



March 9, 2021

**VIA E-MAIL**

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

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

Dear Ms. Kirsten LC Figueroa,

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

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

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

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

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

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

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

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

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

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

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

Sincerely,



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

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