The Integrated National Crime Information System (B)

On 17 August 1999 – after delivering several thousand desktop PCs to police stations around the country – IBM New Zealand repudiated the contract for the Integrated National Crime Information System (INCIS) that IBM New Zealand CEO Gowan Pickering and New Zealand Police (NZP) Commissioner Richard MacDonald had signed five years earlier. By then, INCIS was lagging three years behind its original schedule, more than 900 amendments had been made to the original contract, and the media was claiming that INCIS had overrun its budget by $30 million.[1]

The contract had fixed a price for multi-staged delivery of the PCs, intelligence and workflow databases, and withdrawal from the aging and expensive Law Enforcement System (LES, popularly known as the Wanganui Computer), and had indicated a price for a case and investigation system. In New York, three years after the signing – and after a series of setbacks and delays – IBM International's deputy chairman had assured New Zealand's Treasurer, Winston Peters, and Secretary of Treasury, Alan Bollard, that the company would "darken the skies" with planes and resources to ensure INCIS was delivered on time.

Partnering

Once the contract was signed, in September 1994, the NZP and IBM teams began

[1] Randal Jackson, "INCIS debacle forces Wanganui system patch-up", *Computerworld*, 24 August 1999.

working together, based initially at IBM's Wellington office. A month after the signing, Tony Crewdson, who had joined the INCIS project in early 1993, and as change manager had been part of the contract negotiation team, was promoted to superintendent and became the INCIS project director for NZP.

Two months previously, the original project director, consultant Martyn Carr, had completed his contract. In October, Australian Greg Batchelor, selected from 90 applicants, was appointed Information Technology Director for Police. Batchelor had experience of large complex IT projects and was a Microsoft enthusiast. Although he was a civilian, Batchelor was appointed at Assistant Commissioner level and as a member of the Police Executive Conference.[2]

He had oversight of the INCIS project and also reported to Deputy Commissioner Peter Doone, the project sponsor since July 1993. Doone saw Batchelor's appointment as giving NZP "a combination of IT expertise and business expertise".

Tony Crewdson, originally reporting to Doone, now reported to Batchelor. The two men did not get on, and their relationship would deteriorate to the point of their openly bickering in front of outside consultants.[3]

Peter Doone felt both men were strong-willed. Despite the fact that he and colleague Barry Matthews intervened on at least a dozen occasions, the situation never improved. He did not believe, however, that the animosity materially affected the project, since all serious points of disagreement were being settled in the management process.

In spite of these divisions within NZP and a significant underestimation of the work and cost of converting from the LES to INCIS, the contracting parties signed a partnering agreement in November 1994. It bound them to work in a relationship based on "professionalism, integrity, mutual trust and respect",[4] and Police and IBM began working as an integrated project team.

IBM had proposed partnering from the outset in the belief that it was the way to get the job done, with the contract simply the means of guaranteeing everyone's peace of mind while they were doing it. Tony Crewdson, who chaired the partnering group, described the process as "all sitting round one table, reflecting all levels of the project" including at one stage representatives of the 600 frontline police taking part in the INCIS business process re-engineering.[5]

Gowan Pickering and Peter Doone were both at the first partnering meeting after the contract was signed. They looked at the project plan and Gowan Pickering said, "You guys are about 120 man-days behind at this stage, because you haven't hired all the people you said you would." Pickering recalled that Doone was reassuring: "Don't worry about it, it will be done." From Doone's perspective, IBM was frequently slow to

[2] School of Information Management, *New Zealand Police INCIS Project; Information Technology Infrastructure Selection, Case No 1999-001* (Victoria University of Wellington) 9.
[3] Eugene Bingham, "Police at odds over own INCIS strategy", *New Zealand Herald*, 1 November 1999.
[4] *INCIS Ministerial Inquiry: Submissions,* 62.
[5] Tony Crewdson, personal communication, 9 September 2005.

recruit necessary resource and Police wanted to time their recruitment so that both teams would be ready to start work on particular aspects of the project.

NZP's January 1995 *Liaison Update* timed Phase one – the database, intelligence analysis, and withdrawal from the LES – for delivery by the end of 1996, and Phase two – the case and investigation manager – by early 1997. Cabinet papers of the same month set delivery of Phase one for March 1997, and Phase two for December 1997.

By February 1995, however, the project team and IBM knew that the contract's business requirements were an insufficient basis for detailed design of Phase one to begin. So NZP embarked on describing the work specified in the contract and on the extensive business process re-engineering needed to integrate the project into wider objectives, such as the *Policing 2000* programme.

Policing 2000 was based on *Community Oriented Policing* – the programme introduced in 1989 that encouraged police to work with communities – but was a much bigger and more detailed change programme that identified nine work areas in which performance needed to improve to meet the overarching aim of "safer communities".[6] *Policing 2000* necessitated restructuring NZP across its entire business. INCIS was transferred to the *Policing 2000* programme, and the project's infrastructure to the IT division.[7]

"The idea behind that," said Peter Doone, "was to make sure that the business and IT side of policing progressed together and with the same accountability and rigour." Unfortunately the changes made it appear to police and others that INCIS had been downgraded from a business project to a technology project, and a workshop would eventually be held to sort out "confusion in the field as to INCIS versus *Policing 2000* initiatives".[8]

Meanwhile INCIS staff were accompanying police on patrol in launches and helicopters, even to murder scenes, to gain insights into frontline police work that could be translated into specifications for the new software.[9]

INCIS now had a wider focus, with the requirement to include traffic, firearms and domestic violence data.

For his own understanding, IBM's Gowan Pickering sketched out a four-layered structure in which the ambitious goal of Policing 2000 was supported by the overall IT strategy, to which INCIS was a major contributor, supported by changed management processes. Impressed by the vision, he wondered whether NZP realised the magnitude of their undertaking.

Threats to partnership

The Price Waterhouse audit report to May 1995 found that partnering continued to provide a non-confrontational forum for raising project issues.[10] That same month,

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[6] School of Information Management, 5.
[7] Dated at March 1996 in *INCIS Ministerial Inquiry: Submissions*.
[8] Held on November 1995, *INCIS Ministerial Inquiry: Submissions,* 83.
[9] Malcolm Mcdonald "INCIS staff join frontline police", *The Dominion*, Edition 2, 24 April 1995.

though, NZP[11] noted that "the partnering process set up early in the INCIS project was abandoned."[12]

IBM had already felt excluded since its team never attended senior Police management meetings. Gowan Pickering: "The Police were used to formality, but in addition to formality, you also need in a project such as this a will to meet the common goal and address issues as they arise. This was what the partnering approach was trying to achieve." But for Peter Doone and others in the Police team, partnering was at odds with the contract system: "We had certain protections under our contract which operating a partnering regime had the potential to undermine."

Information Technology Director Greg Batchelor supported the move away from partnering and believed the project would be better managed by a joint Police/IBM executive steering committee. Project director Tony Crewdson, on the other hand, favoured partnering. This was Greg Batchelor's and Tony Crewdson's first major dispute; there would be others.

IBM started work on software design in May 1995, but at the same time the NZP team began changing aspects of the technology stipulated in the contract. Gowan Pickering was growing distinctly uneasy: "We had our first sniff of the fact that things wouldn't quite be what they were supposed to be. The scope was moving around. And then what got raised was the technology substitution issue."

Peter Doone always believed Police were getting an open system that would allow them to substitute other elements for IBM-brand technology:

> "It was in the contract, because we didn't want to get locked into proprietary software, as we had been with Wanganui. Greg Batchelor always maintained INCIS wasn't an open system, it was a proprietary system. IBM always maintained it was an open system."

By June 1995, it was obvious to NZP that technology substitution was impacting on delivery times. Greg Batchelor was upbeat, telling a reporter that only interim milestones had been changed as police discovered more areas needing work: " … the project is on schedule and under budget."[13] But in September 1995, IBM told NZP it could not meet its first deadline.

In early December 1995, however, it delivered the first part of Phase one, and NZP agreed to accept it if the company resolved certain development issues. Gowan Pickering said: "The IBM team in the US had been working on some software off original specifications, but through 1995 [NZP] had been changing the specifications."

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[10] *INCIS Ministerial Inquiry: Submissions,* 72.
[11] *INCIS Ministerial Inquiry: Submissions,* 74.
[12] IBM's Gowan Pickering disputes this and maintains that partnering continued for another year, until May 1996.
[13] Sinead O'Hanlon, "Time ticks away as costs soar", *The Press*, Edition 2, 19 May 1999.

The contract had set 15 December 1995 as the last date from which the 90-day off-ramp could be activated. But as far as NZP was concerned, the possibility of withdrawing without penalty at this point became clouded[14] and lost.[15]

In January 1996, in response to IBM's demands that it have greater access to police users, NZP increased the number of sworn officers on the project from six to 16. It also made changes to the system architecture, and, since this required a redesign of the infrastructure, IBM eventually withdrew certain performance warranties.

Arbitration

In February 1996, Deputy Commissioner Peter Doone and the Secretary of Treasury asked the Ministers of Police and Finance for an extension of reporting time, saying INCIS had been delayed by contract negotiations, the complexity of business process re-engineering, and the fact that NZP had widened INCIS from an operational to organisation-wide focus, including traffic, firearms, and a Justice interface.

One of the system's functions was to allow officers to record an offender's personal attributes – a tattoo, a missing tooth, blond hair. IBM believed that the contract covered about 30 such items but that NZP had allowed them to spiral out of control – to 170 by some reports,[16] 233[17] according to others. Gowan Pickering:

> "We really knew that we had to renegotiate because we originally priced this whole thing on the basis of a certain set of specifications as we understood it. For example, the description of 'people' had gone from a few attributes to a significant number. That in turn exponentially increased the development complexity of the programmes."

The contract was just as unambiguous from Peter Doone's perspective:

> "They tried to say that we hadn't specified it properly but the specifications, certainly from my point of view, were pretty clear. We said we wanted a database which contained all the variables – tattoos, scars, the whole nine yards. We felt we'd specified in some detail what we required of the database."

Gowan Pickering saw the attributes issue as yet another in a whole series of things that were causing problems. He called Peter Doone into his office one Saturday morning in April 1996 and they talked for two hours:

> "I showed him a chart and I said for me one of the critical issues is that INCIS didn't have the scope defined properly. The second thing is, I said, you've got two key people at loggerheads, and we're finding it impossible. I said this project will fail if we don't get this thing under control. He said, oh, you're being a bit harsh there, I don't think it will fail."

At the end of the meeting, Peter Doone got a message that a policeman had been shot in Hawkes Bay, and by the time Gowan Pickering felt he could follow up on their

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[14] *INCIS Ministerial Inquiry: Submissions*.
[15] *Ministerial Inquiry into INCIS: Report*.
[16] Oskar Alley, "Arbiter ruled for IBM in INCIS rows", *The Dominion*, Edition 2, 19 August 1999.
[17] Eugene Bingham, "Buyer beware", *New Zealand Herald*, 20 October 1999.

conversation, Peter Doone had been promoted to Commissioner and Barry Matthews had become Deputy Commissioner and INCIS sponsor.

By now, IBM was thinking seriously of pulling out. The parties disagreed about how many of the current requirements were out of scope. Police claimed 30 percent, IBM, 70 percent. They agreed to call in an arbitrator, and a report prepared by the consultancy firm Logica and delivered in May 1996 favoured the NZP position. Logica advised the parties to maintain "a religious adherence" to the agreed change-control procedure.[18]

Peter Doone saw the out-of-scope issue as confined to the software, representing only $8 million or so of the total. Doone believed that there was no personal animosity between IBM and NZP staff, and he now thought they had solved the problems and were moving ahead to delivery as planned.

The media, however, were reporting a "bitter battle" within NZP, and disgruntled individuals from both camps were calling journalists,[19] whose primary focus was INCIS, despite the fact that two other big-budget government IT projects were having difficulties.[20] The Price Waterhouse report of June 1996 noted "considerable loss of support in the [NZP] field," as well as "media issues".[21] It also said INCIS would not meet its first delivery date in 1997, given delays in rolling out the network and the PC infrastructure.

When Treasury and NZP met in early July 1996, NZP assured Treasury that INCIS would be delivered as requested, but working better than originally scoped. But by the end of August, Price Waterhouse was reporting the project's risk as high, mainly in relation to the deadlines and expected benefits. Subsequent Price Waterhouse reports categorised INCIS as very high risk.

The Police Information and Technology Group were in the process of installing the new CARD[22] response system on the Wanganui Computer; new software, not specified in the original INCIS contract, would be needed so the two systems would interface.[23]

In July 1996, Peter Doone became Police Commissioner, and a month later Assistant Commissioner Barry Matthews was made Deputy Commissioner and INCIS sponsor. He was to become used to sleepless nights and the dreadful feeling of waking in the small hours to the tickle of sweat on his neck: "We'd resolve a problem and the next day another would crop up."[24]

IBM presented NZP with a new costing based on Logica's in-scope requirements – $132.4 million. The sum excluded NZP's new requirements that the system also deal with traffic, family violence and firearms. It confirmed pricing for Phase two that had

[18] *INCIS Ministerial Inquiry: Submissions,* 98.
[19] Randal Jackson, "INCIS: Has it had a bum rap?", *Computerworld*, 18 April 1998.
[20] Courts and Landonl-ine
[21] *INCIS Ministerial Inquiry: Submissions,* 117.
[22] Communications and Resource Deployment
[23] *INCIS Ministerial Inquiry: Submissions,* 102.
[24] Phil Taylor, "The cop's cop comes home", *New Zealand Herald*, 6 June 2004.

only been indicative in the contract, and it offered to split the extra costs 50/50 with NZP. NZP declined and the parties began negotiating.

The routine Price Waterhouse audit found that, at its halfway point, INCIS faced serious issues that might prevent its completion on time and within budget. There was, it said, "legitimate reason for concern"– a rather less favourable picture than the one being painted by the project director's regular reports.

Windows NT

A meeting on 21 August 1996 formalised a decision to change from IBM's OS/2 to Microsoft Windows NT for the PCs in police stations.[25] The decision was declared "unanimous", although two of the nine present had not supported it. [26]

NZP well understood this would require major redesign of the police station networks, and again allow IBM to withdraw certain performance warranties. But the Microsoft product had already cornered 80–90 percent of the market. Going with it would give NZP more choice of business applications, more support availability and better prospects of ongoing development. Overall, Police believed, Windows was the lower-risk option. Peter Doone:

> "When we first looked at the issue, no one had done it with Windows NT before on such a scale and no one could guarantee to us that it would do [the job]. When we looked at it a second time, about nine months later, there had been an advance in NT's proven performance. It was clear that there was a technology battle going on between IBM and Windows for control of the desktop, and police had become the meat in the sandwich."

NZP had sought widespread advice on the change, and Peter Doone felt it was critical to future-proofing the system. Police IT Director Greg Batchelor [27] supported the switch. Although the media were citing industry sources that the change would add $7 million and six months to the project, he said any delays would only be measured in weeks. He was aware that NZP's contract with the company managing the LES expired on 30 June 1997, but said NZP could negotiate ongoing access and would probably have to.[28]

Peter Doone, though, was disappointed to see IBM still having difficulties delivering to NZP specifications, and another thorny issue was recurring. The INCIS RFP had specified object-oriented technology. It was leading-edge, but NZP's consultants had advised there was enough rigour in the marketplace to make it a safe option.

At this point Peter Doone began having doubts about IBM's ability to deliver INCIS.

> "IBM seemed to always have difficulty delivering. They'd say on the one hand things were going fine but when the deliverable came up to be tested and handed over that's when the

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[25] Dated at 30 May 1996 in *INCIS Ministerial Inquiry: Submissions*. The server continued to be based on OS/2.

[26] Based on documents seen by the Parliamentary Select Committee and cited in Oskar Alley, "Doone in disastrous INCIS vote", *Sunday Star Times*, Edition A, 26 December 1999.

[27] Randal Jackson, "NT displaces OS/2 in police INCIS project", *Computerworld*, 9 September 1996.

[28] Malcolm Mcdonald, "Police downplay rumoured cost of INCIS delay", *The Dominion*, Edition 2, 9 September 1996.

problems would start. I believed IBM just wasn't trying hard enough, not pitching enough resources at INCIS. However, they always reassured us of their commitment to deliver the project and Police accepted these assurances."

In August 1996, Gowan Pickering told NZP it would be impossible to meet the 31 March 1997 delivery date for the first phase of INCIS, which included exiting from Wanganui. He opted for June 1997. By September though, he and Barry Matthews had reviewed the project and clarified many issues. For Gowan Pickering it was a fresh start and an injection of enthusiasm, although by then he knew that IBM was making a significant loss on the project.

An independent report in November 1996 suggested that IBM had pushed its own product when there were clearly more advanced and open products on the market. Police should have withstood this push, it said;[29] it recommended breaking INCIS down into manageable pieces.

In January 1997[30] Greg Batchelor resigned, to take up the position of CEO with Intergraph Ltd, the Australian suppliers of the CARD software. The Police IT Director position would be vacant for eight months.

The variation

In early 1997, IBM told NZP it would be unable to deliver Phase one, which would have allowed the LES to be decommissioned, until late in that year. In March 1997, NZP reported to the Minister of Police and Treasury up to December 1996, having missed its September 1996 report deadline as well as a six-monthly report to the Cabinet State Sector Committee due in August 1996.[31]

In March 1997, Treasury reported that Police IT purchases should be specifically approved by the chief finance officer and IT manager, until Police had drawn up a co-ordinated IT spending strategy.

Treasury's report, begun in December the previous year, was to have included an evaluation of the benefits of the $100 million INCIS project, but NZP had been unable to provide this in time. By March, Barry Matthews was saying it would probably be mid-April before the analysis was ready. Treasury also found that police in the regions were buying PCs that might soon be replaced by INCIS equipment.[32]

Treasury said INCIS was nine months behind schedule and would now cost $104 million rather than the original $97 million. It said there were likely to be further cost overruns given that NZP was exposed to the risk of unsatisfactory performance because of its technical substitutions. Treasury and Police now engaged Andersen Consulting to report generally on the project.

[29] *INCIS Ministerial Inquiry: Submissions*, 123–4.
[30] Date given as 1 March in *INCIS Ministerial Inquiry: Submission*s
[31] Kirsten Broomhall, "Incis – The reasons behind the ructions", *The Evening Post*, Edition 3, 4 June 1999.
[32] Rob Hosking, "Police IT spending out of control, says Treasury: Regions still buying machines which will be made redundant by INCIS", *Computerworld*, 21 March, 1997.

By the time Andersen did so in May 1997, Phase one of INCIS was 30–40 percent along its critical path, with $55 million spent, a total projected overrun of $8 million and an overall maximum time needed to complete of three to four years. With the project running eight to 12 months late, the proposed platform and development methodology were still immature. Given the underestimation of the cost of Phase two, that was also likely to exceed its budget. Andersen said the contract did not address NZP needs, and recommended a blueprint (as it had done when tendering, unsuccessfully, to implement INCIS three years earlier) and a review of the technical architecture and risk management. NZP should look at alternatives to continuing with the project. Andersen was to deliver a second report before NZP signed a contract variation then under consideration.

In May 1997, the Executive Control Group, comprising representatives from NZP and IBM, set up to replace the lapsed Steering Group, began meeting twice a week. Police saw it as resolving a longstanding lack of executive ownership of the project on the part of IBM. That month, Price Waterhouse reported that the project's six-monthly report to the State Sector Committee, due February, was still outstanding. And the project director was failing to meet deadlines for delivery of his reports. Again it noted much "negative external reporting"[33] in the year to date, and said it was critical that the team counter it. Roll-out of PCs to pilot sites had begun.

In June 1997, Treasury reported that INCIS carried significant risks. Options for proceeding were: to continue with IBM subject to negotiation of an acceptable agreement; to terminate the contract and stop the project; or to terminate the IBM contract and continue with another supplier. Treasury noted that NZP was already pursuing option one.

Also in June 1997 came media reports that Police had cut staff in a 540-job trade-off with the government to pay for INCIS. *Ten-One* police magazine reported that Petone police staff had found their on-the-job personal computer trial "very stressful".[34]

With IBM/NZP relationships tense, a two-day "without prejudice" workshop was organised in July 1997 to "reset" the project.[35] The outcome was agreement about the scope of the application and the technical architecture, and by October a price for out-of-scope requirements had also been agreed.[36]

As new Police IT Director Jeffrey Soar took up his post in August 1997, a preliminary project charter emerged. A month later, NZP decided to change the systems architecture to one more familiar to its IBM developers,[37] but still involving, as Gowan Pickering said: "Quite significant re-planning", additional management and professional staff, including some from Australia, were brought in for this task.

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[33] *INCIS Ministerial Inquiry: Submissions,* 149.
[34] Lyn Humphreys "Computer system a success, say police", *The Daily News*, Edition 1, 6 June 1997.
[35] *INCIS Ministerial Inquiry: Submissions*
[36] *INCIS Ministerial Inquiry: Submissions*.
[37] *Ministerial Inquiry into INCIS: Report*[pg no].

Between September and November, agreement was reached on the development needed to comply with the original contract, as well as the add-ons of traffic, firearms and a Justice interface. IBM asked for a new contract, while NZP insisted on a variation, which was drawn up by Police lawyers and signed on 5 December 1997, the original INCIS implementation date. The parties agreed on a completion cost of $20 million more than the original $98 million. This was funded from within the existing Police appropriation. Because of pre-Christmas time pressure,[38] and a misunderstanding between Police and Treasury officials as to process, NZP applied in retrospect for the necessary Cabinet authority to spend the extra money.[39]

Time slippage and overruns were by now having a major impact on the internal Police credibility of INCIS. In *Ten-One*,[40] project director Tony Crewdson said delays were due to the complexity of systems and the difficulty of transferring information from current to new systems.[41] His December 1997 status report detailed delivery dates beginning with February–June 1998 for the PC roll-out, with email, word processing, database, plus local area networks; and the third quarter of 1998 for conversion from the LES.

Roll-outs underway

During December 1997, 277 PCs were set up in NZP training sites, and between then and August 1998 – up to three years past the original delivery date – other hardware was rolled out. IBM believed this satisfied a significant part of the contract.

By January 1998, Deputy Commissioner Barry Matthews was telling a reporter that police spending on patrol cars, station renovations, and portable radios had been cut to pay for INCIS. Their union, the Police Association, said many Wellington officers believed NZP was putting spending on frontline equipment second to new technology.[42]

In February 1998, IBM said it would complete delivery of Phase one by the end of May 1999. At a series of what Peter Doone calls "quite heavy meetings" in 1998, he understood IBM to say that it wanted Police to:

> "… accept less for the same price because we can't deliver more with the price we've got. That was put to me as Commissioner and I refused. My view was that we had a contract at a fixed price, a pretty solid contract, and any uncertainties had been put to bed through the re-scoping and the variation. We were going to hold IBM to deliver what they had to deliver. They pushed very hard and made arguments that things were still out of scope, but we'd not

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[38] "INCIS a $130m 'Mish-mash, botch-up job' ", *The Evening Post*, Edition 3, 3 June 1999, 2.

[39] When, in September 1998, the State Services Commission reported to the Treasurer and the Ministers of Finance, Police and State Services that NZP had committed to various departures from the contract simply by pursuing business requirements and technology changes beyond the original scope of INCIS, and had formalised the extra expenditure in the variation, Cabinet sent NZP a letter of reprimand.

[40] *Ten-One,* 10 November 1997, cited in Malcolm Mcdonald "Police, IBM aim to restart INCIS", *New Zealand Infotech Weekly*, Edition 2, 1 December 1997.

[41] "Police, IBM aim to restart INCIS" *New Zealand Infotech Weekly*.

[42] Neil Reid "Police cars sacrificed to pay for computer", *The Evening Post*, Edition 3, 27 January 1998, and Malcolm Mcdonald "Police downplay rumoured cost of INCIS delay", *The Dominion*, Edition 2, 9 September 1996.

added anything since the Logica review. And when they gave us the first release and we saw it was significantly short, then I started to have major doubts."

He was reassured, though, that the company had too much to lose by walking away. In April 1998, Gowan Pickering moved to another job, confident that the additional expertise brought in from Australia, and strengthened governance now in place, would bring the project to a successful conclusion.

In mid-May 1998, Cabinet directed Treasury, with the State Services Commission, to review NZP/IBM contractual arrangements, and officials to "develop options for strengthening project management". It also retrospectively approved the spending of the extra $20.17 million, and required NZP to report monthly to a subcommittee of Ministers – Finance, Information and Technology, Justice, State Services and Police, and quarterly to the Cabinet Strategy Committee.

The day after New Zealand's Treasurer and the Secretary of Treasury were reassured in New York of IBM's commitment to deliver INCIS, the Cabinet Strategy Committee in Wellington asked NZP to recruit an external expert as project director, and suggested an internal auditor, further reporting, and monitoring by the State Services Commission.

By now there was widespread perception that police staff attrition, actually occurring for a number of reasons, was directly attributable to a project requirement to shed 540 staff.[43] By May 1998, it was being reported that although police staff were disappointed with INCIS, NZP had no choice but to continue the project and that it was up to Police administration to get it running as soon as possible.[44]

NZP now presented a six-monthly report to the Cabinet State Sector Committee, having not reported for the previous two years.[45] Tony Crewdson's June 1998 status report noted 40 problems with the IBM software, only three of them serious enough to cause a project "stop." Also in June, Andersen Consulting delivered its second report – the one Cabinet had intended seeing before NZP signed the contract variation six months earlier. Reviewing progress against its May 1997 recommendations, Andersen said technology changes had reduced NZP risk but other issues had not been addressed.

Tony Crewdson left his position as INCIS project director in June 1998. The job position was filled four months later by Stewart Watson, formerly a consultant.

On 23 June 23 1998, solicitors Phillips Fox told Cabinet that there had been no breach of contract and that IBM could sue if NZP tried to withdraw. The contract looked robust, but was so sophisticated, it demanded a clear, formal contract management function within NZP, a role the law firm Chapman Tripp eventually assumed.

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[43] *INCIS Ministerial Inquiry: Submissions,* 190–1.
[44] Attributed to Police Association President Greg O'Connor in "Police to live with computer glitch", *The Press*, Edition 1, 8 May 1998.
[45] Helen Bain, "Toothless police 'dog' lifts its leg on Government", *The Dominion*, Edition 2, 8 June 1999.

In August 1998, Police IT Director Jeffrey Soar reassured the New Zealand Computer Society that INCIS would be completely installed by the end of the following year.[46] That same month, the collapse of the coalition partnership with New Zealand First, put additional pressure on the third-term National government, with the next election a year ahead.

On 15 October, Minister of Police Clem Simich reported to the Cabinet Strategy Committee that IBM had told NZP of an additional $14 million in development costs, but had agreed NZP would not be liable for them. The variation had capped the total cost, reported the Minister, but only in so far as NZP stuck to the agreed statement of work; steps had been taken to identify and manage significant risks in the implementation of INCIS.

New project director Stewart Watson's audit[47] found the project lacking people and skills, and in need of major management improvement. He said it also lacked both short- and long-term planning, and a clear plan understood by everyone within NZP – currently, different groups within the project had their own views and worked to their own timelines. With IBM ready to deliver the first part of Phase one, NZP had no implementation plan, training or strategies in place, and there was uncertainty about capacity and performance.

Delivery times slip

The reconvened steering committee, comprising Commissioner Peter Doone, Deputy Commissioner and INCIS sponsor Barry Matthews, project director Stewart Watson and other Police staff, met for the first time on 3 November 1998, a month before the predicted delivery of the first part of Phase one. The second part – considered the core of INCIS – was due for delivery by July 1999. It would allow the LES to be phased out and all police reporting to go online. It would also link with the 111 emergency call system and the courts' computer systems. The third part was timed for December 1999. It would deal with added extras, in particular, "speedbooks", which would automatically allow high-volume, low-complexity data entry to update relevant files.[48]

In February 1999, however, IBM informed NZP that part two would be delivered in May 2000 and part three in November 2000. A couple of months later, it amended the delivery date for part two to September 2000, and the parties agreed to defer delivery of part one to May 1999.

Early in 1999, work had begun on transferring 700,000 names from the Wanganui computer system to INCIS.[49] But on 1 March, Treasury reported that "Police appear to have no levers to manage the slippage", and INCIS delays were costing $5.51 million a month. It said one of the options was putting a stop to the project soon as possible.

[46] Malcolm Mcdonald, "INCIS project given third degree by auditors, says police IT director", *New Zealand Infotech Weekly*, Edition 2, 24 August 1998.
[47] Dated October 1998.
[48] Kirsten Broomhall, "Incis – The reasons behind the ructions", *The Evening Post*, Edition 3, 4 June 1999.
[49] Malcolm Mcdonald, "INCIS project given third degree by auditors, says police IT director", *New Zealand Infotech Weekly*, Edition 2, 24 August 1998, 2.

By now, IBM was delivering software weekly, and meeting with the project team "without prejudice" to discuss the scope of the application and its costs, pushing to reduce the scope of the next deliverable. It had formally given notice that extra development costs had exceeded $20 million.

Andersen Consulting reported to the State Services Commission that the options for INCIS were now: going for a more modest outcome; continuing and accepting the risk and uncertainty; or, putting the project on hold and investigating other options. Maurice Williamson,[50] meanwhile, was telling a reporter the project was "so far into the swamp we can't see the headland."

Parliament's Justice select committee was calling for an independent inquiry into INCIS.[51] But Treasury reported that, by and large, INCIS was still a going concern, with the main infrastructure in place and the main software outstanding. The latter would be introduced in three phases, with the first allowing police to enter "notings" – previously hand-written or typed observations – directly onto PCs linked to the national computer.

Police officers complain

There was now a chorus of complaint being relayed to the media from police officers around the country.[52] The Police Association's Greg O'Connor blamed INCIS for the entire structure and culture of the NZP being at crisis point.[53] Christchurch detectives claimed they had to catch buses to do their job because of the rundown in the police car fleet to fund the project. "If the price of continuing with INCIS is going to impact further on frontline policing," said Greg O'Connor, "then the plug should be pulled."

The NZP's May 1999 report to Treasury, required every six months, was its first in two years.[54] And by the middle of that month, the first rumours were heard of IBM wanting to quit the project. Barry Matthews responded with a press release that said Police were rolling out the foundation platform for the entire system, including a computer link between all police stations, that week.[55] But at a meeting on May 17, IBM told officials from Treasury and the Department of Prime Minister and Cabinet that it did not want to develop INCIS any further.

Two days later, on 19 May 1999, the first part of Phase one went live. It linked the country's police stations and allowed officers to enter information directly into their own PCs. Made available to 1,000 key users, access for all Police staff was due to be completed by 16 June. Peter Doone reassured the media, who were eagerly reporting the project as three years behind schedule and $30 million over budget, that the contract was watertight and NZP would not be releasing IBM.[56]

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[50] Who was by this time Associate State Services Minister.
[51] Helen Bain, "Full independent inquiry into police computers urged", *The Dominion*, Edition 2, 4 March 1999.
[52] For example, see Kim Batchelor "Police 'demoralised' by computer delays", *The Daily News*, Edition 1, 16 April 1999.
[53] Sinead O'Hanlon, "New police computer faces terminal failure", *The Press*, Edition 2, 6 May 1999.
[54] Helen Bain, "Birch joins top team to clean up INCIS mess", *The Dominion*, Edition 2, 2 June 1999, and John Henzell, "Police irate over INCIS debacle", *The Press*, Edition 2, 8 May 1999.
[55] Sinead O'Hanlon, "Time ticks away as costs soar", *The Press*, Edition 2, 19 May 1999.
[56] Sinead O'Hanlon, "INCIS deal with IBM 'sound' ", *The Press*, Edition 2, 21 May 1999.

On 24 May, once-disappointed supplier Eagle Technology joined the fray, its managing director saying that the idea of an "all-singing, all-dancing system for the cops is a myth. It is all about somebody's dream and the dream has gone sour."[57]

Cabinet now instituted a high-powered ministerial review team, led by Minister of Finance Bill Birch and including chief executives from Treasury, the State Services Commission and the Prime Minister's Department, to oversee the project.[58]

A police officer dubbed INCIS a dog that wouldn't even bark.[59] Others said the first stage that had gone live the month before was slow, inefficient and worse than the system it replaced. A Christchurch detective said[60] police were frustrated and angry because INCIS was "nothing more than a thrown-together mishmash botch-up job just to get it out on time – three years late." One of its faults, he said, was it could not differentiate between first names and surnames. The Police Association's Greg O'Connor dubbed it "Wanganui with Windows."[61]

Barry Matthews tempered the criticism: "Some people said it is wonderful; about 50 percent are for it, and 50 percent don't like it."[62] By 15 June, he was admitting that more than 4,900 police staff still did not have access to INCIS. But 2,000 did, and the others would within days.[63] That month he resigned, to become Western Australia's Police Commissioner.

Conclusion

On 9 August 1999, having provided the Police with a national network, Internet/intranet, 3,500 more PCs, 800 laser printers, an extra 400 local networks, a central server, a Microsoft suite of services, Lotus Notes, GIS, 24x7 service and a library, but not supplied[64] case management studies, and easy access to servers and the Wanganui computer, IBM told Peter Doone it was withdrawing from any additional work from noon that day. Eight days later, the Crown cancelled the contract and issued proceedings against the company.

By that time, NZP had paid IBM around $75 million, a sum that included payment for the work done to increase the project scope. It withheld payment of a further $18 million.

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[57] Malcolm Mcdonald, "Police downplay rumoured cost of INCIS delay", *The Dominion*, Edition 2, 9 September 1996.

[58] One MP, told that Mr Birch had been made Sir William in the Queen's Birthday honours, remarked that he deserved a sainthood, not merely a knighthood, if he could sort out INCIS: Helen Bain, "Toothless police 'dog' lifts its leg on Government", *The Dominion*, Edition 2, 8 June 1999.

[59] Helen Bain "Toothless police 'dog' lifts its leg on Government".

[60] In a letter to Labour police spokesman George Hawkins cited in "Primary parts of INCIS put on standby", *New Zealand Herald*, 19 May 1999.

[61] "Primary parts of INCIS put on standby", *New Zealand Herald.*

[62] Helen Bain, "INCIS the $130 million 'dog that won't bark' ", *The Dominion*, Edition 2, 3 June 1999.

[63] Glen Scanlon, "Last 4900 police 'online by Friday' ", *The Dominion*, Edition 2, 15 June 1999.

[64] According to NZP IT boss Jeffrey Soar in Darren Greenwood "Expectation and delay killed INCIS: Project survived 41 audits only to die a scapegoat", *Computerworld*, 9 October, 2000.

Peter Doone remained sanguine: "The application deliverables were a very small part of the project from a contract cost perspective, and these weren't delivered, only some of them, downstream." INCIS failed to deliver key applications but succeeded in many respects, he said. By 1999 police had PCs and laptops and a modern national network, which meant that they could add value to information they were getting from the major database:

> "We got an intelligence database that they didn't have before in Wanganui, and that enabled all dealings with all suspected people to be collected together. And a Windows environment on everyone's desktop which enabled them to do some more sophisticated local analysis of problems.

> "We didn't get away from Wanganui. And the other downside was that, if what we got was all that we were going for, it wouldn't have cost us as much, because we wouldn't have bought an expensive mainframe and its related services. We could have achieved that much cheaper than by making it the first deliverable of a much bigger system. We didn't have the workflow processes, and this would have given us the biggest gains in productivity. That was the bit that IBM couldn't deliver and walked away from.

> "At every step of the way we had a solid contract and a belief that IBM could deliver, until very late in the piece the first release was given to the Police and it became reasonably obvious that they either wouldn't or couldn't fulfil their major applications development commitment."