible results like the installation of a new register at an Agency become apparent, starting phases of the Project before they are ready can become more and more tempting. Caution is recommended and will be incumbent upon with BerryDunn to ensure the Plan is defined and ready for implementation prior to the start of the next phase. **No Issue Identified**

Finding 12: STG has not yet assigned a Project Manager to the DLC Project. Success of a Project of this magnitude and complexity is not completely based upon the Project Plan. It is somewhat based upon the personalities and the ability to work together of the Project Management Team. Meeting the STG Project Team as early as possible is necessary to help ensure success. **Issue #8**

9 COST BENEFIT ANALYSIS

This section provides analysis of Costs verses the Tangible and Intangible benefits with the proposed Project.

9.1 Costs

Please see the above listed cost section.

9.2 Benefits

The following benefits and savings are envisioned (taken from the VT DLC Retail and POS System Business Case v 1_2):

- Revenue increase due to recouping sales previously lost to out-of-stock (OOS) conditions, register outages (due to failing equipment), and slow transaction processing.
- Revenue increase due to increased sales resulting from use of new promotional opportunities such as loyalty cards, coupons, mix and match, shorter-term discounts, case discounts, smarter use of promotions, inventory handling, etc. due to having better data analysis regarding sales trends, inventory turns, and improved planogram generation due to better access to product and sales data in shelf management software.
- Revenue increase due to sale of gift cards.
- Revenue increase due to increased use of special orders.
- Revenue increase due to use of customer-facing displays to provide customer-centric information and advertising, such as announcing upcoming events or promotions. Space on such displays can also be “sold” to third parties such as liquor manufacturers for advertising purposes for additional revenue.
- Reduced cost of postage and paper due to elimination of many mailings to and from agencies due to electronic transmission of data (such as sales reports), use of online processing (such as online ordering), in-store generation of labels and promotional materials, and the use of electronic signature capture for credit card processing.
- Reduced cost of write-offs caused by inventory errors due to more timely product data updates (e.g., updates to UPC lookup table), fewer hardware failures leading to bad scans or miss-keys, etc.
- Reduced cost of write-offs caused by credit card processing errors due to use of reliable networks instead of error-prone dial-up modems.
- Reduced cost of register receipt tape due to not producing unnecessary receipts or reports in many situations.

- Reduced staff training time due to use of modern software and availability of complete and current procedures manuals.
- Reduced costs accrued due to problems with register cash management leading to delays in cash flow and staff time spent handling problems, due to improved cash handling and security functions on registers.
- Reduced cost of replacing register hardware due to significantly lower failure rates of modern manufacturing techniques, higher quality equipment, more use of power protection such as surge suppression, and use of commodity replaceable hardware reducing the increased costs of single-source equipment.
- Reduced cost of inventory on hand in warehouse due to improvements in order handling and shorter turnaround time on orders, and reduction in overstock return from agencies.
- Improved customer service for liquor customers, including licensees.
- Preventing the catastrophic loss of revenue and service that would follow system failures, including short-term, long-term, and unrecoverable, all of which are increasingly likely as time passes.
- Better law enforcement for liquor laws due to better and more timely information available to enforcement staff.
- Reduced rates of illegal purchase or consumption of alcohol due to improved ability to validate ID and other technological assistance in screening purchases.
- Protection against damaging or catastrophic loss of institutional knowledge during staff turnover, due to increased use of standardized technology and widely accepted business practices, and availability of complete and current procedures manual.
- Better relationship with agency staff due to significant improvements in register technology saving them time on all processes from daily sales to monthly inventory counting, and reducing problems.
- Data shared with the National Alcohol Beverage Control Association (NABCA), and thereby with suppliers, brokers, vendors, and other states, will be more complete, timelier, and more accurate.
- Improved departmental and state image due to better web presence with more current information, support for online transactions, a more current look and feel, and use of customer-focused current and advanced technology at public-facing retail points of presence.
- Support for newer payment methods, both current (e.g., gift cards) and future (e.g., paying with a smartphone), helps retain customer loyalty and avoid lost sales.

- As DLC's technical limitations will no longer be a factor in the statewide bid solicitation and contract negotiation with banks, the state as a whole may get more vendor choices, leading to better terms and more features, for credit card processing and other banking services.
- Considerably reduced staff time spent on system maintenance and execution of duties across the following DLC divisions: Accounting/Business Office, Retail Operations, Purchasing and Pricing, Marketing, and especially Information Technology.

9.3 Independent Review Findings Related to Cost Benefit Analysis

4 of the 16 findings identified in this Independent Review are associated with cost Benefit analysis

Finding 13: **Repeated from the above Cost section.** The Project Costs are not final as of this report. This is due in part to ongoing negotiation with STG surrounding the addition of "Options" to the Deliverables.

Finding 14: **Repeated from the above Cost section** The Project Costs are not final as of this report. This is due in part to multiple components of the Project Plan not being complete. Without a formalized Project Plan that is agreed upon by all parties, specifics surrounding the deliverables and expectations of the parties to the contract cannot be finalized.

Finding 15: Benefits listed have little to no associated dollar figures. A true cost Benefit Analysis cannot be performed until agreed upon dollar amounts are provided to the Benefits as well as the Costs. **Issue #9**

Finding 16: It is typical for a Project of this size and complexity to utilize a Cost Benefit Analysis as part of the justification for the Project. In this particular case the real Cost Benefit Analysis boils down to the Risk to DLC and the State of Vermont if the proposed Project is NOT implemented and the existing system suffers a catastrophic failure. Direct Costs (loss of revenue, loss of customers to another State and others) associated to a catastrophic failure of the existing system outweigh the Acquisition and Operational Costs of the Proposed System. The Proposed System and identified Costs to date, indicate a Positive position for the Project. **Issue #9**

10 ISSUES AND RISK MANAGEMENT PLAN

This Section describes the issues and risks, along with Coeur Group's recommendations for mitigation and management of them. This Section also includes narratives for each identified risk and issue describing the State's approach to mitigation and management.

The Issues and Risk Management Plan is the primary deliverable of this Independent Review of the proposed Project. As a result of the interviews conducted during the week of June 12, 2013 and following, Coeur Group identified key findings in each of the following topic areas:

- Acquisition Costs
- Technical Architecture
- Implementation Plan
- Cost / Benefit Analysis
- Organizational Readiness

The findings were then analyzed to determine if they result in Issues, Risks, or neither. If the findings resulted in Issues or Risks, they were included in the Issue Log or Risk Register respectively. The Issue Log and Risk Register are provided in this section.

10.1 Definitions: Findings, Issues, Risks

Coeur Group identifies both Issues and Risks as a result of this Independent Review. The Project Management Institute (PMI) provides an important distinction between the two, and Coeur Group believes that this section must include a narrative regarding Issues in addition to Risks.

Finding*:* A relevant fact discovered during the execution of this Independent Review that may lead to one or more Issues and/or Risks. Findings can simply be informational and may or may not require mitigation.

Issue: A point or matter in question or in dispute, or a point or matter that is not settled and is under discussion or over which there are opposing views or disagreements. Issues typically require Mitigation to address.

Risk: An uncertain event or condition that, if it occurs, has a positive or negative effect on the project's objectives. Risks are typically events or conditions that may occur in the future. Risks typically require a Risk Response Plan that is put into action IF the Risk does happen.

10.2 Independent Review Issue Log

The following table defines the elements of the Issue Log:

Table D - Issue Log Element Definitions

Data Element	Description
Issue #	This is a sequential number assigned to each issue to be used when referring to the issue
Issue Description	This is a brief narrative description of the identified issue.
Finding Reference	This is a cross-reference to the Finding from which the issue was determined.
Issue Impact	This is an indicator of the impact of the issue. Values: High Medium Low
Potential Impact Description	This is a narrative description of the impact of the issue.
Issue Recommendation	This field includes Coeur Group's recommendation on how the State should address the issue
Recommended Issue Response Timing	This is value used to indicate whether the Issue should be addressed Prior to contract execution or Subsequent to contract execution
Issue Mitigation Plan	This field includes the results of discussions between State staff and Coeur Group regarding how the State plans to address the issue. This includes the State staff person responsible for managing the issue, the action plan to mitigate the issue and the timing of the action plan.

Issue # 1	
Issue Description	The Project Acquisition Costs are not final due to ongoing negotiations with STG
Finding Reference	Finding 3
Issue Impact	Medium
Potential Impact Description	With negotiations still taking place between STG and DLC regarding what may be added to the Requirements, the final Project Costs, and project duration cannot be determined.
Issue Recommendation	Finalize the "Included" list. Set a time definite completion date.
Recommended Issue Response Timing	Prior to contract with STG
Issue Mitigation Plan	DLC to complete the final "Included" list by July 26, 2013. STG to provide a Final Cost after receipt of the final list.

Issue # 2	
Issue Description	DLC CoOP has not been updated to reflect the requirements of the Proposed Project
Finding Reference	Finding 5
Issue Impact	Medium
Potential Impact Description	The CoOP defines the operational and restoration processes and procedures for the DLC. The CoOP has not been updated to reflect the requirements for System cross training, backup of System resources, restoration of systems resources, or replacement of key staff in the event of a disaster. Many times a CoOP is left to the end of the Project because the Team feels little Risk associated to needing to restore a System that is not yet functional. A disaster can happen at any time in the Project. The CoOP should be a high priority in the creation of any Project Plan.
Issue Recommendation	Update the DLC CoOP to reflect the recovery and cross training requirements needed to ensure rapid operational response in the event of a disaster. Full implementation and testing of a CoOP are needed through the lifecycle of the Project to identify needed changes to the Plan prior to an event.
Recommended Issue Response Timing	After Contract but to be completed prior to January 1, 2014
Issue Mitigation Plan	BerryDunn to work with DLC and DII to update the DLC CoOP to reflect the requirements of the Proposed System.

Issue # 3	
Issue Description	Impact to the State-wide WAN/LAN has not been agreed upon
Finding Reference	Finding 6
Issue Impact	Medium
Potential Impact Description	The State CTO and STG have been briefed on the planned architecture; however no formal acceptance of the proposed architecture has been obtained. Without formal Acceptance of the proposed Plan, the Project has the potential for rejection of the Plan in the future. Rejection of the plan by either the State CTO or STG could result in Project delays or a re-design of the Plan
Issue Recommendation	Obtain formal acceptance from the State CTO as well as STG for the Plan.
Recommended Issue Response Timing	Prior to contract with STG
Issue Mitigation Plan	BerryDunn will work through the EPMO to obtain Formal State CTO approval by July 26, 2013 BerryDunn will obtain formal approval from STG of the Plan by July 26, 2013

Issue # 4	
Issue Description	Benefits of the Proposed system are speculative
Finding Reference	Finding 7
Issue Impact	Low
Potential Impact Description	Moving forward with the Proposed System has a greater ability to "Support the Business Need" when compared to the status quo of the current solution. However tying the ability of the Proposed System to produce future increases in financial revenues is speculative and not based in quantifiable facts. While inherently increase can be expected from a System upgrade such as this, the real benefit is the reduction of risk associated to current system failure.
Issue Recommendation	Assume a less aggressive approach to the financial benefits of the Proposed System
Recommended Issue Response Timing	To be part of the Final Business Case.
Issue Mitigation Plan	BerryDunn to modify the Business Case to lessen the speculative advances in revenue and gear more toward the functional advances of the Proposed System. To be completed by July 19, 2013

Issue # 5	
Issue Description	Compliance with the Required Project Policies, Guidelines and Methodologies
Finding Reference	Finding 8
Issue Impact	High
Potential Impact Description	The implementation and practice of the "Required Project Policies, Guidelines and Methodologies" does not appear to be particularly well defined or enforced by DII. Without well-defined Required Project Policies, Guidelines and Methodologies DLC and the Vendors are trying to hit a moving target.
Issue Recommendation	DII should establish verification and enforcement policies for Required Project Policies, Guidelines and Methodologies. Once created, these policies should be provided to all departments in the State for inclusion into current and future Projects.
Recommended Issue Response Timing	Not required as part of this Project
Issue Mitigation Plan	DII to create Required Project Policies, Guidelines and Methodologies that include verification and enforcement. Delivery open ended. DII to provide DLC Team with the latest version of DII Best Practices and DII Requirements

Issue # 6	
Issue Description	Project Timetables are not finalized
Finding Reference	Finding 9
Issue Impact	Medium
Potential Impact Description	Because the Project Plan is under development and has not been agreed to by DII, DLC, BerryDunn, and STG, any timetables are purely for the sake of RFP response and not for actual Project Management. Without a minimally acceptable Project Plan agreed to by all Parties, a Timetable cannot be generated.
Issue Recommendation	Complete the Project Management Plan and update the included timetable and Gantt
Recommended Issue Response Timing	Prior to Contract with STG
Issue Mitigation Plan	BerryDunn is working to complete the first draft of the Project Plan to be available the week of July 15. This Project Plan will be iterated between DII, DLC, BerryDunn and STG until a minimally acceptable Project Plan is agreed upon by all parties. The Project Plan will include the requisite Timetable and Gantt. Once the Project Plan is agreed upon, it will be included in the Contract with STG and modified by the change Management Process.

Issue # 7	
Issue Description	Project Management Plan is not complete.
Finding Reference	Finding 4 and Finding 10
Issue Impact	High
Potential Impact Description	The Project Plan and the associated sub-plans are under development and have not been agreed to by DII, DLC, BerryDunn, and STG. The Project Plan and subsequent sub-plans specify the expectations of both parties and tie those expectations and deliverables to a timetable. Without a completed Project Plan, neither of the Parties to the Plan have more than an "Impression" of what the Project will require or deliver. Formal Project Management dictates that a Project Plan is complete and agreed upon prior to entering into a contract. The Project Plan can then be incorporated into the Contract between the Parties to further delineate the expectations and reduce Risk. Without a formalized Project Plan that is agreed upon by all parties, specifics surrounding the deliverables and expectations of the parties to the contract cannot be finalized.
Issue Recommendation	Complete the Project Plan and obtain formal acceptance by DII, DLC, BerryDunn and STG
Recommended Issue Response Timing	Prior to contract with STG
Issue Mitigation Plan	BerryDunn is working to complete the first draft of the Project Plan to be available the week of July 15. This Project Plan will be iterated between DII, DLC, BerryDunn and STG until a minimally acceptable Project Plan is agreed upon by all parties. Once the Project Plan is agreed upon, it will be included in the Contract with STG and modified by the change Management Process.

Issue # 8	
Issue Description	No Project Manager assigned by STG
Finding Reference	Finding 12
Issue Impact	Medium
Potential Impact Description	Success of a Project of this magnitude and complexity is not completely based upon the Project Plan. It is somewhat based upon the personalities and the ability to work together of the Project Management Team. Meeting the STG Project Team as early as possible is necessary to help ensure success and allow time to acclimate to each other's abilities. Failure to identify and begin working with the STG Project Manager as early as possible can result is increased tensions between the Team and potentially lead to Project delays while concerns are work through.
Issue Recommendation	Identify the STG Project Manager as soon as possible. Face to face meetings and setting up the work environment early rather than later is recommended.
Recommended Issue Response Timing	Prior to contract with STG if possible or very soon thereafter.
Issue Mitigation Plan	BerryDunn to contact STG to move the assignment of the Project Manager to a higher priority by July 19, 2013

Issue # 9	
Issue Description	Financial gains associated to Project Benefits are not defined.
Finding Reference	Finding 15 and Finding 16
Issue Impact	Low
Potential Impact Description	It is typical for a Project of this size and complexity to utilize a Cost Benefit Analysis as part of the justification for the Project. In this particular case the real Cost Benefit Analysis boils down to the Risk to DLC and the State of Vermont if the proposed Project is NOT implemented and the existing system suffers a catastrophic failure. Direct Costs (loss of revenue, loss of customers to another State and others) associated to a catastrophic failure of the existing system outweigh the Acquisition and Operational Costs of the Proposed System. The Proposed System and identified Costs to date, indicate a Positive position for the Project based on the Risk of doing nothing alone. Benefits listed have little to no associated factual dollar figures. A true cost Benefit Analysis cannot be performed until agreed upon dollar amounts are provided to the Benefits as well as the Costs. Over inflating speculative income figures may lead to criticism in the future of the Project if the figures are not obtained.
Issue Recommendation	Reduce the promise of financial gains associated to the Project System Implementation and heighten the risk reduction. Also consider removing the actual costs and substituting the Risk as the benefit.
Recommended Issue Response Timing	Part of the Final Business Case and before contract with STG
Issue Mitigation Plan	BerryDunn to address the concerns in the Business Case to be completed by July 26, 2013

Issue # 10	
Issue Description	**Transferred from the existing Risk Register to the Issue Log by Coeur Group** Customized software modules wholly owned by the State may not be supported by STG for some unforeseen reason.
Finding Reference	Risk Register 7-9-13
Issue Impact	Medium
Potential Impact Description	Without a contractual guarantee from STG that they will always be available for support of the Custom software (not likely), it is possible that DLC will be left to support the custom software itself.
Issue Recommendation	DLC should specify in the Contract that all source code associated to the Custom Modules be stored in a databank or repository that is agreeable to both parties. Furthermore the Contract should specify that in the event that STG becomes incapable, unable, or the pricing becomes unacceptable to DLC, that DLC reserves the rights to remove the source code from the storage location and obtain a suitable alternative vendor for the support.
Recommended Issue Response Timing	Prior to Contract signature with STG
Issue Mitigation Plan	BerryDunn should verify the contract properly addresses this issue and mitigate the conditions if needed prior to contract signature with STG

Issue # 11	
Issue Description	**Transferred from the existing Risk Register to the Issue Log by Coeur Group** The number of staff and subcontractors proposed by STG may create project management complexities and possibly delays. This Issue is based on communications with another State who implemented the STG solution and experienced Communication and Project Management concerns.
Finding Reference	Risk Register 7-9-13
Issue Impact	High
Potential Impact Description	
Issue Recommendation	Project staffing and communications should be identified and committed in the Project Plan.
Recommended Issue Response Timing	Prior to contract signature with STG
Issue Mitigation Plan	BerryDunn to complete a minimally acceptable Project Plan with Human Resource / Staffing Plan and Communications Plan that addresses the previous experiences with STG. BerryDunn is working to complete the first draft of the Project Plan to be available the week of July 15. This Project Plan will be iterated between DII, DLC, BerryDunn and STG until a minimally acceptable Project Plan is agreed upon by all parties. Once the Project Plan is agreed upon, it will be included in the Contract with STG and modified by the Change Management Process.

Issue Register Summary

Table E

Issue #	Finding Reference	Issue Impact
1	Finding 3	Medium
2	Finding 5	Medium
3	Finding 6	Medium
4	Finding 7	Low
5	Finding 8	High
6	Finding 9	Medium
7	Finding 4 and 10	High
8	Finding 12	Medium
9	Finding 15/16	Low
10	From Risk Register #3	Medium
11	From Risk Register #4	High

10.3 *Independent Review of the Risk Register*

Coeur Group reviewed the existing Risk Register dated 7-9-13 and reassessed the Identified Risks. The Register contained Four Identified Risks as follows:

1. **As a State Project, funding for this Project is subject to approval by the legislature.**
2. **There is an unknown cost for system customization that may adversely impact the Project budget.**
3. **There is a risk that customization leading to software modules wholly owned by the State will not be supported by STG.**
4. **There is a Risk that the number of staff and subcontractors proposed by STG will create project management complexities and possibly delays.**

Based upon our reassessment of the Identified Risks and associated Mitigation Plans, Coeur Group has reassigned three of the Identified Risks to the Issue Log as they do not meet the criteria for a Risk. Specifically three of these Identified Risks are already capable of Mitigation to reduce the Risk in the form of Project Plan modifications and associated Contract requirements.

Identified Risk #1: Is recommended to remain as an Identified risk. Coeur Group has moved the Risk to Coeur Group Risk Register and applied Mitigation recommendations to address the Risk and has applied a Risk Rating of Medium as identified on the following page.

The remainder of the Identified Risks has been either already addressed in the Issue Log or was moved to new positions on the Issue Log. Specifically Identified Risk #2 is addressed already in the Issue Log (Issue #1) with a recommended mitigation. Identified risk #3, and #4 were moved to the Issue log and identified as Issue #10 and Issue #11 respectively.

10.4 Coeur Group Risk Register

Coeur Group Risk Register

Table F

ID	Potential Risk Event	Severity of Event	Probability of Event	Capability to Detect or Anticipate	Risk Rating	Best Actions
R1	Funding for this Project and its continued support is subject to approval by the legislature.	HIGH	LOW	MEDIUM	MEDIUM	The risk of funding loss must be coupled with the potential loss of revenue to the State if the Program ceases to operate. To gain continued support of this Project ensure that improvements in overall DLC operations are continually communicated to the legislative body. Structure and anticipate annual funding requests so that they are reasonable given the overall project budget.

11 COST BENEFIT ANALYSIS

Figure A From (Retail and POS System Preliminary Life Cycle Cost AnalysisWithCurrentw2013v4)

IT Activity Name:													
Description	**Qty**	**Unit Price**	**Current FY (2014)**	**FY2 (2015)**	**FY3 (2016)**	**FY4 (2017)**	**FY5 (2018)**	**FY6 (2019)**	**FY7 (2020)**	**FY8 (2021)**	**FY9 (2022)**	**FY10 (2023)**	**Total**
Hardware													
Network Upgrades (one time cost for upgrades to agencies)	1	$ 68,000.00	$ -	$ 68,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 68,000.00
POS Hardware	120	$ 4,828.00	$ -	$ 579,360.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 579,360.00
Hardware Total			**$ -**	**$ 647,360.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 647,360.00**
Software													
Operating System Software (Navision)	1	$ 11,560.00	$ -	$ 11,560.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,560.00
Annual Maintenance for Navision	1	$ 3,000.00	$ -	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 3,000.00	$ 27,000.00
Additional Server Software (RMS)	1	$ 106,800.00	$ -	$ 106,800.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 106,800.00
Annual Maintenance for RMS	1	$ 19,200.00	$ -	$ 19,200.00	$ 19,200.00	$ 19,200.00	$ 19,200.00	$ 19,200.00	$ 19,200.00	$ 19,200.00	$ 19,200.00	$ 19,200.00	$ 172,800.00
Additional Network Software (Mystro)	1	$ 49,200.00	$ -	$ 49,200.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 49,200.00
Annual Maintenance for Mystro	1	$ 6,720.00	$ -	$ 6,720.00	$ 6,720.00	$ 6,720.00	$ 6,720.00	$ 6,720.00	$ 6,720.00	$ 6,720.00	$ 6,720.00	$ 6,720.00	$ 60,480.00
SQL Server License	1	$20,000		$ 20,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,000.00
Software Total			**$ -**	**$ 216,480.00**	**$ 28,920.00**	**$ 28,920.00**	**$ 28,920.00**	**$ 28,920.00**	**$ 28,920.00**	**$ 28,920.00**	**$ 28,920.00**	**$ 28,920.00**	**$ 447,840.00**
Consulting and Training													
Third-Party - Customization and programming	1	$ -	$ -	$ 132,825.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 132,825.00
Third-Party - Planning and implementation (including Training)	1	$ -	$267,681.00	$ 674,499.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 942,180.00
Project Management - Software Integrator	1	$ -	$ 82,610.00	$ 20,790.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 103,400.00
Consulting and Training Total			**$350,291.00**	**$ 828,114.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$1,178,405.00**
													$ -
Testing													$ -
Testing	1	$ -	$ 70,480.00	$ 427,136.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 497,616.00
Testing Total			**$ 70,480.00**	**$ 427,136.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 497,616.00**
SOV Resources													
Technical Staff (enter total hrs in FY)*	2	$ 35.86	$ -	$149,178.00	$149,178.00	$ 95,387.60	$ 95,387.60	$ 95,387.60	$ 95,387.60	$ 95,387.60	$ 95,387.60	$ 95,387.60	$ 966,069.20
BerryDunn (Project Management for the State)	1	$536,400.00	$268,200.00	$268,200.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 536,400.00
SOV Resources Total			**$268,200.00**	**$417,378.00**	**$149,178.00**	**$95,387.60**	**$95,387.60**	**$95,387.60**	**$95,387.60**	**$95,387.60**	**$95,387.60**	**$95,387.60**	**$1,502,469.20**
Other													
Agency network connection	1	$ 60,000.00	$ -	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 60,000.00	$ 540,000.00
PCI/DSS annual certifications	1	$ 16,000.00	$ -	$ 16,000.00	$ 16,000.00	$ 16,000.00	$ 16,000.00	$ 16,000.00	$ 16,000.00	$ 16,000.00	$ 16,000.00	$ 16,000.00	$ 144,000.00
Ongoing Maintenance and support	1	$ -	$ -	$ 67,705.00	$ 71,269.00	$ 75,020.00	$ 78,968.00	$ 83,125.00	$ 87,281.25	$ 91,645.31	$ 96,227.58	$ 101,038.96	$ 752,280.10
Other Total			**$ -**	**$ 143,705.00**	**$147,269.00**	**$151,020.00**	**$154,968.00**	**$159,125.00**	**$ 163,281.25**	**$ 167,645.31**	**$ 172,227.58**	**$ 177,038.96**	**$1,436,280.10**
Sub-Total			**$688,971.00**	**$2,680,173.00**	**$325,367.00**	**$275,327.60**	**$279,275.60**	**$283,432.60**	**$ 287,588.85**	**$ 291,952.91**	**$ 296,535.18**	**$ 301,346.56**	**$5,709,970.30**
3% For EPMO & EA Services (Preliminary budgeting number only.)			**$ 20,669.13**	**$ 80,405.19**	**$ 9,761.01**	**$ 8,259.83**	**$ 8,378.27**	**$ 8,502.98**	**$ 8,627.67**	**$ 8,758.59**	**$ 8,896.06**	**$ 9,040.40**	**$ 171,299.11**
Grand Total			**$709,640.13**	**$2,760,578.19**	**$335,128.01**	**$283,587.43**	**$287,653.87**	**$291,935.58**	**$ 296,216.52**	**$ 300,711.50**	**$ 305,431.23**	**$ 310,386.95**	**$5,881,269.41**