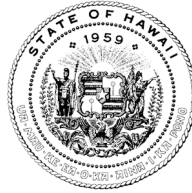


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



DEPT. COMM. NO. 2018
KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

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December 10, 2025

The Honorable Ronald D. Kouchi
President of the Senate
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine K. Nakamura
Speaker and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha Senate President Kouchi, Speaker Nakamura, and Members of the Legislature:

Pursuant to HRS section 27-43.6, which requires the Chief Information Officer to submit applicable independent verification and validation (IV&V) reports to the Legislature within ten days of receiving the report, please find attached the report the Office of Enterprise Technology Services received for the State of Hawai'i, Department of Commerce and Consumer Affairs, Business Registration Modernization Project.

In accordance with HRS section 93-16, this report may be viewed electronically at <http://ets.hawaii.gov> (see "Reports").

Sincerely,

A handwritten signature in blue ink, appearing to read "CSakuda".

Christine M. Sakuda
Chief Information Officer
State of Hawai'i

Attachment



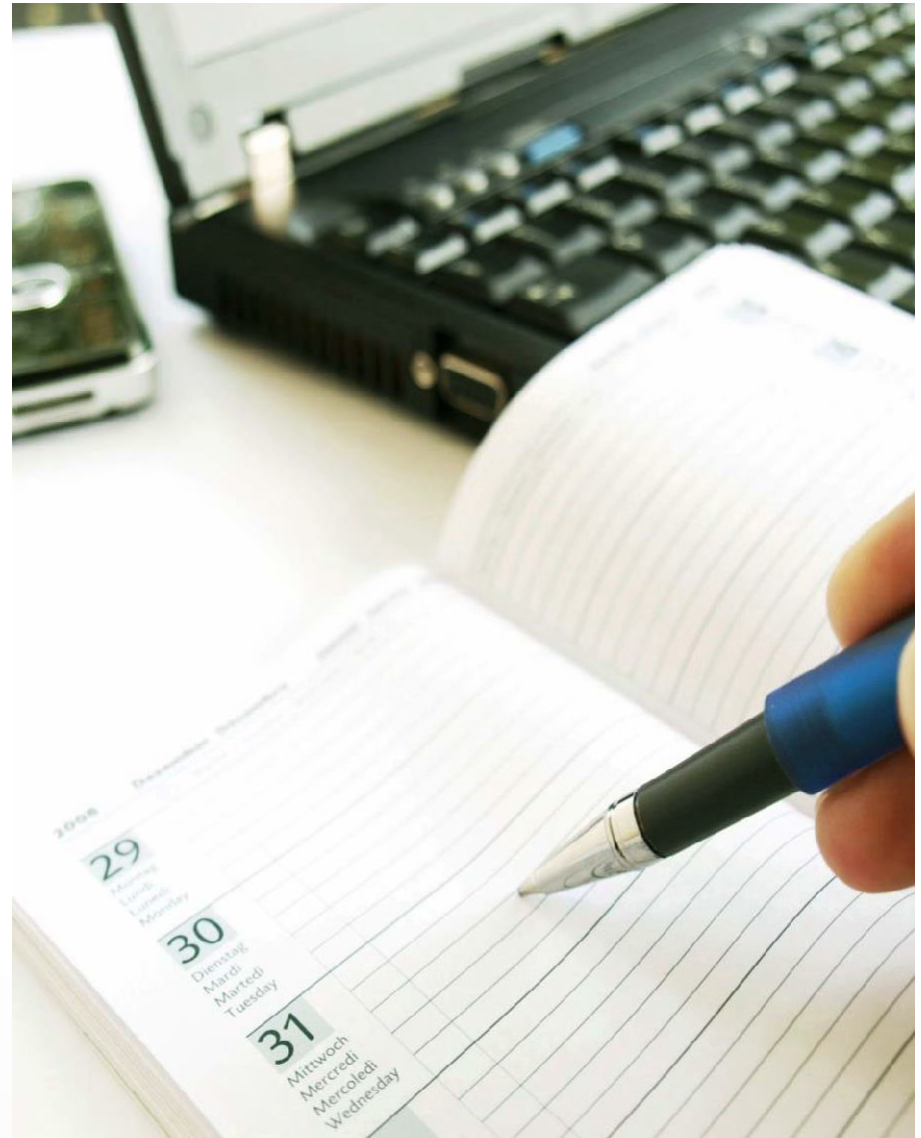
Hawaii Department of Commerce and Consumer Affairs Business Registration Modernization (BRM) Project

IV&V Status Report - FINAL

Reporting Period: September 1 – 30, 2024

Overview

- Executive Summary
- Dashboard
- IV&V Findings and Recommendations
- IV&V Approach and Methodology
- Appendices
 - A – IV&V Assessment Inputs
 - B – IV&V Criticality Ratings
 - C – Findings Log



Executive Summary

Public Consulting Group (PCG) took over IV&V oversight of the BRM project on September 1, 2024. PCG and BREG agreed to maintain the continuity of this report as much as possible before transitioning to PCG standard reporting methods. Some findings may be reworded for clarity, but the historical verbiage and updates will be preserved where possible. PCG will continue to work diligently to get up to speed on project details over the next several months to provide better insights in IV&V reporting and provide further recommendations to help the project address project challenges.

During this reporting period, the project faced a major disruption when BREG leadership issued an informal stop-work order for the System Integrator (SI), halting project activities. This seems to be the result of ongoing SI challenges which were exacerbated when the SI announced that the November 2024 go-live was unachievable.

In June 2024, the project was restarted due to the realization that the planned July go-live date was unattainable. A new go-live target for November was subsequently announced, accompanied by additional funding to address funding challenges for the SI. Despite this, the SI struggled to make substantial progress toward meeting the November deadline. BREG expressed concerns throughout August as the SI could only demonstrate limited system functionality, despite approaching the new User Acceptance Testing (UAT) start date. Despite many assurances of being on track, the SI ultimately conceded on September 12, 2024, that the November go-live date was unachievable. As a result, BREG issued an informal stop-work order, citing diminished confidence in AST, the SI subcontractor, to deliver a high-quality system within an acceptable timeframe and their lack of transparency in reporting actual progress. IV&V has identified a new risk (ID #2024.09.30) concerning how intermittent project pauses and other SI challenges could diminish BREG SMEs' motivation and commitment to project activities, potentially resulting in additional delays and decreased system quality. IV&V has set the overall risk rating for the project to High (Red) and will reevaluate other risk ratings once a strategy for moving forward is determined.

It remains unclear how the SI plans to address their subcontractor challenges and whether they will replace AST or negotiate a way forward with them. Going forward, IV&V recommends the SI work to compile a list of lessons learned and produce a corrective action plan to address the challenges experienced thus far to assure timely delivery of a high-quality system and greater transparency in reporting progress to BREG leadership.

PROJECT ASSESSMENT

September 2024

SUMMARY RATINGS

OVERALL RATING

R

PEOPLE

R

PROCESS

Y

TECHNOLOGY

Y

CRITICALITY RATINGS

R

HIGH

Y

MEDIUM

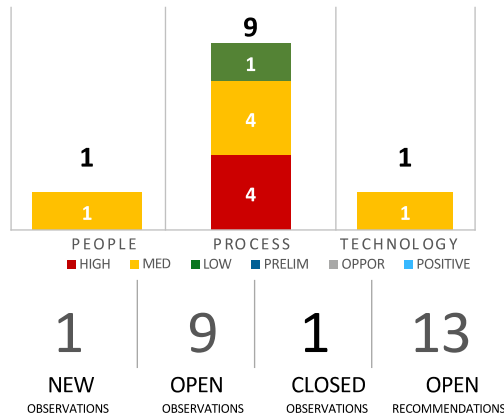
G

LOW

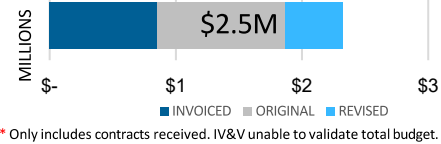
NA

N/A

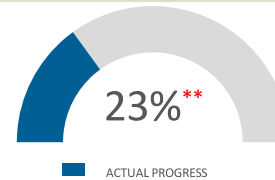
IV&V FINDINGS



PROJECT BUDGET



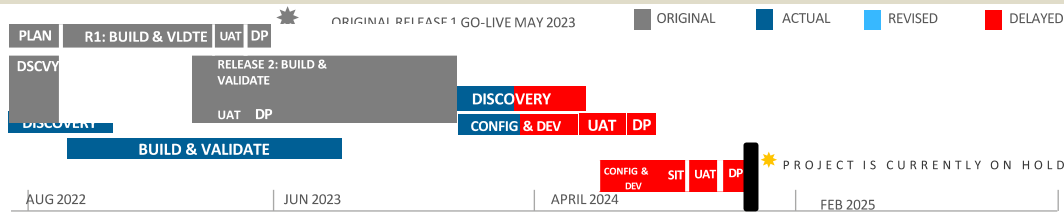
PROJECT PROGRESS



** Updated % completion not available due to project on hold.

KEY PROGRESS & RISKS

- The project was put on hold on Sept. 18, 2024; SI will need to decide to replace AST or negotiate a way forward with them, who had conducted all development for the project.
- BREG issued an informal stop-work order, citing diminished confidence in AST, the SI subcontractor, to deliver a high-quality system within an acceptable timeframe and their lack of transparency in reporting actual progress.
- The intermittent project pauses, and other SI challenges could diminish BREG SMEs' motivation and commitment to project activities, potentially resulting in additional delays and decreased system quality.



NA	NA	Y	<div>People</div> <div>Team, Stakeholders, & Culture</div>	<ul style="list-style-type: none"> IV&V has identified a new risk (ID #2024.09.30) concerning how intermittent project pauses and other SI challenges could diminish BREG SMEs' motivation and commitment to project activities, potentially resulting in additional delays and decreased system quality. IV&V recommended the SI prioritize the allocation of high-quality SI resources to prevent further project missteps, avoid overburdening BREG SMEs, and expedite system development to recover lost time as the project restarts. IV&V recommends the project distribute comprehensive Organizational Change Management (OCM) communications to stakeholders to help prevent rumors and misinformation about the recent pause and the future of the project. These communications can clarify the project’s challenges and outline the strategy to get back on track.
Y	NA	Y	<div>Process</div> <div>Approach & Execution</div>	<ul style="list-style-type: none"> BREG issued an informal stop-work order, citing diminished confidence in AST, the SI subcontractor, to deliver a high-quality system within an acceptable timeframe and their lack of transparency in reporting actual progress. It remains unclear how the SI plans to address their subcontractor challenges and whether they will replace AST or negotiate a way forward with them. IV&V recommends the SI work to compile a list of lessons learned and produce a corrective action plan to address the challenges experienced thus far to assure timely delivery of a high-quality system and greater transparency in reporting progress to BREG leadership.



Y	NA	Y	<div>Technology</div> <div>System, Data, & Security</div> <div> <ul style="list-style-type: none"> •The data conversion and migration plan, deployment plan, security management plan, system architecture, and design documentation are still pending. • There is no formal governance structure to oversee multiple applications within a single Salesforce organization, which could result in application development, data management, integration, maintenance, and overall operations issues. • IV&V remains concerned that challenges with data and document migration could create further project delays and negatively impact system quality. </div>
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IV&V Findings and Recommendation

Summary of IV&V Open Findings

IV&V Findings and Recommendations

Summary of IV&V Open Findings

Category	Type	#	Finding Title	Criticality
People	Risk	2024.09.001	Intermittent project pauses and other SI challenges could diminish BREG SMEs' motivation and commitment to project activities, potentially resulting in additional delays and decreased system quality.	M
Process	Issue	2024.04.001	The failure to capture and integrate lessons learned from earlier project phases and restarts, is leading to the repetition of the same project challenges.	H
	Issue	2024.02.001	A lack of agreement on a path forward and the critical changes needed for course correction, may hinder the likelihood of overall project success and result in the recurrence of the same project issues.	M
	Issue	2024.01.001	Project is lacking rigorous schedule management practices which may impact the ability to properly manage resources, quality, and timeliness of project execution.	M
	Issue	2024.01.002	Unclear sprint planning and execution may result in misalignment of sprint goals and objectives, low quality of work, and potential rework.	H

IV&V Findings and Recommendations

Summary of IV&V Open Findings

Category	Type	#	Finding Title	Criticality
Process	Issue	2023.02.001	Current risk management processes aren't communicating risks or executing risk mitigating tasks early enough which may impact project scope, schedule, and costs.	M
	Issue	2023.02.002	Untimely and insufficient completion of project management responsibilities may impact effective project execution.	M
	Risk	2022.08.006	A lack of quantitative success metrics may lead to differences in the interpretation of project success.	M
	Risk	2023.08.001	Insufficient quality management practices may lead to rework and impact the quality, performance, and functionality of the solution.	H
Technology	Risk	2023.05.002	The lack of a formal governance structure to oversee multiple applications in a single Salesforce organization may lead to errors with application development, data management, integration, maintenance, and operations of the applications.	M

IV&V Findings and Recommendations


People

#	Key Findings	Criticality Rating
2024.09.01	<p>Risk - <NEW> Intermittent project pauses, and other SI challenges could, diminish BREG SMEs' motivation and commitment to project activities, potentially resulting in additional delays and decreased system quality.</p> <p>BREG has no dedicated resources for the BRM project, and all BREG SMEs must juggle their operational duties with participation in the BRM project. The BRM project experienced multiple stops and starts, the dismissal of one subcontractor (Speridian), and the potential dismissal of a second subcontractor (AST). SMEs expressed disappointment in the SI's lack of progress, given that system demonstrations only showed limited functionality and little to no end-to-end functionality was demonstrated. BREG stakeholders were also disappointed that despite many assurances of being on track, the SI ultimately conceded on September 12, 2024, that the November 2024 go-live date was unachievable. SMEs also reported that SI project leadership would, at times, become combative when their productivity or project approach was questioned.</p>	M

Recommendations	Progress
• BREG leadership make efforts to encourage and show appreciation to SMEs for their efforts on the project.	In progress
• The SI prioritize the allocation of high-quality SI resources to the project going forward so as to prevent further project missteps, avoid overburdening BREG SMEs, and expedite system development to recover lost time.	In progress
• The project disseminate comprehensive Organizational Change Management (OCM) communications to stakeholders, aimed at preventing rumors and misinformation. These communications can provide clarity on the challenges the project encountered and outlining the strategy to get back on track. If appropriate, reaffirm leadership's dedication to project success and affirmation of SME's who have dedicated their time and efforts thus far.	In progress

IV&V Findings and Recommendations

Process

#	Key Findings	Criticality Rating
2024.04.001	Issue —The failure to capture and integrate lessons learned from earlier project phases and restarts, is leading to the repetition of the same project challenges: The failure to capture and integrate lessons learned from earlier project phases and restarts is leading to the repetition of the same project challenges.	

Recommendations	Progress
<ul style="list-style-type: none"> Conduct formal lessons learned meetings. Encourage open and honest discussion so stakeholders share their experiences and perspectives on what could have been done differently and what they learned. Analyze the collected information, look for common themes, and identify the root causes of issues that need to be addressed 	In progress
<ul style="list-style-type: none"> Incorporate lessons learned and any resulting actions into the new revised schedule and processes. Prioritize based on relevance to upcoming activities. Develop high-level timeline and tasks for addressing deficiencies and begin tracking progress. 	In progress

IV&V Findings and Recommendations

Process

#	Key Findings	Criticality Rating
2024.02.001	Issue - A lack of agreement on a path forward and the critical changes needed for course correction, may hinder the likelihood of overall project success and result in the recurrence of the same project issues	M

Recommendations	Progress
<ul style="list-style-type: none">Improve communication and collaboration. Establish clear communication channels and protocols to ensure that project stakeholders are on the same page. Obtain agreement on project status reports and metrics to help keep everyone informed with the relevant and valuable information to monitor if the project is on track.	In progress



IV&V Findings and Recommendations


Process

#	Key Findings	Criticality Rating
2024.01.001	Issue - Project is lacking rigorous schedule management practices which may impact the ability to properly manage resources, quality, and timeliness of project execution.	M

Recommendations	Progress
<ul style="list-style-type: none"> In accordance with PMBOK 4.2.3.1, the project management plan is a critical project management document. Carefully review the revised timelines, requested resources, and unfinished work remaining and complete the approval process. Any issues that arise from subsequent demos should be documented in the appropriate feedback log. 	Not started
<ul style="list-style-type: none"> Improve the project schedule by creating a WBS broken down into smaller, more manageable components. Provide the appropriate detail of tasks, durations, due dates, milestones, and key work products. Both DCCA- and Pacxa-assigned tasks and resources should be clearly reflected in the project schedule, including data validation and user acceptance testing. Obtain agreement on the baseline schedule and then hold parties accountable for tasks and deadlines. 	Not started
<ul style="list-style-type: none"> Assess the need for additional Pacxa resources for project management support. The current Pacxa project manager is actively facilitating functional design sessions and other key activities, which may impact his ability to focus on project management execution. 	Not started

IV&V Findings and Recommendations

Process

#	Key Findings	Criticality Rating
2024.01.002	Issue - Unclear sprint planning and execution may result in misalignment of sprint goals and objectives, low quality of work, and potential rework.	

Recommendations	Progress
<ul style="list-style-type: none"> • Modify the reported performance metrics • To properly assess if development is on track the burndown chart needs to show the total story points (user stories or requirements) divided by the remaining sprints where at the end of the sprints, there are no story points (user stories or requirements) remaining. • Furthermore, consider adding this metric to the 'Velocity' table. In this way, the actual 'story pts done' to planned velocity will show the comparative project development progress. 	In progress
<ul style="list-style-type: none"> • Implement Agile ceremonies and reporting for greater transparency • Implement Agile ceremonies such as daily stand-ups, sprint planning, sprint review, and retrospective meetings. These meetings will help to promote transparency and communication among team members and ensure that everyone is aligned with the goals and objectives of the sprint. • Provide more sprint reporting such as burn-down charts, velocity, and test summary reports. 	In progress
<ul style="list-style-type: none"> • Evaluate if the remaining number of sprints is realistic and achievable. • Consider if the number of backlog items left to complete, the team's velocity, the complexity of the remaining items, any dependencies, and any external factors could impact the team's ability to complete the work in the number of remaining sprints. 	In progress

IV&V Findings and Recommendations

Process

#	Key Findings	Criticality Rating
2023.02.001	Issue - The lack of a formal governance structure to oversee multiple applications in a single Salesforce organization may lead to errors with application development, data management, integration, maintenance, and operations of the applications.	M

Recommendations	Progress
<ul style="list-style-type: none"> Adding risks provided in the IV&V reports helps to ensure that other identified issues, concerns, and observations are properly discussed and decisioned. 	In progress
<ul style="list-style-type: none"> Foster an open, transparent culture where it is safe and comfortable to discuss risks. Foster a culture of having candid dialogue, discussing potential risks, asking difficult questions, and holding each other accountable. 	In progress
<ul style="list-style-type: none"> In instances where changes are unavoidable, the project team should initiate change management processes early. Risks, costs, schedule, and quality impacts should be assessed and clearly communicated. 	In progress

IV&V Findings and Recommendations

Process

#	Key Findings	Criticality Rating
2023.02.002	Issue - Untimely and insufficient completion of project management responsibilities may impact effective project execution.	M
Recommendations		Progress
<ul style="list-style-type: none"> Clarify roles and expectations of DCCA PM Clarify and prioritize purpose and expectations of project manager contracted services in light of project risks and lessons learned 		In progress
<ul style="list-style-type: none"> Develop a project schedule to manage Aalta tasks and deliverables Provide the appropriate detail of tasks, durations, due dates, milestones, and deliverables. Consider either developing a separate schedule or incorporating it into Pacxa's project schedule. 		In progress


IV&V Findings and Recommendations

Process

#	Key Findings	Criticality Rating
2022.08.006	Risk - A lack of quantitative success metrics may lead to differences in the interpretation of project success.	M
Recommendations		Date
<ul style="list-style-type: none"> Formalize measurable goals and success metrics. Consider financial, nonfinancial, tangible, and intangible metrics such as operational key performance indicators (KPIs), customer or employee satisfaction, user adoption, return on investment, or cycle or processing times. Consider benefits realization management objectives as well as alignment to BREG goals 		In progress
<ul style="list-style-type: none"> Collect baseline data and monitor progress. Consider methods for collecting data such as process mining, surveys, queries, observation, or open forums. Consider sources of data such as legacy systems, operations, and internal and external stakeholders. 		In progress

IV&V Findings and Recommendations

Process

#	Key Findings	Criticality Rating
2023.08.001	Risk - Insufficient quality management practices may lead to rework and impact the quality, performance, and functionality of the solution.	
Recommendations		Progress
<ul style="list-style-type: none"> Review the quality deliverables and recommendations provided below 		Not started
<ul style="list-style-type: none"> Improve the execution of the project's quality plans. Clarify the project team's quality roles and responsibilities and assign specific quality tasks. Increase the frequency of quality reports to monitor adherence to quality standards. If quality standards are not being met, document the gap and the quality improvements that need to be made, and take corrective action. 		Not started
<ul style="list-style-type: none"> Conduct periodic technical reviews to increase visibility of development best practices. Consider discussing development practices updates and key development metrics (e.g., % of configuration using out-of-the-box features; % of code customized, % of apex code considered to be high complexity, etc.) at technical reviews. Consider including technical SMEs from all stakeholder groups for meaningful review and feedback. 		Not started

IV&V Findings and Recommendations

Technology

#	Key Findings	Criticality Rating
2023.05.002	Risk - The lack of a formal governance structure to oversee multiple applications in a single Salesforce organization may lead to errors with application development, data management, integration, maintenance, and operations of the applications.	M

Recommendations	Progress
<ul style="list-style-type: none"> • Create a plan and assign responsibilities to develop a formal governance structure. • Determine the governance structure, policies, and guidelines that will govern the development, change management, issue resolution, security, maintenance, and operations of the applications. 	In progress
<ul style="list-style-type: none"> • Clearly define the scope of the governance structure, which applications it will oversee, and what activities it will cover. 	In progress
<ul style="list-style-type: none"> • Identify all stakeholders who will be impacted by the governance structure. 	In progress
<ul style="list-style-type: none"> • Determine the governance structure, policies, and guidelines that will govern the development, change management, issue resolution, security, maintenance, and operations of the applications. 	In progress

Appendices




Appendix A – IV&V Inputs

IV&V activities performed during the reporting period:

- Attended Data migration standups
- Attended Sprint 16 Demo
- Interview with Nohea
- Risk review meetings with BREG
- Stop work discussion with BREG project leadership

Appendix B – IV&V Criticality Ratings

See definitions of Criticality Ratings below:

Criticality Rating	Definition
	A high rating is assigned if there is a possibility of substantial impact to product quality, scope, cost, or schedule. A major disruption is likely and the consequences would be unacceptable. A different approach is required. Mitigation strategies should be evaluated and acted upon immediately.
	A medium rating is assigned if there is a possibility of moderate impact to product quality, scope, cost, or schedule. Some disruption is likely and a different approach may be required. Mitigation strategies should be evaluated and implemented as soon as feasible.
	A low rating is assigned if there is a possibility of slight impact to product quality, scope, cost, or schedule. Minimal disruption is likely and some oversight is most likely needed to ensure that the risk remains low. Mitigation strategies should be considered for implementation when possible.

Appendix C – Findings Log

The final findings log has been provided as a separate spreadsheet.



IV&V Approach and Methodology

IV&V Approach and Methodology

- What is Independent Verification and Validation (IV&V)?
 - The goal of IV&V is to help DCCA implement a solution that meets user requirements and is built according to best practices
 - IV&V services are provided by an independent third party that assesses the project against industry standards to provide an unbiased view to stakeholders
 - IV&V helps improve project visibility, identify potential project challenges, and provide risk mitigation strategies to address project risks and issues
- PCG IV&V Methodology
 - Consists of a 4-part process made up of the following areas:
 1. **Discovery** – Discovery consists of reviewing documentation, work products and deliverables, interviewing project team members, and determining applicable standards, best practices and tools
 2. **Research and Analysis** – Research and analysis is conducted in order to form an objective opinion.
 3. **Clarification** – Clarification from project team members is sought to ensure agreement and concurrence of facts between the State, the Pacxa Contractor, and PCG.
 4. **Delivery of Findings** – Findings, observations, and risk assessments are documented in this report and an accompanying Findings Log. IV&V reports are point-in-time documents with findings accurate as of the last day in the reporting period. These documents are shared with the State and ALIAS Contractor project leadership for review and consideration.



Solutions that Matter