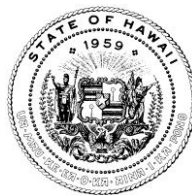


JOSH GREEN, M.D.
GOVERNOR
KE KIA'AINA



DEPT. COMM. NO. 19

KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

CHRISTINE M. SAKUDA
CHIEF INFORMATION OFFICER
LUNA 'ENEHANA

**OFFICE OF ENTERPRISE TECHNOLOGY SERVICES
KE'ENA HO'OLANA 'ENEHANA**

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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



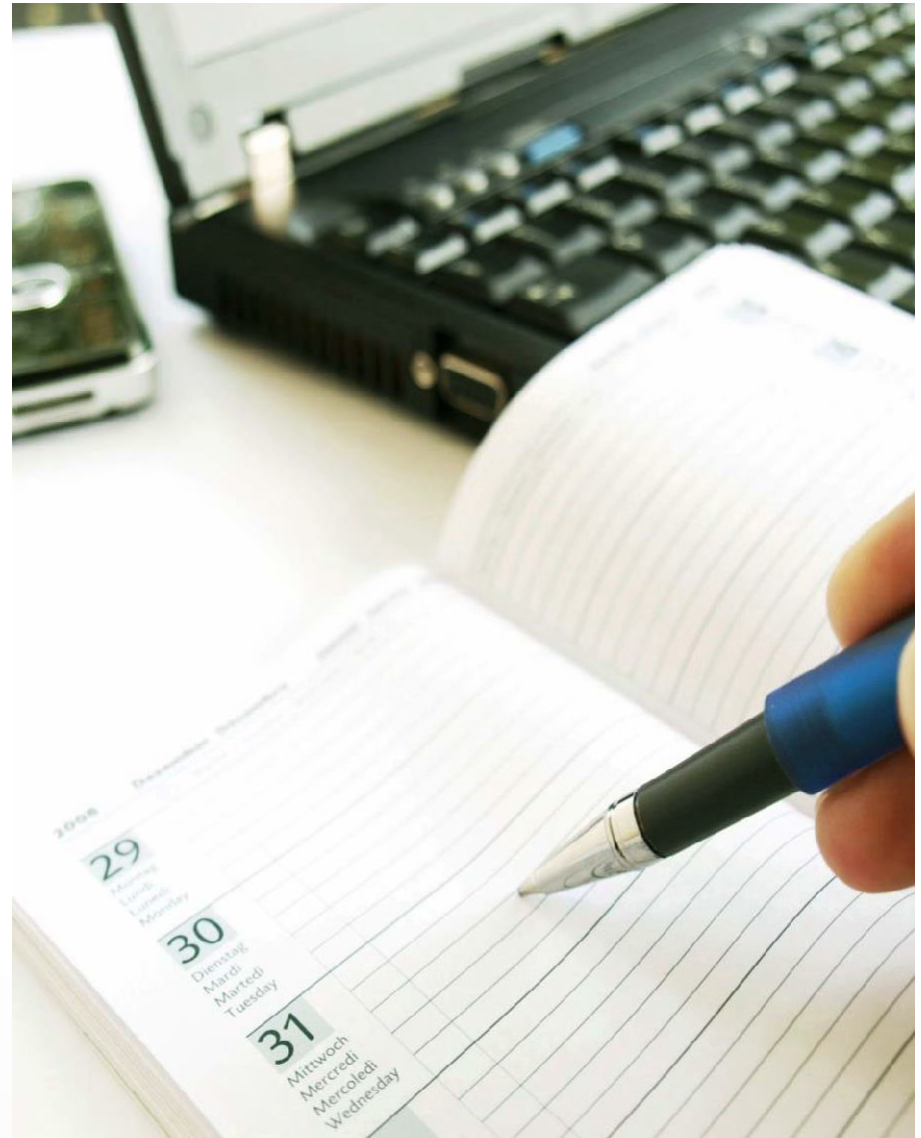
Hawaii Department of Commerce and Consumer Affairs Business Registration Modernization (BRM) Project

IV&V Status Report - FINAL

Reporting Period: October 1 – 31, 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

The project remains paused while the project team assesses their options for moving forward and the SI works to address their subcontractor challenges. It remains unclear whether the System Integrator (SI) will replace their subcontractor (AST) or negotiate a way forward with them.

The current pause presents the project with a critical opportunity for the project to course correct and to thoroughly address project challenges. IV&V recommends the project leverage lessons learned to produce a corrective action plan to prevent recurrence of the same project issues that led to the pause. IV&V has escalated Issue #21 regarding the need for course correction to a "High" criticality. IV&V has also opened a new risk (#26) related to data conversion and document migration challenges, which could potentially cause project delays and compromise system quality. This concern arises from significant challenges faced by both the previous and current subcontractors in making progress in these areas.

BREG has reported that their staff remain invested in the project and are willing to "push through" despite the potential for project fatigue. IV&V recommends that the project maintain consistent communication with stakeholders to ensure they are well-informed and to mitigate the spread of misinformation about the project.

PROJECT ASSESSMENT

OCTOBER 2024

SUMMARY RATINGS

OVERALL RATING

R

PEOPLE

Y

PROCESS

R

TECHNOLOGY

Y

CRITICALITY RATINGS

R

HIGH

Y

MEDIUM

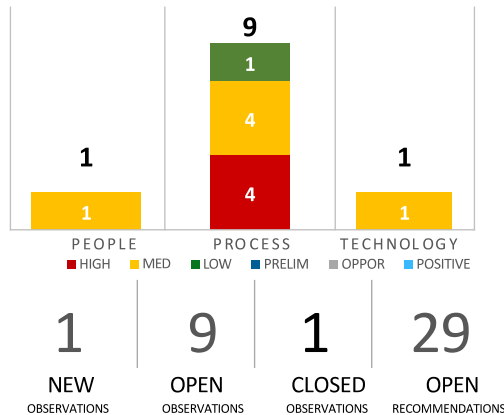
G

LOW

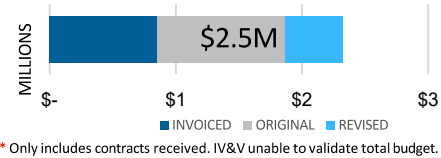
NA

N/A

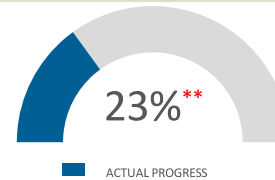
IV&V FINDINGS



PROJECT BUDGET

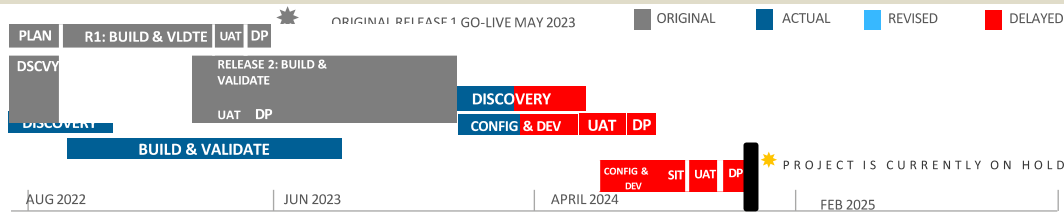


PROJECT PROGRESS



KEY PROGRESS & RISKS

- The project remains on hold since BREG issued an informal stop-work order, citing diminished confidence in AST, the SI subcontractor.
- New risk identified (#26): Challenges with data conversion and document migration could create project delays and negatively impact system quality.
- Increased criticality of Issue #21 to High: 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.



BRM PROJECT

| AUG | SEPT | OCT | IV&V ASSESSMENT AREA | IV&V SUMMARY |
|-----|------|-----|--|---|
| NA | Y | Y | People Team, Stakeholders, & Culture | <p>BREG has reported that their staff remain invested in the project and are willing to "push through" despite the potential for fatigue. The SI prime has made efforts up until the recent project pause to meet with BREG project members to discuss project fatigue. IV&V continues to recommend 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 as well outlining the strategy to get back on track as details become available.</p> <p>IV&V continues to recommend 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.</p> |
| Y | Y | R | Process Approach & Execution | <p>The current pause presents the project with a critical opportunity for the project to course correct and leverage lessons learned to produce a corrective action plan, prior to restart, that would detail process and other changes the SI would make to achieve project success. If corrective action plans are not adequately developed and implemented effectively, project failure may be at risk. Therefore, IV&V has raised this category criticality rating from "Yellow" to "Red", and escalated Issue #21 regarding the need for course correction to a "High" criticality.</p> <p>The project team has recently identified key challenges the plan should address:</p> <ul style="list-style-type: none"> • <i>Insufficiently skilled SI resources</i> • <i>Lack of a realistic, fully resourced project schedule</i> • <i>Ineffective execution of a clear SI software development methodology</i> • <i>Failure to leverage lessons learned to process improve.</i> <p>IV&V recommends the SI prioritize the development of a realistic, adequately resourced schedule before resuming development activities. IV&V recommends thorough vetting of new vendor resources and clarification of roles before onboarding to ensure they are qualified and well-suited for current and future project needs. IV&V recommends the SI clarify details of how they will execute their software development methodology (e.g., agile ceremonies, reporting, velocity tracking) prior to restarting the project.</p> |



BRM PROJECT

JULY AUG SEPT IV&V ASSESSMENT AREA IV&V SUMMARY



Technology

System, Data, &
Security

IV&V has opened a new risk with regard to data conversion and document migration challenges that could lead to project delays and negatively impact system quality. It seems the SI has postponed addressing conversion challenges, did not fully staff their conversion team with adequately skilled resources, and has not yet articulated a sufficient approach for conversion. Their lack of progress in this area is reportedly one of the reasons BREG has lost confidence in the SI subcontractors' ability to adequately perform on this project. IV&V recommends the project prioritize data conversion planning and develop a clear, detailed approach and realistic timeline for moving forward.



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 | 25 | 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 | 22 | 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 | 21 | 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. | H |
| | Issue | 19 | Project is lacking rigorous schedule management practices which may impact the ability to properly manage resources, quality, and timeliness of project execution. | M |
| | Issue | 20 | 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 | 12 | 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 | 13 | Untimely and insufficient completion of project management responsibilities may impact effective project execution. | M |
| | Risk | 6 | A lack of quantitative success metrics may lead to differences in the interpretation of project success. | M |
| | Risk | 17 | Insufficient quality management practices may lead to rework and impact the quality, performance, and functionality of the solution. | M |
| Technology | Risk | 16 | 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 |
| | Risk | 26 | Challenges with data conversion and document migration could create project delays and negatively impact system quality. | M |

IV&V Findings and Recommendations

People

| # | Key Findings | Criticality Rating |
|----|---|--------------------|
| 25 | Risk - 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 |

| 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 |
|----|---|---|
| 22 | 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: |  |

| 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 |
|----|--|---|
| 21 | 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 |  |

| 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 |
| <ul style="list-style-type: none"> Develop an action plan to achieve project success. Review lessons learned from previous sprints and develop a plan to prevent the same issues from recurring. Determine root causes of issues identified by BREG and identify actions and responsibilities to address the causes. | Not started |

IV&V Findings and Recommendations


Process

| # | Key Findings | Criticality Rating |
|----|---|--------------------|
| 19 | 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 |
|----|--|---|
| 20 | 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 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 |
|----|---|--------------------|
| 12 | 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 |
|---|--|--------------------|
| 13 | 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 |
|---|--|--------------------|
| 6 | 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 |
|--|--|--------------------|
| 17 | Risk - Insufficient quality management practices may lead to rework and impact the quality, performance, and functionality of the solution. | M |
| Recommendations | | Progress |
| <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 |
|----|--|--------------------|
| 16 | 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 |

IV&V Findings and Recommendations

Technology

| # | Key Findings | Criticality Rating |
|----|--|--------------------|
| 26 | <p>Risk - <NEW> Challenges with data conversion and document migration could create project delays and negatively impact system quality.</p> <p><i>The project has faced several challenges with advancing data conversion and document migration. Both previous and current subcontractor resources have struggled to devise a suitable approach and show substantial progress in these areas.</i></p> <p><i>Data conversion delays frequently result in project setbacks during the latter stages of software development projects as these activities are often underestimated and conversion teams are often understaffed. Starting these activities early is crucial to avoid unexpected setbacks when time constraints are already pressing. It seems that the SI postponed addressing conversion challenges, did not fully staff their conversion team with adequately skilled resources, and has not yet articulated a sufficient approach for conversion. Their lack of progress in this area is reportedly one of the reasons BREG has lost confidence in the SI subcontractors' ability to adequately perform on this project.</i></p> | M |

| Recommendations | Progress |
|---|-------------|
| <ul style="list-style-type: none"> SI acquire highly skilled data conversion and DocuSign specialist. | Not started |
| <ul style="list-style-type: none"> SI prioritize data conversion planning and develop a clear, detailed approach and realistic timeline for moving forward. | Not started |
| <ul style="list-style-type: none"> SI prioritize implementing a proof of concept for migrating legacy documents into DocuSign to assure the solution will fully meet BREG's needs. | Not started |

Appendices




Appendix A – IV&V Inputs

IV&V activities performed during the reporting period:

- Interviewed with Pacxa & Aalta
- Risk review meetings with BREG
- BREG project leadership meetings
- Reviewed DEL-04 and DEL-17; Documented comments and reviewed with BREG

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