



## Michigan sues HP after company fails to deliver on delayed project

SEPTEMBER 18, 2015

### *Project was to replace aging Secretary of State computer system*

LANSING, Mich. – The state of Michigan today sued Hewlett-Packard Co. in Kent County Circuit Court after it failed to deliver on a \$49 million contract despite having 10 years to complete the project to replace aging computer systems at Secretary of State offices around the state.

“I inherited a stalled project when I came into office in 2011 and, despite our aggressive approach to hold HP accountable and ensure they delivered, they failed,” Secretary of State Ruth Johnson said. “We have no choice but to take HP to court to protect Michigan taxpayers.”

The suit comes after months of negotiations which culminated in the state issuing a termination for cause letter on Aug. 28. Despite requirements in the contract that – even if terminated – HP still must provide support to ensure services to Michigan are not affected, HP staff has failed to report to work since Aug. 31.

Since 2005, global information technology company HP has been the contractor for the Business Application Modernization project, which was supposed to replace the Secretary of State’s mainframe-based computer system used by all 131 offices and many internal work areas. The legacy system, which was largely built in the late 1960s with now-outdated programming languages, is costly to maintain and update. The 2010 deadline for HP to deliver the system replacement was not met and the department continues to use legacy systems.

For now, Michigan Department of Technology, Management and Budget and SOS staff will work to continue to provide the best customer service possible.

Shortly after taking office in 2011, Johnson publicly addressed the project’s lack of progress after the state had already paid out \$27.5 million for a system that, at the time she took office, had not delivered a single function to the state. In partnership with DTMB, Johnson successfully demanded HP reset the terms of the contract to put in place clear timelines for delivery and penalties if HP was unable to deliver. HP agreed to the renegotiated contract.

Based on media reports, Michigan joins the motor-vehicle agencies in five other states – California, Minnesota, New Jersey, New Mexico and Vermont – who have also parted with HP after attempting similar computer modernization projects.

“Our DTMB partners and I are gravely disappointed that this action to sue is necessary, but HP simply failed the state of Michigan,” Johnson said. “Our focus now will be on looking for options that allow us to continue to provide the best possible service at the lowest possible cost to our customers.”

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For media questions, please call Gisgic Gendreau  
or Fred Woodhams at 517-373-2520.

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