**RESEARCH REPORT**

## IT PROJECTS FAILURES & PROJECT PROCUREMENT ANALYSIS

## 

### 

by Sasha Stepanov

BCIS207, Semester 1 2022, LGA

Contents

[IT PROJECTS FAILURES & PROJECT PROCUREMENT ANALYSIS 1](file:///C:\study\EnterPrise\Ass1\Asses1.docx#_Toc97731883)

[1](#_Toc97731884)

[SECTION. IT Project Failures 3](#_Toc97731885)

[Failure 3](#_Toc97731886)

[Failure 3](#_Toc97731887)

[Failure 3](#_Toc97731888)

[Failure 3](#_Toc97731889)

[Failure 3](#_Toc97731890)

[Failure 3](#_Toc97731891)

[Failure 3](#_Toc97731892)

[Failure 3](#_Toc97731893)

[Failure 3](#_Toc97731894)

[Failure 3](#_Toc97731895)

# SECTION. IT Project Failures

Introduction

Failure of a project in an IT industry is quite common problem. So many examples that we can learn from to avoid fiasco of a project and save yourself from a huge loss of money and time.

According to R. Ryan Nelson **(iT projeCT managemenT: infamous failures, ClassiC misTakes, and besT praCTiCes**) It’s happening mostly because of Insufficient planning, unrealistic budget, poor estimation and/or scheduling, insufficient risk management, scope creep, lack of user involvement.

In my research I am going to find 10 one of the most famous and biggest failure in IT industry, investigate reasons of failure, costs, and consequences. Find a best practice solution to avoid those mistakes.

## Failure 1

Case:

Canada's Phoenix Pay System

### Overview,some locations,information

[Phoenix](http://news.nationalpost.com/news/canada/canadian-politics/phoenix-explained-why-federal-civil-servants-arent-being-paid) – National Canada’s new centralized pay system.

In 2009, the Government of Canada launched a project to replace the 40-year-old system that used to pay the salaries of 290,000 workers in 101 departments. TPAI (Transformation of Pay Administration Initiative) would also centralize payroll services for almost 50% of all departments and agencies, which previously handled payroll for their own employees. The goal of this initiative is to reduce costs and improve efficiency in handling government payroll, which is about $22 billion every year. ( https://www.oag-bvg.gc.ca/internet/english/parl\_oag\_201805\_01\_e\_43033.html)

According to Report of the Auditor General of Canada in 2017 - Project supposed to be finished by 7 years and cost $310 million. The government expected that project will save about $70 million per year, starting in the 2016-17 financial year. This achievement would be possible through:

* clearing about 1,200 job positions down to 550 positions – 90% of which 460 pay advisors of Miramichi Pay Centre
* full automation of processes that were previously performed manually
* removing any data entry that duplicated and processing by integrating pay operations with the government approved HR management system.

( <https://www.oag-bvg.gc.ca/internet/English/parl_oag_201711_01_e_42666.html>)

### What went wrong, reasons of failure.

In April 2016 Phoenix was “ready” to be launched, although many problems became apparent when it first went live in February of that year.

As of 2018, around 372,000 Phoenix payroll transactions are still pending and fixed. Phoenix executives instead of asking for more money from Government to fix a problem, they have decided to integrate the project's new forces into the existing budget with a help of main contractor company IBM. This requires reduced functionality, testing, schedules, and project development staff. The extent to which Phoenix's development was affected by these decisions was never communicated to the departments and agencies whose employees would be most impacted by the faulty program. <https://spectrum.ieee.org/canadian-governments-phoenix-pay-system-an-incomprehensible-failure>

The system had issues shortly after implementation and that they continued to grow. Agencies and department have problems with a paying to workers accurately and on time. By June 30, 2017, due to some errors more than $520 million in pay outstanding for workers, because some of the workers were overpaid or paid less. Turns out around 51% of employees had errors in their payslips issued on April 19, 2017, compared with 30% on payrolls issued on April 6, 2016. 2017(<https://www.oag-bvg.gc.ca/internet/english/parl_oag_201805_01_e_43033.html>)

To this day Phoenix still operates and people trying to get their money back.

### Reason of failure.

After research of Phoenix failure, I come up to conclusion that main reasons for this project to fail are

Inadequate behaviour of a Phoenix Executives or to say with other words **Mismanagement.**

* Phoenix system was launched with 20 percent failed testing and no plan how and when to fix it. Instead of fixing code that failed – they removed it without thinking of consequences.,
* System had very low level of security, what led to documented privacy breaches.
* System had no contingency plan. So, there was no backup plan if something goes wrong.
* Risk management was very poor. Phoenix executives shut down the previous payroll system when Phoenix was launched, instead of run them in parallel.

**No plan for future maintenance.** According to 2018 Spring Reports of the Auditor General of Canada “the Department had no plans to upgrade the PeopleSoft application on which Phoenix was built, despite the application’s need for regular upgrades.”( <https://www.oag-bvg.gc.ca/internet/english/parl_oag_201805_01_e_43033.html#p48>)

**Flaw of a system**

Diagram

Description automatically generated

https://mikesmoneytalks.ca/trans-mountain-pipeline-expansion-brought-to-you-by-the-people-responsible-for-the-phoenix-pay-system/

In the summer of 2016 after the system has been up and “working” Phoenix executives carried on to pretend that and claim system works as designed. Unfortunately, due to the project`s terrible setup and shortage of oversight this was true. System does work as planned, but system and plan itself were terrible. Only after 12 months government realised that this project is a “bottomless hole”, no matter how much money will be spent on the system, it will not cope with the tasks

(<https://spectrum.ieee.org/canadian-governments-phoenix-pay-system-an-incomprehensible-failure>)

Solution to an existing problem

In May 2019, the federal government designated three companies that will compete to replace the Phoenix payroll system. In 2018, the government announced plans to phase out Phoenix, but only after a new system with improved technology was introduced. Companies - Ceridian, SAP and Workday will compete to provide an alternative of Phoenix pay system. (<https://en.wikipedia.org/wiki/Phoenix_pay_system>)

### Cost

Total planned cost of the Payment system was $310 million ,but instead it went up to around [at least C$1.2 billion](http://www.cbc.ca/news/canada/ottawa/phoenix-cost-more-than-one-billion-dollars-1.4594115) through 2019. Unfortunately, tens of millions will be spent on it before year 2025,which should be an year of replacement (<https://spectrum.ieee.org/canadian-governments-phoenix-pay-system-an-incomprehensible-failure>)

Total cost of this project illustrated in a Diagram below:

Diagram

Description automatically generated

<https://www.itworldcanada.com/article/phoenix-failure-will-cost-government-2-2-billion-senate/407636>

## Failure 2 **US Depart of Defense EHR System**

A picture containing calendar

Description automatically generated

**What happens and when**

In the end of 2010, the Deputy Secretaries of DOD (Department of Défense) and VA (Department of Veterans Affairs) administer the development of an new integrated Electronic Health Record (iEHR), supposed to help both Departments to reduce cost, collaborate and improve interoperability. In 2011, both Departments agreed to work together on development of the Secretaries of DOD and VA reached an agreement to work cooperatively on the development of a unified health record and opportunity for transition of those record to iEHR by 2017.( <https://sgp.fas.org/crs/misc/R42970.pdf>)

Original plan for each department was to create a new system that would help to achieve next goals:

• Promote transparency.

• Makes easy a common process (such as billing).

• Maximize interoperability.

• Manage efficiency of cost and scale.

• Speed up health services delivery.

• Improve the quality of delivered services through reliability, maintainability, completeness, and accuracy of data captured.

• Improve interoperability and data sharing of medical history between Departments.

• Support capture of an electronic medical data and exchange it between the private health care system and local government, federal and state local government.

• Improvement a patient experience <https://sgp.fas.org/crs/misc/R42970.pdf>

Around 2 years after this project it was announced the VA and DoD jointly decided to terminate the program, which would cost $29 billion through a 17-year life-cycle. Both Departments did not calculate their strength properly, so the project remained unfinished and it was decided to abandon it.( <https://www.chiefhealthcareexecutive.com/view/gao-details-failed-va-ehr-initiatives-as-agency-requests-new-interoperability-rule>)

Failure of this project may be an early sign that achieving interoperability of iEHR across all departments of healthcare will be extremely hard, expensive, and time-consuming. <https://www.darkdaily.com/2013/06/14/after-4-years-and-1-billion-the-va-and-dod-abandon-plans-for-a-fully-integrated-ehr-614/>

**Cost**

In 2013 was announced that system required more work to be done before it was ready to launch. Instead of creating a single integrated system, it was decided to focus on integrating VA and DOD health data by using existing solutions. After 4 Years and $1 Billion and 4 years have been wasted because, the VA and DoD have decided to abandon idea for a fully Integrated HER. https://www.darkdaily.com/2013/06/14/after-4-years-and-1-billion-the-va-and-dod-abandon-plans-for-a-fully-integrated-ehr-614/

**Why it happened**

**Insufficient Planning of DOD and VA** have not provided explicit goals, plans, and time frames for future system, what makes a project to create an unique common system very hard. (https://sgp.fas.org/crs/misc/R42970.pdf)

**Management** Director of Information Management and Technology Resources - [Valerie C. Melvin](http://www.veterans.senate.gov/hearings.cfm?action=release.display&release_id=79cbdcda-5cda-4a82-a57c-218d44b92e53) said that project had poor planning and project management weaknesses, including poor supervision and inadequate accountability https://www.darkdaily.com/2013/06/14/after-4-years-and-1-billion-the-va-and-dod-abandon-plans-for-a-fully-integrated-ehr-614/

**Wrong choice of development system.** Health IT consultant [Tom Munnecke](https://plus.google.com/105940005966112599552#105940005966112599552/posts), an independent health IT consultant and Investor, had worked on early versions of both systems. The big problem (flaw) was that the DOD’s new EHR could not communicate with the VA’s EHR.

According to [Munnecke](http://www.modernhealthcare.com/article/20130212/blogs02/302129891#ixzz2VH4odsA0?trk=tynt), the Défense Department picked the wrong approach for the iEHR project. Instead of developing bottom - up system they have created a top-down system. This prevented important and ongoing end-user feedback.( https://www.darkdaily.com/2013/06/14/after-4-years-and-1-billion-the-va-and-dod-abandon-plans-for-a-fully-integrated-ehr-614/)

**Complication and size of a project (Poor Estimation).**

**The seriousness and difficulty of the project was much higher than the spirit and plans of both companies. DOD and AV were not ready for an integration because both departments did not provide a clear goal. (** **https://sgp.fas.org/crs/misc/R42970.pdf)**

## Failure National Program for IT (NPfIT)

A picture containing text

Description automatically generated

Overview

The NHS Connecting for Health (CFH) was created in 2005 and was part of Department of Health in UK and has replaced the original NHS information authority. Main task of CFH was to develop and maintain National Health System IT infrastructure. Department of Health in England wanted to move NHS (National Health Service) towards a single centrally – controlled electronic system, which would record all necessary information about patients and connect around 30000 GP to 300 hospitals, all records are secured and can be accessed only by authorised health professionals.( https://en.wikipedia.org/wiki/NHS\_Connecting\_for\_Health)

The main purpose of the National Program for IT (NPfIT) in the NHS in UK is to supply better details for health and patient care. The program supposed to deliver:

* IT infrastructure which is fast and reliable
* an intеgrаtеd electronic health records system for all patients
* new ways of online booking services and transferring prescriptions online <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1266256/#:~:text=INTRODUCTION,where%20and%20when%20it's%20needed>.

The project failed due to the fact that it did not gain trust from users, since end users could not figure out how the system works. Poor system performance and service availability issues cave caused constant problems and fails of a system. For example according to (https://www.digitalhealth.net/2006/09/npfit-systems-failing-repeatedly/) come clinics had frequent failures with Patient Administration Systems becoming unavailable and staff losing access to system, leaving them without information of upcoming appointments, patients or planned treatments for them.

What Went Wrong

**Bad time management(haste)**

Program managers and politicians rushed to processes of procurement, implementation and policymaking instead of spend enough time to consult with key stakeholders and deal with confidentiality problems. This resulted in:

* Unreal timetable
* Privacy campaigners and users left without attention
* Inadequate preparatory work
* Privacy campaigners and users were left without attention
* Failure to compare expectations and actual progress
* No test for the system

https://www.henricodolfing.com/2019/01/case-study-10-billion-it-disaster.html

**Design problems**

To reduce costs and ensure rapid implementation at the local level, government followed an overambitious centralized model ,not giving any consideration how this affects user satisfaction and privacy. This resulted in:

* Risk mismanagement
* Privacy issues
* lagging behind technology(time concern)
* Project was too big

https://www.computerweekly.com/opinion/Six-reasons-why-the-NHS-National-Programme-for-IT-failed

Culture and skills  
With no clear direction, mitigation plan or project management the NPfIT program became an expensive failure. Besides, Department of Health was not fond of swift identification and recognition of strategic errors or issues. This resulted in:

* No unambiguous leader
* No clear aim and goals of a project
* incorrectly estimated budget from the very beginning
* lack of necessary training
* No mitigation plans
* Price over a quality
* Absence of interest in privacy issues
* Low project management skills

<https://www.henricodolfing.com/2019/01/case-study-10-billion-it-disaster.html>

**Cost**

Original plan was to spend around £ 2.3 billion in 3 years. in June 2006 by the National Audit Office was announcedеd the total cost and it has changed to £12.4 billion over 10 years. Officials who elaborate in the program have declared that the final cost will be around £20 billion, showing a cost overrun of 440% to 770%.

https://en.wikipedia.org/wiki/NHS\_Connecting\_for\_Health#Data\_security\_risks

# Failure e-borders

A group of people at an airport

Description automatically generated with medium confidence

**Overview**

The e-Borders project commenced in 2003 by the Home Office, which aimed to deliver an immigration control model in the UK that was modern and efficient.

https://pmworldlibrary.net/wp-content/uploads/2016/03/pmwj44-Mar2016-Alami-uk-eborders-project-failure-featured-paper.pdf

Launched in 2003, the scheme was originally meant to collect details from passenger lists of all people entering and leaving the UK

The programme was set up in 2003 in an attempt to improve border security by collecting data of passengers who enter the country by air, rail and sea by gathering and processing data on them before they reach the border.

<https://techmonitor.ai/techonology/software/home-office-wastes-830m-in-e-borders-failure-4743092>

THE PROJECT A business case for the e-Borders scheme was introduced in 2003 by what was then the Immigration and Nationality Directorate. The objective of the project was to deliver an immigration and border control that is modernized in order to make the process more efficient, secure, and effective (Foxton, 2014). The e-Borders project sought to address various strategic issues, which included addressing legal obstacles that prevented collaboration between border and security agencies, through information sharing (Vaz, 2010). Focus was on concerns in relation to disproportionate resources that were put up for arrivals control and mitigating the effect of increasing airport capacity and the number of aircraft and passengers on the immigration control process (Hampshire, 2009). Also, there was a need to enhance the collection of information at both entry and exit points so as to effectively determine the demographics of persons in the UK. The project entailed a set of high-level business requirements that would foster “export of the border,” where passengers were to be assessed in advance before arrival and promote inter-agency operability between border control and intelligence agencies (GOV.UK, 2014). <https://pmworldlibrary.net/wp-content/uploads/2016/03/pmwj44-Mar2016-Alami-uk-eborders-project-failure-featured-paper.pdf>

Benefits

1. Improvement of security by offering support to both intelligence and security agencies to analyze and track terrorist activities or other targets that may hinder national security (National Audit Office [NAO], 2015). 2. Improvement of borders control activities, efficiently and effectively, through the provision of risk assessment of persons; thus processing of persons is facilitated, and a platform for automated clearance services is also provided. 3. Cost savings from the process are accrued as a result of eradication of the landing cards together with the ability to easily access electronic movement records for lengthening stay in the UK (GOV.UK, 2014). <https://pmworldlibrary.net/wp-content/uploads/2016/03/pmwj44-Mar2016-Alami-uk-eborders-project-failure-featured-paper.pdf>

Che slucjilos

Termination of Raytheon’s contract In 2010 the Home Office terminated the e-Borders IT contract with Raytheon. The £750 million contract termination was mainly based on a succession of missed milestones together with the existence of issues associated with quality of service rendered (Khan, 2015). The company had been paid £188 million of the contract, where later it was replaced by IBM. It is believed that the selection was made because IBM was initially involved in the pilot project. The two measurable deliverables that were expected to be completed, but were never achieved, entailed: 1. Advance collection of passport data to 95 percent of inbound and outbound passengers by the end of 2010 and 100 percent by March 2014. 2. The second deliverable was to replace the current two systems with a single integrated system responsible for receiving and analyzing data in advance and at the border by April 2011 (Khan, 2015) <https://pmworldlibrary.net/wp-content/uploads/2016/03/pmwj44-Mar2016-Alami-uk-eborders-project-failure-featured-paper.pdf>

**Affected** The NAO said that, while the programme had increased Britain’s capabilities, it was falling short in some key areas. It had managed to analyse only 86 per cent of the data collected on passengers travelling to the UK in September, compared with a target of 95 per cent.

Sir Amyas Morse, who heads the watchdog, said: “It was due to have been completed in 2011. Since we are now in 2015, with the Home Office still not having delivered the original vision after expenditure of £830m, I cannot view e-borders as having delivered value for money.”

Cost The[Home Office](http://www.ft.com/topics/organisations/UK_Home_Office) has failed to deliver fully on its e-borders programme, despite spending £830m, according to a report published on Thursday by the UK’s spending watchdog.

The programme, launched in 2003, was designed to improve security by collecting data as passengers leave and enter the country, but has been mired in difficulties.

Raytheon, a US defence company, was stripped of the contract to build the technology in 2010 after being accused of failing to deliver fully, leading to a legal wrangle that saddled the Home Office with a £150m settlement and $35m in legal costs.

Besides this, about £340m is said to have been spent on the original e-borders system and £303 on successor programmes.

The Home Office spent £89m over four years patching up an old system that e-borders was supposed to have replaced.

https://www.ft.com/content/ed156742-990f-11e5-95c7-d47aa298f769

**what went wrong**

**Splitting of e-Borders contract?**

**THE PROJECT’S CHALLENGES?too ambitious**

**importance of the stakeholder was underestimated**

**Inconsistencies in the design work**

**Feasibility**

No strategy According to the National Audit Office (2015), it is attributed that the Home Office did not have in place a consistent strategy to deliver the project on such a scale where it failed to develop an integrated system that could process all the information it collected.

The NAO said the Home Office lacked a “consistent strategy” to deliver a programme on this scale — failing to build an integrated system that processed all the information it received. It noted “extensive” amounts of work being carried out manually and often duplicated. The Home Office spent £89m over four years patching up an old system that e-borders was supposed to have replaced.

The department had yet to build an integrated system, and processes were therefore inefficient, with the Home Office unable to exploit fully the potential of the data it was receiving.

Current processes included extensive manual effort, duplication of effort, and restrictions on the use that could be made of travel history records.

The report found several reasons for the failure to deliver. The department lacked a consistent strategy or realistic plan for delivery. According to the NAO, the delivery plans for e-borders were too ambitious to be achievable in the time envisaged, and the department had struggled to decide how to take the vision forwards since the cancellation of the e-borders contract.

## Failure

## Failure

## Failure

## Failure

## Failure

## Failure

How to avoid that crap: