



April 20, 2021

Dear Sen. Libby, Rep. McDonald, and members of the Government Oversight Committee:

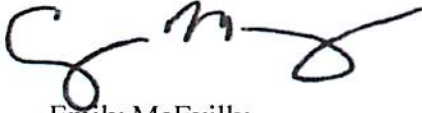
Workday, Inc. (“Workday”) is pleased to respond to the Committee’s invitation to submit any comments or written material to the Committee. We appreciate the deliberative steps the Committee has taken with regard to this matter as well as the opportunity to submit additional information to the Committee. Toward that end, please find enclosed a number of salient documents, some of which are not among the documents publicly posted and, therefore, may not have been provided by the Department of Administrative and Financial Services (“DAFS”):

1. One of the five Independent Verification & Validation (IV&V) reports from independent consultant Panorama Consulting Group, dated November 6, 2019: this report illustrates the status of the project in the fall of 2019 and identifies risks to the April 2020 go-live date. The remaining four reports have been provided to the Committee by DAFS;
2. IJA Report from February 4, 2021: this is the third-party assessment requested by Sen. Keim and that DAFS suggested had been provided, but was not among the documents publicly posted. The IJA Report identifies issues with the project and recommends a pause of work to address those issues;
3. February 11, 2021 correspondence from Workday: in this correspondence, Workday expresses its concern regarding the lack of communication and progress on the project and explains that it will pause work on the project to allow DAFS to address the underlying issues delaying the project;
4. Correspondence exchanged between Workday and DAFS since February 25, 2021: this correspondence includes letters that Workday sent to DAFS on March 9, 2021, March 26, 2021, and April 5, 2021, along with a March 31 email string. Workday’s letters respond to the allegations DAFS made in the correspondence you have already received and explains, among other things, that DAFS has paid Workday only \$7.5 million in service fees to date. The letters also indicate Workday’s willingness to continue engaging with DAFS to amicably resolve this matter. The email string demonstrates my efforts to work directly with Commissioner Figueora to find a path forward.

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Workday is also pleased to accept the invitation to address the Committee on May 14, 2021. Please let us know if there is additional information or materials we can provide in advance of the meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Emily McEvelly', with a stylized flourish at the end.

Emily McEvelly
Chief Customer Officer

cc: Lucia Nixon, OPEGA



STATE OF MAINE IV&V REVIEW – TESTING PHASE NOVEMBER 6, 2019



IV&V REVIEW OBJECTIVES

As an IV&V consultant, our goal is to be an objective, independent, neutral third-party advisor. We make observations and recommendations collaboratively with the client, with project success as the outcome. It is a partnership model where IV&V provides tangible measurement and alternatives to the existing performance of the project as well as helps to identify issues which may not be visible.

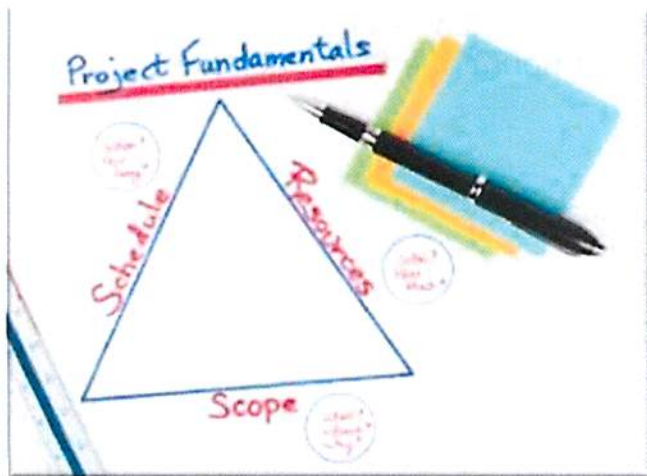
To ensure the implementation project remains on-track and expected benefits are realized requires consistent and independent oversight. Therefore, our approach to IV&V not only focuses on the quality of deliverables and activities, but on the value of these activities and whether they contribute to successful system deployments.

SCOPE OF WORK – IV&V REVIEW

There will be Five Stage Gate Reviews performed during the project. We have estimated that each review will consist of the same set of activities (e.g., document review, onsite interviews, report preparation and delivery) and consume an equal amount of effort. The following is the estimated timeline for each Review:

- ✓ IV&V Review #1 - Planning Stage (January 2019)
- ✓ IV&V Review #2 - Architecture & Design Stage (April 2019)
- ✓ IV&V Review #3 - Configuration & Prototype Stage (August 2019)
- ✓ **IV&V Review #4 - Testing Stage (November 2019)**
- IV&V Review #5 - Deploy Stage Pre-Go-Live (TBC 2020)

SCOPE OF WORK IV&V REVIEW



Areas of focus for this review

- Executive Sponsorship
- Project Management
- Functional Teams
- Cross-Functional
- *Organizational Change Management*
- *Training*
- Testing
- *Technical - IT and Architecture*
- Data Migration

* Note – Gray Areas Not Reviewed

WHO WE MET WITH:

State of Maine			WORKDAY			Premier/Tilson		
Tonia Ennis	Holly Pomelow	Tina Walter	Stephen Andrus	Sonja Chappell	Al Romulo	Nicole Allegretti	Jesse Kampa	Derrick Jackson
Nicole Drisko	Heather Perreault	Jeremy Davis	Eunice Jung	Margaret Lundquist	Kim Barnwell			
Phillip Platt	Betty Everatt	Kelly Mills	Marie Schneider	Bill Hansen	John Eckroth			
Erica Cram	Jeremy Wilson	Nick Fahey	Samarendar Chilukuri	Rose Nguyen				
Fred Brittain	Deb Phillips	Doug Cotnoir						
Kurt Caswell	Jessica Trial							

STATE OF MAINE – PROJECT SPONSORS

Project Risk Rating (R/Y/G) is Yellow

Observations:

- Team morale and stress levels have improved since the delay decision was made.
- Workday relationship is strong with weekly meetings and regular interactions – still negotiating on the formal Change Order to process the extension.
- The “right” project team resources are in place to succeed
- Budget overage needs to be funded and likely sources are being considered
- High Confidence in the Maine Project Managers and overall program leadership
- End User Training – decision to ask HR to lead the train the trainer sessions vs. managers
- Commissioner remains fully supportive of project efforts despite delay.
- Eager to see Parallel Payroll testing results
- Exploring commercial support for SOM Mainframe if needed post the 6/30/20 sunset date

Key Concerns/Risks Identified:

- Testing of Financials remains to be done – LCD Solution, GL Interface, account reconciliation
- Payroll Batch Processing Schedule – Need to fully define and document manual/automated process steps, timing and communicate to SME's
- Workflow – New system requires managers and other to process approvals via workflow. These need to be vetted with SOM affected workforce.
- Train the Trainer sessions – logistics need to be worked out
- Mid-Quarter Go Live Date and its inherent complexity and risk

STATE OF MAINE – PROJECT MANAGEMENT

Project Risk Rating (R/Y/G) is Yellow

Observations:

- April 1, 2020 Go Live date is realistic and achievable
- End to End testing was successful, change control of the configuration changes needs to be enforced in subsequent testing phases
- Project budget is tight, team has built contingency plans for the February Go Live date should the project be delayed to April 1st.
- Go Live date reset targeting February 26, 2020 after reviewing critical task duration.
- Albeit delays, data conversion/tenant load process has improved in quality and elapsed time.

Key Concerns/Risks Identified:

- Sense of urgency and slow down in getting work done is being observed since Go Live date has been extended
- Scope Changes/Change Requests being introduced (and accepted) into the system design after the Freeze Date. Changing the design at this late stage may require the team to repeat testing cycles (i.e., regression test) and jeopardize their ability to meet project deadlines. It's recommended to adhere to this freeze until the system is live and stable and then plan to implement them at a subsequent point in time.
- Mid-Quarter Go Live date – required data extraction and conversion from the State's legacy systems is still a WIP

STATE OF MAINE – DATA MIGRATION

Project Risk Rating (R/Y/G) is RED

Observations:

- Resourcing - Team consists of resources from Maine, Premier Consulting, Workday and Tilson. Additional Workday SME (Jim Land) scheduled to join ASAP. Nick transitioned off and Tilson recently onboarded 5 resources including team lead Dereck.
- Development of the E2E Testing Tenant was completed but team experienced significant delays due to complexities in data conversion and load process.
- Improvements to the build process underway (e.g., detailed validation checklist, targeted communication plan)
- Currently building the Payroll Simulation Tenant and experiencing delays, but magnitude of problems has diminished, and elapsed time has been reduced.
- Ability to “reload” data files if necessary, would be a welcome enhancement to the process but appears unlikely to get implemented.

Key Concerns/Risks Identified:

- Despite the delayed Go Live date, conversion schedule remains aggressive.
- Communications within and across the Data Team need to be improved and with an increase in frequency and clarity. This is especially critical during build activities and complicated by the number of resources and remote working locations.
- The time to complete activities for data conversion / tenant builds has been reduced but is still causing delays. Future builds must be improved to ensure they fit into the timing constraints defined in the Testing and Cutover Plans.
- The Workday resource appears to be single-threaded in her role on the team and could benefit from adding additional resource(s) to mitigate this dependency. Previous attempts at this have failed and a more sustainable solution needs to be put in place (e.g., process change, additional backfill)
- Mid-Quarter data conversion and timeline is complex with the need to create and reconcile 9 payroll history files in a very short time period.

STATE OF MAINE – TESTING

Project Risk Rating (R/Y/G) is Yellow

Observations:

- End to End (E2E) testing completed on 10/11 with required Exit Criteria being met, but later than the 9/30 planned date. Cases passed at a rate of 98.74% with 900 defects reported.
- Approximately 60 test cases were moved to Sandbox testing which has been initiated. Planned completion date for this phase is 11/15.
- Issue/defect ticket review process enhanced by setting expectations 24 to 48 hours for review and resolution.
- Parallel testing plan in final development and management review. With the Go live date extended, additional time will allow for an additional payroll "simulation" test to be completed.
- Simulation testing plan developed. A test population of 50-100 workers consisting of complex and normal payroll scenarios have been identified and will be compared side by side to the legacy payroll system identifying differences/variances.
- Payroll parallel and simulation testing tools (Jira, Kainos, Prove) will be utilized during this phase of testing.

Key Concerns/Risks Identified:

- Limited time allowed for regression testing in plan
- Resources from agencies planned to be onboarded for UAT in January lack exposure to Workday application and could add time and complexity to this process. Note – January may be too late to effectively perform a successfully UAT in advance of a February Go Live Date.
- Detailed resource plan is required for Parallel and Simulation testing to communicate and coordinate daily activities and expectations.
- Mid-Quarter Go Live will require more history detail for the data load and add more complexity to the process.
- No slack in the current project plan to manage unknown issues that arise.

STATE OF MAINE – TIME TRACKING/ABSENCE MGMT.

Project Risk Rating (R/Y/G) is Yellow

Observations:

- E2E testing completed and satisfied with the results. Sandbox testing underway and the interface from the Workday time tracking module to the Payroll module remains to be tested.
- Time Clocks have been purchased, to be delivered end of month October with rollout planned for November and December.
- Team is currently working on build of the LCD solution and incorporating the new requirements from the labor contracts into the configuration. LCD testing planned ASAP
- Small team with limited resources for backup/backfill but managing the work and delegating more to the BA.

Key Concerns/Risks Identified:

Mid-Quarter go live is a concern: being able reconcile payroll results, understanding/reconciling variances and limited time to fix problems prior to Go Live

STATE OF MAINE – BENEFITS ADMINISTRATION

Project Risk Rating (R/Y/G) is Yellow

Observations:

- E2E testing was completed, with 690 test cases executed and 100% passed. Use of Jira tickets was effective although the expectation of the turn-around time for Trouble Tickets was challenging.
- New tester with significant testing experience added to the project doing a great job.
- Retiree population for benefits removed from scope, will be handled outside of Workday, may be phased in later after Go Live
- Team is readying data for Payroll Simulation and Parallel testing activities.

Key Concerns/Risks Identified:

- Project Management could be more proactive and less reactive when requesting additional resources.
- Retiree scope decision's potential impact on the ability to sunset legacy systems as planned and/or create a burden on the SOM staff who now have to continue to support existing processes and tools for this population vs. the Workday solution.

STATE OF MAINE – PAYROLL

Project Risk Rating (R/Y/G) is Yellow

Observations:

- E2E Testing was completed and met its Exit Criteria. Testing is ongoing in the Sandbox tenant.
- Team working on the Payroll Simulation and Parallel Payroll testing plans.
- Continuing to encounter errors with legacy employee data making testing of the configured software more complex.

Key Concerns/Risks Identified:

- The process to reconcile payroll data must be improved to enable the teams to properly compare results from legacy to Workday and diagnose variances in future testing phases.
- Validation of payroll history is a concern for a Mid Quarter cutover. However the team will be able to “test” this process in two tenants prior to the Go Live.
- Testing Defects are being assigned to the payroll team when the real issue is with an upstream transaction from HCM, Benefits, or elsewhere.

STATE OF MAINE – RECRUITING

Project Risk Rating (R/Y/G) is Green

Observations:

- E2E Testing completed with minimal defects, no major issues or defects identified.
- The Recruiting testing team has been getting pulled to assist with HCM which is concerning but not yet impacting the schedule.
- Great overall team, morale is strong, Workday consultants are responsive, available and adequately staffed for the workload.

Key Concerns/Risks Identified:

- During the Train the Trainer (TTT) sessions with Recruiters and HR Partners, many new requirements or requests for modifications were made and logged. Need to manage these expectations and advocate the use of the system design “as is” to increase adoption and mitigate resistance of functionality being deployed.
- The Trainers involved in the TTT sessions may not have the State of Maine expected business knowledge needed to respond to questions and a process needs to be developed to mitigate this risk.
- Kelly Mills is a strong resource and involved in many things, some of her “hands-on” workload could be delegated to other Maine resources.

STATE OF MAINE – HCM/COMPENSATION

Project Risk Rating (R/Y/G) is Yellow

Observations:

- Supervisory Org. Structure - Purchased additional Workday tenant to house and maintain source information. Work in progress to complete loading of two large departments and vacancy information. This is not a pay-impacting process.
- End to End testing was completed with objectives achieved and all planned cases tested. However, the process was "painful" because HCM and Comp had many test scenarios and there was a lot of team coordination needed resolve issues with allowances, issues with absences and employees not attached to supervisors.
- Sandbox Testing initiated with collective bargaining agreements and their respective configuration rules being tested.
- Identified and onboarded Agency SME's are having a positive impact on the team's progress by helping test and validate data and providing them with hands-on experience working in the system during the E2E testing activities.

Key Concerns/Risks Identified:

- Data Loading/Tenant Build process – strong push to meet dates for loading data maybe sacrificing data quality. Ability to re-load the data files would be a very beneficial enhancement to the process.
- There is a large amount of data cleansing work yet to be done and meeting future build dates will be a challenge. Examples include Compensation Plans, eligibility rules, allowances, no look back/special pays, and exceptions to employment contracts.
- There needs to be an on-going process established after Go Live for agencies to assist with the clean-up of allocation exceptions

STATE OF MAINE – OVERALL SUMMARY

Project Risk Rating is Yellow

The team's decision to delay the Go Live date into 2020 has put more time in the plan to test the system, cleanse the legacy data and prepare the organization for post-go live supporting responsibilities.

However, we are principally concerned with the inherent risks and complexity of a Mid-Quarter Go Live and would like to see a realistic contingency plan put in place for the February date to mitigate this risk. Actual testing results may force the team to enact this contingency and push the date.

The following items should be addressed:

- "Successful" completion of Sandbox testing including the Financial/LCD components
- Timely start-up and execution of the Parallel Payroll Simulation Testing
- Improved Communications within and across the Data Team
- Cleansing of legacy employee data – need to continue to prioritize and sufficiently resource this effort to ensure that testing activities are completed as planned
- Mid-Quarter Go Live date – confirm the process viability for data extraction and conversion from the State's legacy system(s)
- Pace of Work vs. Schedule Adherence and Resource Burnout



QUESTIONS

Agenda



I J A
STRATEGIES

Assessment Status

Workstream Grading

Areas of Focus



Purpose and Outcome



Purpose

IJA is to provide an objective assessment of the State of Maine Workday Implementation.

Outcome

To provide an independent review of configuration and project status by providing a grade to show likelihood of success by workstream.

To support our grading, we have provided a list of concerns or areas we could see as being problematic and providing recommendations

Assessment Status



Week Ending 01/22/2021

Project: 100%

Scope	Timeline	Budget	Workday Review
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Highlights:	Current Focus:	Critical Path:
<ul style="list-style-type: none"> ➢ Completed Reviews: ➢ Data Conversion ➢ Payroll ➢ Integrations ➢ Testing ➢ HCM/Comp ➢ Benefits ➢ OCM ➢ Absence and TT ➢ Security 	<ul style="list-style-type: none"> ➢ Assessment close-out 	<ul style="list-style-type: none"> ➢ Final readout ➢ Delivery of materials

January 19th

Deliver final readout

January 20 - 22

Provide any outstanding items


Meet with any work steams that have outstanding issues to review

January 22

Project completed



Workstream Grading



Ready for Go-Live



Some Concerns

- Financials
- Integrations
- Testing
- OCM
- Security
- Compensation
- Benefits
- Absence
- Time Tracking
- Payroll

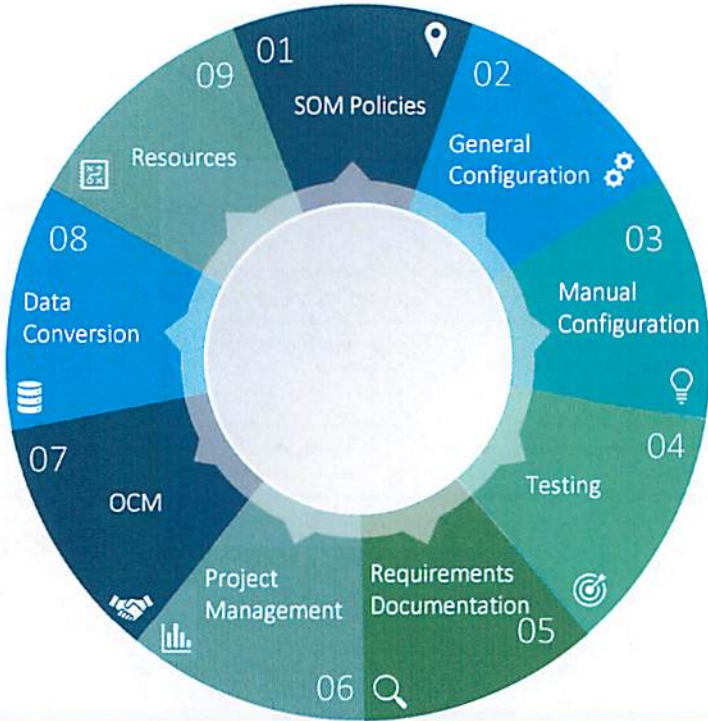


Significant Work Required

- Data Conversion
- HCM



Key Areas of Focus



Resourcing/Project Management



Resources

Project Management

OCM

	Issues Obstacles Challenges	What these impact	Recommendation(s)	Proposed Timeline
Resources	<ul style="list-style-type: none"> Resources change over the project period Current resources are project and change fatigued Turnover gives little time for knowledge transfer 	<ul style="list-style-type: none"> No consistent SME to confirm/test requirements Loss of motivation, productivity, and dedication to project 	<ul style="list-style-type: none"> OCM introduces some engagement activities and communications Employees given dedicated time off 	<ul style="list-style-type: none"> Immediately
Project Management	<ul style="list-style-type: none"> Changing plans and deadlines Resources not available when needed Representation from three branches is lacking 	<ul style="list-style-type: none"> Project team priorities constantly shifting Timeline is pushed out due to new resources being trained or wanting to revisit design decisions 	<ul style="list-style-type: none"> Confirm project plan has realistic timelines for each phase/task Do a requirements review session to confirm current requirements and the reason, invite Business Leads to participate 	<ul style="list-style-type: none"> Project Plan – immediately Requirements Review – Now
OCM	<ul style="list-style-type: none"> Reactive due to lack of confirmed project plan Can't create training content due to changing configuration 	<ul style="list-style-type: none"> Cannot focus on next items when constantly reacting to previous ones Risk of delayed training content due to config changes 	<ul style="list-style-type: none"> Combine OCM activities in project plan with set dates 	<ul style="list-style-type: none"> Project Plan – immediately Training Docs – after E2E

Technical/Functional



Configuration

SOM Policies

Data Conversion





Issues Obstacles Challenges	What these impact	Recommendation(s)	Proposed Timeline
<ul style="list-style-type: none"> Supervisory Organizations Condition Rules Business Process step owners Financials configuration is complex and not solidified Configuration changes continue to be made as new staff review previous design decisions 	<ul style="list-style-type: none"> Basic tenant structure Business process flow and approvals Integrations configurations Financials affects integrations and payroll Configuration changes affect all workstreams 	<ul style="list-style-type: none"> Requirements review session with agency representation Supervisory Orgs – push business to provide inputs; have a dedicated BA who is familiar with SOM 	<ul style="list-style-type: none"> Immediately
<ul style="list-style-type: none"> SOM has documented policies that are being interpreted differently by different agencies 	<ul style="list-style-type: none"> Configuration is built to match the policy interpretation for each agency 	<ul style="list-style-type: none"> Bring agencies together to review and align on policies Workday and functional SMEs to then confirm configuration 	<ul style="list-style-type: none"> Immediately
<ul style="list-style-type: none"> SOM Data conversion and transformation take too long Data validation extremely difficult due to bad data in legacy systems Legacy data doesn't have an "owner" Legacy systems continue to generate new "bad data" 	<ul style="list-style-type: none"> Build timelines are pushed/due dates not met Data is incorrect when loaded Data conversion process cannot be duplicated between tenants Comprehensive validation is not occurring which causes issue with payroll and integrations 	<ul style="list-style-type: none"> Legacy data clean up should happen on ongoing basis Provide any automation where available Confirm reports to be utilized for each workstream, both Workday and legacy systems Practice rounds of DC 	<ul style="list-style-type: none"> Now

Technical/Functional continued



Payroll

Integrations

	 Issues Obstacles Challenges	 What these impact	 Recommendation(s)	 Proposed Timeline
Payroll	<ul style="list-style-type: none"> Lack of ability to validate data causes payroll to be incorrect Configuration changes require new mappings that may not get incorporated into data conversion 	<ul style="list-style-type: none"> Payroll parallel testing will fail Payroll will not calculate correctly with incorrect data 	<ul style="list-style-type: none"> See Data Conversion Ensure that workstreams are working together to identify issues 	<ul style="list-style-type: none"> See Data Conversion Workstream unity now through project end
Integrations	<ul style="list-style-type: none"> Reliance on correct data conversion and mapping – both of which are issues Configuration changes cause changes to integrations Data Warehouse project 	<ul style="list-style-type: none"> Incorrect data makes file validation impossible Configuration changes not identified will not be mapped to integrations Additional work on the Integrations team 	<ul style="list-style-type: none"> See Data Conversion Roll the Data Warehouse project under the Workday umbrella 	<ul style="list-style-type: none"> Get approval and plan to wrap in Data Warehouse now



Technical/Functional continued



Issues Obstacles Challenges	What these impact	Recommendation(s)	Proposed Timeline
<ul style="list-style-type: none"> • SOM Test Lead spending time on ensuring re-testing of previously tested items due to configuration changes • Business Leads have not had enough time in the system 	<ul style="list-style-type: none"> • Excess time spent re-testing • Cannot close out testing • Business leads don't feel prepared and are wanting changes to configuration • Heavy burden on SOM testing leads/resources 	<ul style="list-style-type: none"> • Take current test scripts and validate those against requirements that come out of requirements review sessions • Invite Business Leads to the requirements review sessions, and engage them during E2E • Ask for more experienced resources 	<ul style="list-style-type: none"> • Validation of test scripts can be occurring throughout requirements confirmation reviews • Ask for more experienced resources



Methodology



Requirements Documentation

Manual Configuration



I J A STRATEGIES



Issues Obstacles Challenges	What these impact	Recommendation(s)	Proposed Timeline
<ul style="list-style-type: none"> Requirements documentation out of date or doesn't exist outside of tenant Historical knowledge lost during turnover 	<ul style="list-style-type: none"> Ability to confirm requirements is hard with changing resources and lack of documentation outside of tenant E2E testing will not accomplish its goal of ensuring the tenant meets requirements when they aren't always documented 	<ul style="list-style-type: none"> Requirements review and documentation session Invite Business Leads to the requirements review sessions Identify backups 	<ul style="list-style-type: none"> Immediately
<ul style="list-style-type: none"> Manual configuration being done by SOM for every build Manual configurations not documented outside of tenant 	<ul style="list-style-type: none"> Configuration not reviewed by Workday could be incorrect Introduces new risks into each build Data conversion Integrations 	<ul style="list-style-type: none"> Workday should be migrating over ALL configuration Configuration freeze has to be adhered to in order to get data conversion and integrations correct 	<ul style="list-style-type: none"> Confirm dates of freeze in project plan Don't leave a phase without signoff on configuration



From: Christopher Curtis <christopher.curtis@workdayinternal.com>
Sent: Thursday, February 11, 2021 6:35 AM
To: Perreault, Heather
Subject: Workday update

Hi Heather,

I am growing increasingly concerned about the overall progress and status of the Workday deployment project, lack of visibility into what the State of Maine is thinking about how to move forward, and the overall relationship between Workday and the State of Maine. I am writing this email outlining my concerns, as my attempts to connect with you via calls and follow-up emails have not resulted in a response back from you.

Workday has effectively been relegated to a staff augmentation or ad-hoc consulting role where some of our SMEs may be included or consulted from time to time, but overall our teams are not partnering, or even collaborating to discuss the issues or path forward.

- No weekly status reports have been produced for weeks that we've seen
- There have been no executive steering committees since November (that Workday has been included in)
- Very little progress seems to have been made around testing in the recent weeks and any momentum seems to have halted
- We have been informed by Nicole and Phillip that E2E testing will not meet the April date and they consider they are back in the design stage for many areas, yet there is no willingness to engage to recalibrate the plan
- There has been no discussion around the major issues that have been hindering project success such as poor data quality, resource turnover challenges, and incomplete/changing requirements due to policy interpretation, amongst other issues.
- No progress on the Change Order which is already over 1 month delayed from the plan we agreed to in November, and we are also not aligned, based on feedback from Nicole to John, on what content will go in the change order to create the traceability back to the SOW that you are looking for.

In addition, attempts to engage with the State of Maine teams are often met with resistance, deflection, defensiveness or other tactics. I believe the relationship challenges between the teams are growing worse the longer this situation persists. All of this has led me to the decision that we need to pause our work effort on the project, effective EOD Friday, February 12th, until we can get better clarity on how to move forward and openly address some of the major issues and challenges with the project.

Here are a few items on the critical path to re-engage. I'd expect that the State of Maine will also have some items to add to this list:

1. Decision from the State of Maine on commitment to move forward
2. Decision from the State of Maine on commitment to move forward with Workday Services or another provider as the implementation partner
3. Formal reviews on steps that will be taken to address major issues/challenges that are preventing successful completion of the project, most of which were highlighted in the preliminary IJA assessment findings that the State of Maine shared with Workday. For example:
 - a. Data quality and conversion challenges
 - b. Resource turnover challenges / burnout / expertise
 - c. Confirmation of requirements due to policy interpretation, operating practices, and ownership for clear final decisions
4. Decision on any resource changes (on both sides) necessary to effectively reboot the relationship

5. Decision on scope of planned work effort and project milestone dates – Is the project going back to config stage for all or subset of areas? Is the testing going to need to be redone? Are we moving from July 2022?
6. Agreement on the format of the change order to achieve desired traceability to the SOW
7. Agreement/acceptance of the change order and financial ownership of the path to completion

I'd be happy to discuss this in more detail with you directly, or we can discuss during the scheduled Friday afternoon call this week with Mike and myself.

Regards,
-Chris

Christopher Curtis
SVP, Global Professional Services
christopher.curtis@workday.com



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
BURTON M. CROSS BUILDING, 3RD FLOOR
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AUGUSTA, MAINE 04333-0078

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

JANET T. MILLS
GOVERNOR

KIRSTEN LC FIGUEROA
COMMISSIONER

February 25, 2021

Christopher Curtis
SVP, Global Professional Services
Workday, Inc.
6230 Stoneridge Mall Road
Pleasanton, CA 94588

Re: Workday Professional Services Agreement # 162150 & Statement of Work # 163462

Dear Chris,

This letter is in regards to the services being provided by Workday, Inc. (“Workday”) for the State of Maine (“State”) pursuant to the Master Agreement, Professional Service Agreement, and Statement of Work dated October 16, 2018, as well as any attachments, appendices, addendums, amendments, and associated change orders thereto (the “Contract”). For the reasons set forth below, Workday has failed to meet its obligations under the Contract. This letter hereby provides Workday notice that should it fail to remediate the following incidents of default within thirty (30) days, the State will proceed with immediate termination for cause of the Professional Services Agreement and Statement of Work, as well as all associated change orders, on March 26, 2021.

First, Workday has failed to provide a Labor Cost Distribution solution that meets the requirements as set forth in the Statement of Work. This has resulted in significant delays in the project and Workday’s proposed “final” solution, which was not a Labor Cost Distribution feature but a finance module work-around, was not provided until all testing phases had been closed for the 4/1/2020 proposed go-live date. To date, this item is yet to be successfully and completely configured.

Second, pursuant to the Statement of Work, Workday is required to provide ad-hoc reporting capabilities. Contrary to Workday’s representations and the terms of the Contract, the State has learned that ad hoc reporting is not achievable under the system as it is intended and required to operate. Instead that functionality could only be achieved if all security roles were removed, which risks exposure of confidential and personally identifiable information to all users; an unacceptable option.

Third, Workday failed to notify the State in writing regarding the lack of a Department Process Advisory Committee, a critical component of the Workday implementation methodology as noted in the Statement of Work, Appendix A #3.6. This resulted in configurations being developed that did not fully meet State needs, as uncovered during subsequent testing.

It has caused significant delays due to extensive rework and revisiting of configuration decisions, as well as requiring sweeping review of business processes.

Fourth, Workday has breached its performance obligations under the Contract by halting and refusing to perform any services as of February 12, 2021, at five o'clock pm. Such action is not permitted under the terms of the Contract and was done despite the State's written warning that such action would be considered event of default and breach of the Agreement.

Throughout this contractual relationship, the State has relied upon the expertise and word of Workday. However, Workday has consistently operated in bad faith and has knowingly misled State of Maine officials:

- Workday has misrepresented not only the availability, status, and completion of project deliverables, but also the accuracy of testing relevant to those deliverables, as well as steering the State to solutions based on required level of effort instead of following best practices.
- Workday has repeatedly pressured the State to accept an incomplete and premature go-live as well as sign off on other incomplete deliverables.
- Most recently, Workday, without the State's knowledge and contrary to express orders from State leadership, pressured Andrea Chudy of IJA Strategies to impermissibly release independent findings to Workday prior to disclosure of such information to the State.

Such behavior does not comport with Workday's obligation to perform its obligations in a professional and workmanlike manner as Workday warranted to do pursuant to Section 6.1 of the Professional Services Agreement, and, such behavior is a material breach of such obligations.

Workday must remedy all issues related to Labor Cost Distribution, ad-hoc reporting, and performance of work under the Professional Services agreement within thirty days. Failure to do so will result in the State moving forward with immediate termination of the Professional Services Agreement. At such time Workday is to remit \$22,164,755 (see attached schedule for calculation of costs) due to incomplete deliverables and failure to meet the State's requirements.

Pursuant to Workday Order Form #161951 for subscription services, the State has contracted with Workday for Software as a Service for the following modules: Human Capital Management, Cloud Connect for Benefits, Recruiting, Payroll for the United States, and Time Tracking. If Workday is unable to provide an acceptable Labor Cost Distribution solution within thirty days, a critical component of the aforementioned modules, the State may choose to proceed with termination of the subscription for the Payroll and/or Time Tracking modules. However, the State will maintain subscription to the remaining modules. At such time, Workday will repay a pro-rated amount for any subscription fees already paid by the State related to the Payroll and/or Time Tracking modules and will reduce future subscription fees commensurately.

Any questions regarding this notice should be directed to Heather L'Hommedieu Perreault, Deputy Commissioner of Finance.

Respectfully,



Kirsten LC Figueroa
Commissioner

cc: Emily Atkins, Assistant Attorney General

Professional Services Agreement –

Section 6.1 – “Workday warrants that (i) it shall perform the obligation described in each Statement of Work in a professional and workmanlike manner...”

6.2 Warranty Remedies – Workday’s breach of the above referenced warrant constituted a material breach of the Agreement and the State elects to terminate the Agreement in accordance with Section 9.4 - Termination for Cause.

- pursuant to section 9.4 the State may terminate this Agreement and any Statement of Work for cause upon 30 days prior written notice to Workday of a material breach, if such breach remains uncured at the expiration of such notice period.

Human Resources Management System Project (HRMS)

Workday implementation

Reimbursement

Payments for Workday Professional Services to be reimbursed due to incomplete deliverables and failure to meet the State's requirements \$ 7,490,914

State project costs to be reimubursed, due to necessity of re-performing work that was done in conjunction with Workday Professional Services, due to incomplete deliverables and failure to meet the State's requirements 12,516,088

State estimated costs to maintain legacy HR/payroll systems significantly past end of life due to Workday Professional Services incomplete deliverables and failure to meet the State's requirements 2,157,753

\$ 22,164,755



March 9, 2021

VIA E-MAIL

Kirsten LC Figueroa
Commissioner, State of Maine
Department of Administrative & Financial Services
Burton M. Cross Building, 3rd Floor
78 State House Station
Augusta, Maine 04333-0078

Re: Workday Professional Services Agreement # 162150 & Statement of Work # 163462

Dear Ms. Kirsten LC Figueroa,

I am in receipt of your letter dated February 25, 2021, which states that the State of Maine (the "State") is "provid[ing] Workday notice that should it fail to remediate the following incidents of defaults within thirty (30) days, the State will proceed with immediate termination for cause of the Professional Services Agreement and Statement of Work, as well as all associated change orders, on March 26, 2021." The State is a valued Workday customer; however, Workday respectfully disagrees with several assertions in the State's letter, including, but not limited to, the assertion that Workday materially breached its contractual obligations. Although Workday maintains the positions set out in its prior communications with the State and does not think it would be productive to rehash those points, we think it is necessary to briefly respond to the main allegations in your letter in an effort to clear up the record.

First, regarding the State's assertion about the Labor Cost Distribution, it is important to note that the Statement of Work does not include requirements for a Labor Cost Distribution solution. Indeed, the State did not inform Workday of its need for a Labor Cost Distribution solution until the Configure & Prototype stage of the deployment. Nevertheless, in a show of good faith, Workday provided the State with a limited-use right to access Workday Financials at no additional cost to address the State's labor distribution/allocation requirements. Workday also provided consulting services to design, configure, and test the solution. Although Workday is not contractually obligated to deliver this solution, we continued to work in good faith in an effort to help the State finalize a solution that will meet its requirements.

Second, Workday does not agree with the State's assertion that "ad hoc reporting is not achievable under the system." Workday has delivered hundreds of custom ad hoc reports to the State that have been designed, built and fully tested. Workday has also supported the State in the development and testing of many more custom ad hoc reports. Moreover, contrary to the State's assertions, the ad hoc reports functionality does not require the removal of security roles or risk "exposure of confidential and personally identifiable information to all users." In order to provide select administrators access to conduct ad hoc reporting on payroll data, those administrators would

require access via certain security groups to the appropriate domains containing the data, but this access requirement does not expose confidential or personally identifiable data to all users.

Third, the State's allegation regarding the Department Process Advisory Committee (DPAC) is incorrect. The DPAC was formed in November 2018, but in January 2019, Tonia Ennis, the Deputy Executive Sponsor for the State, decided to dissolve the DPAC. It is our understanding that the State's position was that the State's leads and SMEs from the project team understood the requirements, policies and collective bargaining agreements for each of the HR Service Centers representing the Executive Branch. Furthermore, additional design reviews were conducted with the Legislative and Judicial branches to ensure that their requirements were met. The State's decision to forego use of the DPAC is not a material breach by Workday.

Fourth, Workday's decision to pause the project in February 2021 is not a violation of Workday's contractual obligations, as the State claims. Pursuant to the PSA, Workday "may terminate the [the PSA] or any Statement of Work . . . in the event: (i) Customer repeatedly fails to perform its obligations under [the PSA] or a Statement of Work resulting in the inability of Workday to meet its obligations and time frame commitments." PSA § 9.3. As Workday has previously stated, because of the State's failure to provide clear direction to Workday and the need to resolve underlying issues with the State that were inhibiting the project's success, Workday paused the project consistent with the PSA in order to avoid engaging in unproductive and unnecessary work.

The findings issued by IJA Strategies confirm that Workday's decision to pause work on the project and focus efforts on the core issues inhibiting the successful execution of the project were reasonable and appropriate under the circumstances. Workday has communicated many of the issues also found by IJA to the State on several occasions, including most recently in the February 11, 2021 email to Heather Perreault, but to date the State has been unable or unwilling to collaborate to address these areas. However, as I outlined in my email to Ms. Perreault, Workday was, and still is, happy to discuss the major issues and challenges with the project and welcomes the State's active participation in the steps to re-engage.

Finally, Workday rejects the State's assertion that Workday has operated in bad faith, misled State officials, or made misrepresentations regarding deliverables or testing. Workday also denies that it "pressured Andrea Chudy of IJA Strategies to impermissibly release independent findings." Rather, the State agreed to provide Workday with both the IJA's midpoint findings and final findings. Workday subsequently met with IJA and provided names of Workday consultants that IJA could contact to get a comprehensive view of the status of the project, configuration, and overall risks. Workday never pressured IJA to share any information.

Because Workday is not in material breach of any of its contractual obligations, the State lacks any legal basis to demand any payment from Workday or to terminate the PSA, Statement of Work, or any other contract with Workday for cause. To the contrary, the State is obligated to pay Workday approximately \$72,291 in fees for Workday's Learn On-Demand and Adoption Kit products. Although the State currently has access to both products, it has yet to pay the outstanding invoice, which was due on June 30, 2020.

Workday remains highly committed to the State's successful deployment of the Workday solution; and we believe there is a path to the successful conclusion of your deployment if the State is willing to take the critical steps to reengagement that are outlined in my February 11, 2021 email. If the State, however, is no longer interested in completing the project with Workday Professional Services, we are willing to meet with the State in a good faith effort to reach a resolution that satisfies both parties.

We are hopeful that this matter can be resolved amicably and look forward to your response. We remain open to and encouraging of further constructive dialog to resolve this situation. This letter is written without prejudice to our rights, all of which are hereby expressly reserved. Should you have any questions or wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,



**Christopher Curtis
SVP, Global Professional Services
christopher.curtis@workday.com**

cc: Heather L'Hommedieu Perreault, Deputy Commissioner of Finance



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
BURTON M. CROSS BUILDING, 3RD FLOOR
78 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0078

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

JANET T. MILLS
GOVERNOR

KIRSTEN LC FIGUEROA
COMMISSIONER

March 31, 2021

Via E-mail and Certified Mail

Christopher Curtis
SVP, Global Professional Services
Workday, Inc.
6230 Stoneridge Mall Road
Pleasanton, CA 94588

Re: Workday Professional Services Agreement # 162150 & Statement of Work # 163462

Dear Chris,

This is in follow-up to the State of Maine's ("State") letter to Workday Inc. ("Workday") dated February 25, 2021. In that letter, the State put Workday on notice that it had failed to meet its obligations under the above referenced Agreement and was, therefore, in default thereunder. The State then gave Workday 30 days to correct all defaults. Since then Workday has taken no steps to remediate the issues, and, as such, none of the issues have been corrected.

Consequently, the State is going to move forward with termination of the Professional Services Agreement and demands immediate repayment from Workday in an amount totaling \$22,164,755. The State will set up a meeting at its soonest convenient time to discuss the particulars surrounding termination of this Agreement.

Respectfully,

A handwritten signature in blue ink that reads "Kirsten LC Figueroa".

Kirsten LC Figueroa
Commissioner

cc: Emily Atkins, Assistant Attorney General

From: Figueroa, Kirsten <Kirsten.Figueroa@maine.gov>
Sent: Wednesday, March 31, 2021 8:04 PM
To: Emily McEvilly
Cc: Perreault, Heather
Subject: [External Sender] RE: Request from Workday

Hello Emily,

I am well acquainted with the concerns around the implementation of Workday Maine, and I have the utmost confidence in the staff who are managing this effort. Based on the most recent conversation with Chris Curtis, we have been told that Workday Professional Services has no interest in a continuing partnership as an implementation vendor for the State of Maine. Members of the my team will continue to engage Chris in conversations as we discuss the particulars surrounding termination of the Professional Services Agreement.

Thank you for your correspondence,

Kirsten LC Figueroa

Commissioner
Department of Administrative and Financial Services
(207) 624-7811
78 State House Station
111 Sewall St.
Augusta, ME 04333-0078

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From: Emily McEvilly
Sent: Friday, March 26, 2021 7:01 PM
To: Figueroa, Kirsten
Subject: Request from Workday

EXTERNAL: This email originated from outside of the State of Maine Mail System. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Kirsten –

Per my email dated March 11, 2021 and my call to your office on March 12, 2021, I am kindly requesting again that you engage with me to discuss your Workday deployment. Some of the statements made during the Government Oversight Committee meetings on March 12, and March 26, 2021 regarding the issues and timeline of events are inaccurate. In addition, regardless of which implementation partner the State of Maine chooses to use going forward, the deployment will not succeed unless specific and material actions are taken by the State to address and remediate the concerns which have been identified by both Workday and the independent assessor's report. Some of these actions were called out in our letter to you dated March 9, 2021 and in the email to Heather Perreault from Christopher Curtis dated February 11, 2021. Given the lack of response from Maine to help remediate or even acknowledge some of the fundamental governance and decision-making issues impacting the project, we made the decision to pause work on February 12, 2021. Based on some of the correspondence, I believe it would be in the State's best interest for you to get directly involved in the details to better understand the concerns with the implementation that we have identified and how we can partner together to resolve them in a timely manner. I am personally committed to a path forward and hoping you are as well.

Regards,

Emily

Emily McEvilly | Chief Customer Officer | 404/574-9375 | Emily.McEvilly@workday.com



 Thank you for considering the environment.



April 5, 2021

VIA E-MAIL

Kirsten LC Figueroa
Commissioner, State of Maine
Department of Administrative & Financial Services
Burton M. Cross Building, 3rd Floor
78 State House Station
Augusta, Maine 04333-0078

Re: Workday Professional Services Agreement # 162150 & Statement of Work # 163462

Dear Ms. Figueroa,

I write in response to your March 31, 2021 letter, in which you follow-up on your February 25, 2021 letter and incorrectly suggest that Workday is in default of the Professional Services Agreement ("PSA").

As a preliminary matter, I am surprised by the increasing incongruity between your letters and your March 3, 2021 testimony to the Appropriations and Financial Affairs Committee. During that hearing, in which you requested more than \$8 million in Workday-related funding, you testified that "the State has done that work [of analyzing other solutions] and feels comfortable and confident that the Workday system, the Workday product will work and work well for the State of Maine." You also acknowledged that Workday paused implementation of the project because "of our failure as a team to move forward" and that you "were hoping that the conversations [with Workday] work and that the Workday people return" to the project.

Since then, you have ignored my March 9, 2021 letter in which I responded--point-by-point--to the issues raised in your February 25, 2021 letter. Your latest correspondence does not even acknowledge my letter or the detailed explanations I provided for why Workday is not in default of the PSA. Nor have you agreed to discuss removing the roadblocks to the implementation with Workday's Chief Customer Officer Emily McEvilly, who represents Workday regarding the entirety of how our customers use Workday applications, and not only Workday's professional services organization, despite her repeated requests to engage in a dialogue with you.

Moreover, you have never explained why you believe Workday owes the state over \$22 million. As you know, the State has paid Workday approximately \$7.5 million under the PSA and did so only after Workday reached objective, contractually defined milestones. Your letters do not suggest anything to the contrary, nor have you ever identified a Workday milestone that the State paid for and that Workday failed to achieve. And Section 8 of the PSA explicitly caps Workday's maximum liability to the amount that the State paid pursuant to the applicable service and prevents the State from seeking to recover costs such as the State's payments to

its own employees or funds needed to maintain its legacy system. The State has still failed to articulate any basis to terminate the PSA for cause or to assert any damages against Workday.

Indeed, it is the State--through the Department of Administrative and Financial Services ("DAFS")--who has breached the PSA and the incorporated Statement of Work and provided Workday a right to pause the project. DAFS breached Section 9.3 of the PSA because it "repeatedly fail[ed]" to perform its obligations under the PSA or a Statement of Work." DAFS also failed to meet the requirements of Sections 3, 4 and 5 of the SOW. It failed to permit employees to devote the necessary time toward the implementation. It suffered from high turnover of resources which caused a lack of consistent subject matter experts to work on the project. It failed to deliver usable data to be incorporated into configuration or test tenants. It failed to complete any of the required testing at all. These are not just the conclusions of Workday--they are conclusions reached by the independent consultant that the State itself hired to evaluate what ailed the project.

Most problematically, DAFS has refused to even engage with Workday to determine a strategy for completing the project. After the State missed both the January 2020 and April 2020 go-live deadlines, DAFS proposed a new go-live date of July 2022--two and a half years after the initial deadline--because DAFS did not believe that it could meet its contractually required obligations sooner. Nevertheless, in December 2020, Workday proposed a detailed plan to complete the project consistent with the State's new proposed timeline. Workday has still not received a substantive response to that proposal.

Workday has bent over backwards in an effort to help the State go live on Workday's innovative software platform. It initially accommodated the State's budget concerns by deferring subscription payments for 18 months. Then, when the State missed the deferred deadline, Workday waived interest and permitted further delay of the subscription payment and also allowed payment to be made in two installments. After the State missed the January 2020 go-live deadline, Workday agreed to a change order that provided additional time and resources at a significant discount. Since last receiving payment on April 22, 2020, Workday has spent more than \$2 million worth of consultant time in good faith in an effort to push the project toward completion. Even Workday's reluctant decision to pause the project--which the State's independent consultant recommended--occurred only after Workday tried repeatedly to get the project back on track with virtually no engagement from DAFS. It made no sense to Workday to continue burdening the State's resources without reaching an agreement on the plan forward.

Workday's software solution will modernize the State's antiquated processes and provide vastly increased capabilities and information to those who work for the State of Maine. Employees will be able to seamlessly access and adjust their benefits information, review their vacation accruals and make time off requests electronically. Workday will enable supervisors to manage staffing and scheduling to ensure sufficient coverage of tasks and responsibilities. It will provide the State with a cloud-based solution that is always up-to-date, in stark contrast to the State's obsolete 30-year old mainframe payroll only system that is at risk of failure and utilizes a programming language that has been out of use for decades. We wholeheartedly agree with your final, emphatic statement during your March 3 testimony to the Appropriations and Financial Affairs Committee that "it's really, really important and we have said this to everyone who is talking to us about it, that we have evaluated other products and other systems and we are confident that the Workday product is the product for us." Indeed, Workday has proved to be the right solution for hundreds of very satisfied public sector entities.

You also told the committee that the State is “committed still to an implementation in the middle of next year.” Workday would like nothing more than for the State to go-live as soon as possible and we remain willing to assist in that effort. But making unfounded accusations of default by Workday and refusing to engage with us on a path forward will not help the State achieve its goal. Workday looks forward to engaging in a constructive dialogue with you.

This letter is written without prejudice to our rights, all of which are hereby expressly reserved. Should you have any questions or wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,



Christopher Curtis
SVP, Global Professional Services
christopher.curtis@workday.com

cc: Heather L’Hommedieu Perreault, Deputy Commissioner of Finance
Emily Atkins, Assistant Attorney General
Shahira Ali, Assistant General Counsel, Workday