21 Q   Okay. And can you please state your full

22 name and address for the record, sir?

23 A   Richard Scott Elliott, 410 North Mercedes

24 Drive, Norman, Oklahoma 73069.

15 Q   Mr. Elliott, what is your current job

16 title?

17 A   Human resources portfolio manager for --

18 or in information management and technology.

19 Q   And who is your current employer?

20 A   Kerr-McGee Corporation.

21 Q   And how long have you held this position

22 at Kerr-McGee?

23 A   Three years and a few days.

24 Q   And can you please give me a general

25 description of your job responsibilities in your

00009

1 current position?

2 A Sure. I manage a group of IT

3 professionals that supports several of our

4 corporate clients, human resources, legal and

5 medical groups.

6 Q How many IT professionals do you manage?

7 A Eight other folks besides me.

8 Q And how many of those report directly to

9 you?

10 A All of them.

18 Q Do you also do any work that would

19 support the financial aspect of Kerr-McGee?

20 A No, that's handled by another group in MI

21 & T.

22 Q Is there another person who would be

23 considered your counterpart that handles the

24 financials?

25 A Yes.

00010

1 Q And who is that?

2 A Bryan Wilks.

3 Q And what's his position?

4 A Portfolio manager as well for financial

5 systems.

6 Q And do your job responsibilities also

7 include responsibility for software procurement?

8 A In an advisement capacity, yes.

9 Q What do you mean when you say in an

10 advisement capacity?

11 A Our strategy at Kerr-McGee is that our

12 customers are the ones who drive software

13 procurement decisions and we are advisors to them

14 in that process.

00011

17 Q   Are you also responsible for working to

18 insure that Kerr-McGee gets the best deal that it

19 can on software procurement?

20 A   We act in different roles depending on

21 the, depending on the procurement activities.

22 Q   Is it ever a goal to try to get the best

23 value or best price that you can on software

24 procurement?

25 A   Always.

9 Q.   (By Ms. McKinney) Can you explain to me

10 generally what the nature of Kerr-McGee's

11 business is?

12 A   Yes. Again, back to our two main lines

13 of business, oil and gas exploration and

14 production and then chemical manufacturing. Our

15 main product is titanium dioxide, a pigment. We

16 do produce a few other electrolytical chemicals

17 and for a short period of time we still have a

18 small business producing railroad ties. It's

19 being phased out at the end of this year.

20 Q   And does Kerr-McGee have any

21 operations -- or let me ask it this way. In what

22 geographical areas does Kerr-McGee have

23 operations?

24 A   We have operations, I don't know how many

25 states, but across the United States and to my

00015
1 knowledge we have operations in Brazil, Bonine,

2 Morocco, Australia, China, the Netherlands,

3 Germany, the UK. Those are the major ones.

2 Q   So given the definitions that you've just

3 given me, does the oil and gas division have

4 independent authority for procurement of any ERP

5 software?

6 A   In my experience at Kerr-McGee, those ERP

7 software decisions have been global decisions,

8 not business unit specific.

9 Q   And what do you mean by global decisions?

10 A   We, our preferred strategy at Kerr-McGee

11 is to have for each major functional area one

12 global supplier of software. In financials we

13 have one, in HR we have one. We have not been

14 able to accomplish that yet in the supply chain

15 side to my knowledge.

18 Q. (By Ms. McKinney) And how would you

19 define core functionality on the financial

20 management side?

21 A The general ledger, accounts payable.

22 There are a variety of for us revenue or I should

23 say upstream oil and gas specific accounting

24 functions that would be core for us. I'm sure

25 there's a variety of others that could be listed,

00032
1 but those are the ones that are main ones for us

2 in my opinion.

3 Q   Do you know what any of those oil and gas

4 specific accounting functions are?

5 A   Some.

6 Q   Can you name them for me?

7 A   One would be -- the two major items are

8 tracking production and then tracking the revenue

9 that we receive for production.

1 Q. (By Ms. McKinney) Would these

2 accounting functions you've just named, tracking

3 the production and tracking revenue, are those

4 functions that are specific to an oil industry or

5 to an oil company?

6 A   That's not my area of expertise, but it

7 would seem to be so because that is oil and gas

8 production and oil and gas revenue.

9 Q   Which software vendors offer core

10 financial management functionality?

11   MR. HAMMAKER: Objection, vague and lacks

12 foundation.

13   THE WITNESS: I don't know the complete

14 list. Again, not my area of expertise or

15 responsibility.

16 Q. (By Ms. McKinney) Do you know some?

17 A   Yes.

18 Q   Which ones would you name?

19 A   The ones I can specifically name would be

20 PeopleSoft, Oracle, Lawson and SAP.

21 Q   And with regard to human resources

22 management core functionality, which vendors

23 offer HR core functionality?

24 A   Again, I don't know the complete list,

25 but I would list the same four.

00034
1 Q   Any others?

2 A   It's my understanding that Microsoft

3 purchased Great Plains, which I believe offers in

4 name at least those core functionality.

25 Q   But you don't have the same level of

00035
1 knowledge about Lawson, SAP or Microsoft that you

2 do about Oracle and PeopleSoft?

3 A   The Oracle and PeopleSoft knowledge is

4 more current than the other two because we did

5 not -- or the other three. We did not have

6 detailed evaluations of Microsoft and of SAP

7 during our selection process. Lawson I do have a

8 feel but not detailed modules or detailed

9 functionality.

3 Q   Mr. Elliott, who would you name to be the

4 foremost ERP software vendors currently?

5   MR. HAMMAKER: Objection, vague, lacks

6 foundation.

7   THE WITNESS: Based on our process and a

8 review of Gartner recommendations, the same four

9 I listed previously, PeopleSoft, Oracle, Lawson

10 and SAP.

8 Q.   (By Ms. McKinney) And in your opinion

9 what factor or factors drive innovation in the

10 software industry?

11 A   I would list competition, business

12 environment changes, customer demands, regulatory

13 changes.

00041

10 Q   Do you consider Kerr-McGee's ERP software

11 needs to be complex?

12 A   Yes.

13 Q   Do you consider them to be unique?

14 A   No.

00042

23 Q.   (By Ms. McKinney) Mr. Elliott, what

24 core financial management software does

25 Kerr-McGee use?

00043
1 A   Oracle.

2 Q   And --

3 A   And Energy Extensions from P2ES.

4   THE REPORTER: P2BS?

5   THE WITNESS: ES.

6 Q. (By Ms. McKinney) Do you know what

7 modules it uses from Oracle on the finance side?

8 A   I do not know for sure.

9 Q   And what is Energy Extensions?

10 A   To my knowledge that deals with all of

11 the oil and gas specific revenue accounting

12 including production.

13 Q   Would you consider that a point solution?

17   THE WITNESS: I really could go either

18 way on that. It's integrated with Oracle. I

19 think, my opinion would be that it is not.

23 Q   And why would it not be considered a

24 point solution in your opinion?

25 A   Oracle integration.

00044

5 Q   Is the Oracle financial management

6 software used in both the oil and gas and the

7 chemical manufacturing business units?

8 A   Yes.

2 Q   Are there any business units within

3 Kerr-McGee that use some other financial

4 management software besides Oracle?

5 A   If there are I don't know.

6 Q   Do you know when Oracle financial

7 management software was initially purchased or

8 licensed?

9 A   Prior to the year 2000.

18 Q   Do you know what languages Kerr-McGee

19 operates the Oracle financial management software

20 in?

21 A   I do not.

22 Q   And do you know what currencies are used

23 on the Oracle financial management software, if

24 there are any foreign currencies used?

25 A   I'm sure there are, but I don't know

00046
1 specifically what we use.

17 Q   We'll shift to the HR side now.

18   What core HR software does Kerr-McGee

19 currently use?

20 A   PeopleSoft.

21 Q   And is the PeopleSoft software used in

22 all geographic regions where Kerr-McGee operates?

23 A   Yes.

24 Q   And are there any business units that do

25 not use the PeopleSoft HR software?

00047

1 A   No.

2 Q   And when was the PeopleSoft HR software

3 initially purchased or licensed?

4 A   2001.

7 Q   And do you recall how much Kerr-McGee

8 paid PeopleSoft?

9 A   There are documents that support this. I

10 believe the license fees were in the neighborhood

11 of 1.5 million.

12 Q   And did Kerr-McGee pay PeopleSoft any

13 implementation fees?

14 A   No. They were not our implementation

15 partner.

16 Q   And does it currently pay PeopleSoft,

17 does Kerr-McGee currently pay PeopleSoft any

18 maintenance fees?

19 A   Yes.

20 Q   And how much does it pay in maintenance

21 fees?

22 A   This year it will be approximately

23 360,000, I believe, this year.

24 Q   Do you know what it has been in previous

25 years since the implementation?

00048

1 A   Yes.

2 Q   What has it been?

3 A   The first year was 300,000, succeeding

4 year was around 330 and then I believe about 345.

5 Q   That brings us to this year, which was

6 360?

7 A   Uh-huh.

8 Q   What version of the PeopleSoft HR

9 software does Kerr-McGee use?

10 A   Is there a specific module that you're

11 asking about?

12 Q   I guess we should back up. Which modules

13 were licensed?

14 A   We have HR, we have time and attendance,

15 we have licensed payroll, benefits

16 administration, data warehouse. There are three

17 analytic suites that we have licensed, Workforce

18 Analytics, Score Card and Rewards. In case I'm

19 missing any of these there's a document in our

20 material that reflects all of them. Employee and

21 manager self service and a variety of E modules

22 such as compensation, recruiting, compensation

23 manager, E pay.

10 Q   In which languages does Kerr-McGee

11 operate the PeopleSoft HR software?

12 A   Currently English, German and Dutch.

13 Q   And do you have any plans to operate it

14 in any additional languages?

15 A   Not at the moment.

16 Q   And in which currencies, if there are any

17 foreign currencies involved, does Kerr-McGee

18 operate the PeopleSoft HR software?

19 A   Foreign is highly dependent on where you

20 are, but if you're talking non U.S. currencies --

21 Q   Non U.S., yes.

22 A   Yes. We -- I'm sorry, we also use

23 French. For -- we use the pound in the UK, we

24 use the euro, we also use the Swiss frank, we

25 also have a Canadian dollar. And I believe

00050

1 that's it. I think the rest of our folks are ex

2 pats, and so it would be the U.S. dollar.

3 Q   Are these foreign currencies that you

4 named, are those currencies in which employees

5 are being paid?

6 A   Yes.

8 Q   Is there any other human resources

9 management software that Kerr-McGee uses?

10 A   No. We have one global instance.

11 Q   Do you use any software from any of the

12 following vendors? And I'm going to go down the

13 list. Do you use any software from SAP?

14 A   Kerr-McGee does not. We contract for

15 payroll processing in Germany with a company who

16 does.

17 Q   What do you mean when you say you

18 contract for payroll processing?

19 A   We pay a fee each year for a company to

20 produce payroll checks for us in Germany.

21 Q   Is that similar to outsourcing payroll?

22 A   It's outsourcing the production of

23 checks.

24 Q   But would you consider it outsourcing of

25 the payroll function?

00052

1 A   No.

2 Q   Just the check process?

3 A   We take care of the function, they

4 produce the checks. It's not BPO.

14 Q   Do you use Hyperion?

15 A   I believe we do for some financial

16 planning, but I am not 100 percent certain.

7 Q   And do you use any software from ADP

8 aside from the payroll processing in Germany?

9 A   We outsource payroll, check production to

10 ADP in the United States. And there is a piece

11 of software that lives at our site that enables

12 that to happen.

13 Q   Do you outsource any other part of the

14 payroll function aside from check processing?

15 A   ADP handles production of checks, direct

16 deposits, tax filing. Other than that we do all

17 of the process work ourselves.

8 Q. (By Ms. McKinney) I'd like to ask you

9 now about the process through which you selected

10 PeopleSoft for HR software.

11 A   Okay.

12 Q   When did that process begin?

13 A   The actual selection process began

14 shortly after my arrival at Kerr-McGee, which

15 would be June 2001.

16 Q   And who was the primary person

17 responsible for the selection of new HR

18 management software?

19 A   The lead person would have been Lynda

20 Garcia.

00055

1 Q   Is she still with Kerr-McGee?

2 A   She is.

3 Q   Do you know what her title is now?

4 A   I do not. She's in the finance

5 organization.

11 Q   And do you know if Ms. Garcia was the

12 person who managed the project on a day to day

13 basis?

14 A   The selection project?

15 Q   Yes.

16 A   She was, she was our lead person on the

17 Kerr-McGee side.

18 Q   Did she have any title associated with

19 the selection process such as project manager or

20 something similar?

21 A   Not that I'm aware of.

22 Q   And what was your involvement in the

23 selection process?

24 A   I was the I think technical lead was the

25 official title.

00056
1 Q   And what did that mean in practical

2 terms?

3 A   Practical terms, I managed our group of

4 individuals from the IT side that participated in

5 the selection process. I also participated in

6 day to day activities such as question formation,

7 reviewing demonstrations, doing research if

8 required.

8 Q. (By Ms. McKinney) And what do you

9 recognize this document to be? And let me just

10 say for the record, this document appears to be a

11 Power Point, on the front it's entitled

12 Kerr-McGee HR Financial Analysis, Employee

13 Service Center and HRIS dated September 2001 and

14 Bates labeled Kerr-McGee 008 through 040.

15 Mr. Elliott, what do you recognize this

16 document to be?

17 A This document is a summarization of the

18 HR strategy that our HR organization was pursuing

19 in 2001.

00058

24 Q   The first one says project consultants,

25 Scott, Madden & Associates. And who was Scott,

1 Madden & Associates?

2 A   An HR consulting firm.

3 Q   And what was their role on the HR

4 software selection process?

5 A   It's described well here. They were

6 facilitators for the process.

7 Q   And what did they do as facilitators?

8 A   A facilitator, possibly coordinator is an

9 equally good term. They organized the work

10 products, facilitated discussions, facilitated

11 planning, were responsible for not only the HRIS

12 side but integrating it into the larger HR

13 strategy that this document represents. And that

14 was their sole involvement. As it states here,

15 they do not have or at least did not have at that

16 time an HRIS implementation practice.

2 Q   Why did you feel it was necessary to

3 engage a consultant to assist in this process?

4 A   I can't answer for Lynda.

5 Q   Was it Lynda who made the decision to

6 engage Scott, Madden?

7 A   It was the HR organization as a whole and

8 Lynda was our point person.

9 Q   And who was the main point person for

10 working with Scott, Madden?

11 A   Lynda and I were both part of the, quote

12 unquote, project office, but Lynda was our point

13 person on the project within.

14 Q   Do you know how much Kerr-McGee paid

15 Scott, Madden for its consulting services?

16 A   I do not.

17 Q   Would Lynda know?

18 A   It's been a while. You'd have to ask

19 her.

25 Q.   (By Ms. McKinney) Now, next on this

1 list it says HRIS project office.

2 A   Uh-huh.

3 Q   Do you know what that term means?

4 A   I know what it means with regards to our

5 selection process.

6 Q   Sure. What was the HRIS project office?

7 A   Would you like me to read it straight off

8 the document?

9 Q   No. I would like to know, you know, what

10 you know. If the document helps to refresh your

11 recollection, that's fine, but I'd like you to,

12 you know, testify based on your knowledge.

13 A   My view of the HRIS project office, the

14 responsibilities again are listed here

15 specifically. We as a group were responsible for

16 coordinating, well, the execution of the project,

17 obtaining resources, doing the visits as we

18 discussed. There were a lot of discussions

19 regarding what questions would be asked, what

20 weighting would be assigned to each one of the

21 criteria, how the RFPs or RFIs would look after

22 they were issued and we were facilitators,

23 coordinators on all those. My personal main task

24 was to coordinate the technical resources

25 involved.

00062

1 Q   Were you a part of the HRIS project

2 office?

3 A   Yes.

4 Q   Who else was a part of the HRIS project

5 office, do you know who made up that group?

6 A   Lynda Garcia was the main person and

7 officially we included Scott, Madden as a part of

8 the project office.

25 Q   And then these boxes here on Page 7, you

00063
1 said these are all people who participated in the

2 process?

3 A   Yes.

4 Q   And are these all groups that would be

5 end users of the software?

6 A   Yeah.

11 Q.   (By Ms. McKinney) How were these people

12 selected to participate in the selection process?

15   THE WITNESS: I don't recall the exact

16 process we went through to choose the folks. The

17 goal was to have people representing as many

18 different areas in the HR organization as we

19 could and plus involve technical people in from

20 several of our major areas as well.

21 Q.   (By Ms. McKinney) Who selected these

22 people who were participants in the software

23 selection process?

24 A   I'll go back to my previous answer. I

25 don't know the exact details of how we selected

00064
1 these people. As I look through here it was I

2 believe my recommendations on the technical side

3 to say these are the people that need to

4 participate based on their areas of expertise.

5 Q   And was Lynda Garcia responsible for

6 selecting the other people involved here?

7 A   I'll say again, I don't know the details

8 of how they were selected.

9 Q   But you selected the people listed in

10 this box labeled technical who are here under

11 your name?

12 A   Yes.

13 Q   And are those the people you referred to

14 earlier who you were responsible for managing

15 throughout the selection process?

16 A   For this process, yes.

17 Q   Were you responsible for managing anyone

18 else on this chart?

19 A   No.

20 Q   Was Lynda Garcia responsible for

21 coordinating the other people in these other

22 boxes on this page?

23 A   Yes. She served as the functional lead,

24 if you will.

24 Q   Can you tell me what, what the role of

25 subject matter experts was in this process?

00066
1 A   As I recall, basically the document says

2 input and guidance. Many of these folks would be

3 consumers of, as I recall, some of the services

4 within the HRIS.

12 Q   Did the -- did the technical team that

13 you were responsible for managing meet on a

14 regular basis throughout the selection process?

15 A   Yes. We had scheduled meetings plus as

16 needed meetings depending on what was happening

17 in the process.

18 Q   Let me back up just a second. How long

19 did the selection process take in total?

20 A   We started this in June of 2001, the

21 contract was signed I believe at the end of

22 October 2001.

23 Q   And how frequently did the technical team

24 meet during that time?

25 A   I don't think there was any standard

1 number of meetings we had on a weekly basis.

2 Q   So you didn't have some kind of regular

3 set time for meeting?

4 A   No. There was -- as I recall, there were

5 group meetings where the entire group met

6 together.

7 Q   Would that have been the entire --

8 A   Core selection team.

9 Q   -- core selection team?

10   Including your technical team?

11 A   Yeah.

12 Q   And how frequently were those meetings?

13 A   I think it depended on where we were in

14 the process. I can't recall the exact schedule.

15 Q   Could you estimate the total number of

16 times that the HRIS core selection team met over

17 the course of the selection process?

18   MR. GORESEN: I'm going to object to the

19 extent it calls for speculation.

20   THE WITNESS: Anything I gave you would

21 be a guess.

5 Q   And with regard to your technical team,

6 can you estimate how many times your technical

7 team met on its own throughout the entire

8 selection process?

9 A   As an estimate, we were visiting maybe

10 not in total but at least, you know, two or more

11 weekly basis. We did not have a set time where

12 we got together as an entire team, only as

13 needed.

25 Q   I'm not going to ask any more questions

00069
1 on this document for a little bit.

2   What were the main responsibilities of

3 your technical team in this process?

4 A   To review, to the extent we could, the

5 technical soundness of the proposed solutions.

23 Q   Do you know if any presentation was ever

24 made to the CEO or other executives regarding the

25 selection of PeopleSoft?

00070
1 A   I believe there was.

2 Q   And were you part of that presentation?

3 A   No.

4 Q   Who did that presentation?

5 A   I believe Lynda did.

6 Q   Do you know when that was?

7 A   I do not know the exact date. My surmise

8 would be either late September or early October.

9 Q   Did you work with Lynda at all in

10 preparing that presentation?

11 A   Scott, Madden was again the main

12 facilitator for producing documents, but I did

13 participate with Lynda as well.

3 Q   In addition to Scott, Madden, did you

4 consult with any other outside resources as part

5 of the selection process?

6 A   One would have been Gartner.

7 Q   And what was your interaction with

8 Gartner Group?

9 A   We asked the question who would be their

10 I believe the term is magic quadrant vendors with

11 regards to the HR space.

12 Q   And what did they tell you?

13 A   PeopleSoft, Oracle, SAP, Lawson.

13 Q   And did you personally have contact with

14 someone at Gartner Group?

15 A   I did not.

16 Q   Do you know who did?

17 A   I believe Lynda.

18 Q   And do you know if she met with them in

19 person?

20 A   I do not know for sure.

21 Q   Do you know if she had personal contact

22 with them at all?

23 A   Yes. I know for a fact there was

24 definitely a phone visit. At that time we had a

25 subscription to their services, so I don't know

00074
1 if there was anything else involved.

2 Q   Do you know if they provided Kerr-McGee

3 with any written research report?

4 A   I don't know. Ours was a fairly simple

5 and straightforward question.

6 Q   So you never saw some written research

7 report from Gartner Group?

8 A   No.

9 Q   So the information that came from Gartner

10 Group you got through Lynda Garcia?

11 A   Yes.

24 Q   At what stage did you make reference

25 calls?

00075

1 A   After, I believe, the field had been

2 narrowed to PeopleSoft and Oracle.

3 Q   So you didn't call any references for

4 Lawson or SAP?

5 A   None.

25 Q.   (By Ms. McKinney) Do you consider

1 yourself to be a sophisticated customer of EAS

2 software?

3   MR. GOREEN: I'm going to ask for -- are

4 you asking if Scott Elliott considers himself to

5 be a sophisticated customer?

6   MS. McKINNEY: Yes.

7   THE WITNESS: When it comes to

8 Kerr-McGee's needs, yes.

9 Q.   (By Ms. McKinney) Could you describe

10 for me the main steps in the process of selecting

11 the PeopleSoft HR software, if you know?

12 A   You have the documents that describe all

13 of them. At a high level, again, based on

14 Gartner's recommendations, we identified four

15 companies that we felt like we should pursue.

16 All four companies were contacted to let them

17 know that we were actively engaged in a selection

18 process. PeopleSoft, Oracle and Lawson

19 responded. SAP did not. The request for

20 information and detailed questions were

21 developed, sent out and received back from those

22 three vendors. We had on site demonstrations at

23 Kerr-McGee from those three vendors. The RFI

24 responses and the presentations were graded by

25 the HRIS selection team. Lawson was eliminated

00077
1 based on that grading. PeopleSoft and Oracle

2 returned for additional demonstration. Two

3 visits were made, one to Oracle headquarters, one

4 to a PeopleSoft executive gathering. Reference

5 calls were made. The team made the

6 recommendation to upper management and they

7 approved.

12 Q   Were there any other factors that went

13 into developing that list of what four vendors

14 Kerr-McGee would consider?

15 A   Yeah, there were two other vendors

16 that -- I'm not sure, I can't remember the exact

17 nature of the research we did, but Baan and J.D.

18 Edwards were both considered in addition to those

19 four folks. Based on what we could determine, I

20 would think primarily from J.D. Edwards website,

21 it looked like they lacked the international

22 functionality that we thought we needed. Baan

23 was in serious financial difficulty prior to

24 their acquisition by SSI.

00078

18 Q   And then you mentioned that all four of

19 the vendors on your list, Oracle, PeopleSoft, SAP

20 and Lawson, were contacted?

21 A   Correct.

22 Q   In what way were they contacted by

23 Kerr-McGee?

24 A   I believe Lynda Garcia phoned each one of

25 them personally.

1 Q   And do you know about what time frame

2 this was in?

3 A   It would have been in June, I believe.

4 Q   And were you on any of those phonecalls

5 that Lynda Garcia made?

6 A   No.

7 Q   Do you know the nature of the phonecalls

8 or what she said to them?

9 A   Back to my previous, previous answer. It

10 would have been that we were actively engaged in

11 an HR selection process and we were contacting

12 them to solicit their participation and to also

13 find out where we should send our request for

14 information.

15 Q   At the time that she called each of those

16 four, do you know if Kerr-McGee intended to send

17 each of those four vendors an RFI?

18 A   I believe that was our intent.

19 Q   And did she ask for any response from

20 them during those phone conversations? That is,

21 was she seeking any response from them prior to

22 sending the RFI?

23   MR. GORESEN: I'm going to object to the

3 A   To the best of my knowledge it was to

4 whom and where should we send the RFIs.

5 Q   And you said that three responded?

6 A   Yeah.

7 Q   And which three were those?

8 A   PeopleSoft, Oracle and Lawson.

9 Q   And SAP did not respond?

10 A   Correct.

11 Q   And what does that mean?

17 Q.   (By Ms. McKinney) Does that mean -- did

18 Lynda talk to anyone at SAP?

19 A   I do not know specifically who she would

20 have talked to. They did not provide the

21 information which was who should we send the RFI

22 to and to where should it be sent.

23 Q   Do you know if she, if she was able to

24 get anyone on the phone and speak with them?

25 A   I do not know.

1 Q   Do you know who she tried to call at SAP?

2 A   No.

3 Q   Do you know if she left a voice-mail with

4 anyone at SAP?

5 A   I wasn't in on the call. I don't know if

6 she talked to a person or left a voice-mail.

7 Q   Do you know if she ever sent any written

8 communications to SAP?

9 A   Not that I'm aware of.

10 Q   Do you know if she made any subsequent

11 attempts to contact SAP either by phone or

12 through written communications?

13 A   I believe there was more than one

14 attempt. I don't know how many.

15 Q   Do you know how long of a time period she

16 spent trying to get in touch with SAP?

17 A   No, I don't know exactly. The documents

18 we have we don't list the dates that, you know,

19 exact dates the RFIs went out or when the

20 phonecalls were made or when they were contacted.

21 Q   And to your knowledge did SAP ever

22 respond?

23 A   Yes.

24 Q   Do you know when they responded?

25 A   I don't know the exact date.

00082

1 Q   Do you know --

2 A   Our documents --

3 Q   -- the approximate date?

4 A   Our documents state that it was while the

5 process was well underway. I believe it was

6 after we had already received RFI responses from

7 the other vendors.

8 Q   Do you know how SAP responded at that

9 time?

10 A   Other than calling Lynda, no.

11 Q   Do you know that they called Lynda?

12 A   Yes.

13 Q   And do you know -- but you don't know

14 anything else about their response?

15 A   No.

16 Q   Do you know if they at that point were

17 seeking to compete for Kerr-McGee's HR business?

18 A   Yes.

19 Q   And Kerr-McGee declined to entertain any

20 bid from SAP?

21 A   Correct. We did not send them an RFI.

22 Q   Why did Kerr-McGee decline to send SAP an

23 RFI?

24 A   They did not meet our requests for

25 information and we were already well underway in

00083
  1 the process.

  2 Q   Was there any other reason that you

  3 didn't entertain SAP in the process?

  4 A   I don't know what it would have been, no.

4 Q. (By Ms. McKinney) Did you have to

5 purchase any new hardware in order to install the

6 PeopleSoft software?

7 A Yes, we did. We did not have the

8 hardware infrastructure that would have supported

9 it.

10 Q Can you describe for me what hardware you

11 had to purchase?

12 A Sure. We purchased a database server,

13 that's HP, we also purchased a file and print

14 server, two application servers, two web servers

15 as well as a load balancer and that was for our

16 production environment. Let me make one slight

17 change. The database server already existed but

18 we purchased a significant amount of disc and

19 memory to upgrade that. We also chose to

20 purchase a test environment that consisted of one

21 database server, one web server, one app and file

22 server.

23 Q Why did you need to purchase new hardware

24 in order to implement the PeopleSoft HR software?

25 A That's what the software called for.

00086

1 Q   So, the hardware you had previously would

2 not have been sufficient in order for you to run

3 the PeopleSoft --

4 A   No.

5 Q   -- software?

22 Q   I guess prior to, prior to the time that

23 you went forward with the selection process and

24 undertook to evaluate different ERP vendors, did

25 you have to develop some sort of business case to

00087
1 justify simply the decision to purchase some new

2 HR --

3 A   Software?

4 Q   -- software?

5 A   A business case I think in the strictest

6 MBA sense was not required. Excuse me. We had,

7 we had the situation in the United States that

8 our vendor was no longer supporting our software

9 and the cost had been such and the limited

10 capability had been such that we knew we had to

11 do something different.

12 Q   Did you consider trying to upgrade your

13 existing software?

14 A   The vendor was no longer marketing,

15 developing or doing anything with that software.

16 There was not an upgrade path.

17 Q   Could it have been upgraded using

18 independent consultants?

19 A   In what way?

20 Q   Could -- even though the company was not

21 continuing to support that software, could you

22 have hired anyone independently to perform

23 necessary upgrades on that software?

24 A   I guess the answer would be yes, we could

25 have, but Kerr-McGee is not into developing

1 software and that's what it would have been.

2 Q   Did you ever do an analysis of how much

3 it would have cost to try to do that?

4 A   No. It wasn't consistent with our

5 strategy.

6 Q   And did you ever consider outsourcing the

7 HR functions that were involved?

8 A   To my knowledge no BPO outsourcing

9 consideration was ever given to HR. Currently we

10 do have one piece of HR BPO'd.

11 Q   What piece is that?

12 A   Health and welfare administration.

13 Q   And who does that?

14 A   ADP.

15 Q   And they handle the entire business

16 process of health and welfare administration?

17 A   They do. We have two people on our staff

18 at Kerr-McGee that are in essence, I guess they

19 manage the vendor relationship and serve as a

20 third level escalation, if you will, if there are

21 questions that ADP cannot handle.

22 Q   And how long have you used ADP for health

23 and welfare benefits?

24 A   I believe a little over about 18 months

25 would be my estimate. Perhaps 19 or 20.

1 Q   Why was the decision made to outsource

2 that portion of the human resources function to

3 ADP?

4 A   I was not a part of the selection in the

5 project or the decision making on that.

6 Q   Who was in charge of that?

7 A   Our HR group.

8 Q   Would -- I'm sorry, I've forgotten her

9 name. Is it Lynda Garcia?

10 A   I do not believe she was in HR at that

11 time.

12 Q   Had she moved to finance?

13 A   I don't know where she was at that exact

14 moment in time.

15 Q   So, the decision to outsource health and

16 welfare benefits was made after your PeopleSoft

17 software had been implemented. Is that correct?

18 A   Correct. We were -- yes.

19 Q   And had you considered using a PeopleSoft

20 module for that function?

21 A   Actually, yes. We have licensed benefits

22 administration. During the PeopleSoft

23 implementation we had a change in HR leadership

24 and in approach and the decision was made to stop

25 the benefits administration implementation.

00091

16 Q   Now, did you agree with the decision to

17 outsource health and welfare benefits to ADP?

18 A   To be honest, I don't think I either

19 agreed or disagreed. If the HR strategy was to

20 perform all of our functions in-house, then the

21 purchase that we made and the implementation we

22 had embarked on was the correct path. But if our

23 strategy was to, for whatever reason, outsource

24 where appropriate, then at that time it was the

25 right thing to do to stop the benefits admin

00092
  1 install.

00096

16 Q   Now, in evaluating or in, you know,

17 assessing the interface between the in-house

18 software and the ADP outsourcing process, who was

19 responsible for that?

20 A   As I said, Gene Wolz.

21 Q   Gene Wolz?

22 A   It's not assessing, it was developing the

23 interfaces.

24 Q   And did he successfully develop the

25 interfaces?

1 A   Oh yeah.

2 Q   Was that a problem for him at all?

3 A   Actually it wasn't -- it was not him

4 solely who did all the programming, but it was

5 our team that did.

6 Q   Did you, did you feel any need to be

7 involved in the decision of whether to outsource

8 this health and welfare benefits function to ADP

9 versus using the PeopleSoft module that was

10 purchased for that purpose?

11 A   No.

12 Q   Why not?

13 A   The reason I'm confused, I felt no need.

14 I'm not sure how to explain what doesn't exist.

15 Q   Well, let me -- let me back up. I'm just

16 trying to understand because you were, you were

17 involved in the selection process whereby

18 Kerr-McGee chose PeopleSoft for its HR management

19 function. Correct?

20 A   Right.

21 Q   And you were responsible for leading the

22 team of IT professionals who were involved in

23 that process. Correct?

24 A   Yeah.

25 Q   And one of the modules that was purchased

1 would have covered health and welfare benefits

2 functions?

3 A Right.

4 Q But after the PeopleSoft software was

5 implemented, a decision was made to have those

6 functions done through ADP outsourcing instead of

7 through the PeopleSoft module?

8 A Right.

9 Q But you didn't feel that you needed to

10 participate in that decision to shift those

11 functions to outsourcing?

12 A No.

13 Q Did you think the decision made sense?

15 THE WITNESS: I was not a --

17 THE WITNESS: -- participant in the

18 process.

19 Q. (By Ms. McKinney) Did you agree with

20 the decision?

2   THE WITNESS: I've already answered that

3 question previously. Would you like me to answer

4 it again?

5 Q.   (By Ms. McKinney) Yes.

6 A   As I said before, the HR strategy, if it

7 is to perform those functions in-house, then

8 buying and installing benefits admin was the

9 correct solution. If the strategy is to take a

10 look at different places in the organization,

11 different functions it could outsource, then the

12 function or the strategy of using outsourcers was

13 correct.

14 Q   Do you agree with the strategy of

15 outsourcing where appropriate?

19   THE WITNESS: As I answered before, I

20 said that I neither agree nor disagree because

21 agreement is based upon the HR strategy, not

22 business processing as a separate entity.

00100

13 Q   Do you have any opinion on whether health

14 and welfare benefits should be outsourced to ADP

15 or should be performed by PeopleSoft software?

16 A   As I answered before, if the HR strategy

17 is that those functions should be performed

18 in-house, then I agree that benefit admin

19 implementation and purchase is correct. If the

20 strategy is such that we should look at

21 outsourcing specific functions, then I agree that

22 the strategy of looking at and outsourcing those

23 functions is good.

24 Q   So it sounds like from an IT perspective

25 it doesn't make much of a difference to you which

00101

1 path is chosen.

2   MR. HAMMAKER: Objection.

3   THE WITNESS: Yes.

4 Q. (By Ms. McKinney) Either way will work?

5   MR. HAMMAKER: Objection. I don't think

6 that reflects his testimony.

7   THE WITNESS: In my experience at

8 Kerr-McGee, we did not complete the benefit admin

9 implementation, so I cannot speak to whether or

10 not it would work at Kerr-McGee because I have no

11 experience. ADP health and welfare does work

12 because we have been outsourcing with them for

13 over a year and a half.

00102

24 Q   I'm going to ask you if the RFI describes

25 some certain features, and so if you can remember

1 please let me know.

2 A   Okay.

3 Q   Do you know if the RFI described the

4 ability to integrate modules into bundles or

5 suite, into a bundle or suite of associated HR

6 functions?

7 A   I'm not sure I understand what you're

8 trying to ask.

9 Q   Okay. Did the RFI specify that the

10 software that Kerr-McGee was going to use needed

11 to be able to work as a suite of associated

12 functions?

13 A   I believe, I believe there were questions

14 along those lines, but our approach would be that

15 it would be purchased as a suite. We were not

16 considering purchasing part from Lawson, part

17 from Oracle, part from PeopleSoft. It was one

18 vendor to provide all those functions.

19 Q   Did the RFI specify that the software

20 needed to support foreign language requirements?

21 A   Yes.

22 Q   And how about foreign reporting

23 requirements?

24 A   Yes, I believe it did. I can't recall

25 the exact questions.

00104
1 Q   Did it specify that the software needed

2 to be able to function across multiple

3 jurisdictions?

4 A   What's your definition of jurisdiction?

5 Q   Different states within the United States

6 and/or different countries?

7 A   Yes, there were questions along those

8 lines.

9 Q   Did the RFI specify that the software

10 needed to function across different business

11 divisions of Kerr-McGee?

12 A   I would have to look.

13 Q   Did it discuss at all scale and

14 flexibility to support thousands of multiple

15 users?

16 A   I don't recall the specific questions

17 there. It's been a while. We did put either in

18 the RFI itself or in visiting with the vendors in

19 the demonstrations that Kerr-McGee was an

20 inquisitive company and that we had some number

21 of thousands of users and that we expected most,

22 if not all of our users, to be self service

23 users. So that would address the fact there

24 would be many people using it at one time.

25 Scalability was also discussed when receiving

 1 specifications from PeopleSoft for our hardware.

 2 Q   Did the RFI discuss any need for

 3 flexibility so that the software could be matched

 4 to your unique administrative requirements?

 5 A   In my interpretation, most of what we put

 6 in the RFI did have to do with administration of

 7 the HR function across multiple pieces of the HR

 8 organization.

 9 Q   Did you have any requirement of an option

10 to purchase additional functional modules later?

11 A   I cannot remember that being in the RFI.

12 Q   Did you have any requirement of periodic

13 updates to keep tax and employment laws current?

14 A   Yes.

15 Q   And how about ongoing maintenance and

16 support?

17 A   Yes.

18 Q   And was 24 hour technical support

19 addressed in your RFI?

20 A   I don't believe it was because we didn't

21 feel that that was required for us. Certainly if

22 something completely broke down we would need

23 help, but as a normal course of business we're

24 fairly self sufficient.

25 Q   Did you have a requirement that the

00106

1 software have already been successfully

2 implemented by a comparable customer?

3 A   I don't know if that was in the RFI, but

4 that was communicated to the vendors.

5 Q   And who responded to the RFI?

6 A   As stated before, PeopleSoft, Oracle and

7 Lawson.

8   Do you recall, do you recall if there was

9 any discernible difference in the evaluation of

10 Lawson's RFI response?

11 A   Not specifics, only in the realm of

12 international or non U.S. capabilities.

13 Q   And what was the -- what was the

14 distinction there in the evaluation of Lawson?

15 A   They did not provide the non U.S.

16 capabilities that Oracle and PeopleSoft did.

17 Q   And specifically what capabilities did

18 Lawson not provide?

19 A   I just stated that I cannot remember what

20 those specifics were.

21 Q   Do you remember any further detail on --

22 A   No.

23 Q   -- the international issue with Lawson?

24 A   None.

00109

13 Q   And which vendors performed on site

14 demonstrations?

15 A   As I stated before, PeopleSoft, Oracle

16 and Lawson.

6 Q   And then what happened after the

7 demonstrations?

8 A   The presentations were graded by the team

9 and based on the grading and I guess I would say

10 verbal feedback from the team Lawson was

11 eliminated due to lack of non U.S. functionality

12 and reporting.

00113

11 Q Who made the ultimate decision to

12 eliminate Lawson?

13 A The team.

14 Q And who would have communicated that

15 decision to Lawson?

16 A I believe Lynda did.

17 Q In addition to the issue with

18 international functionality and reporting, was

19 there any other reason that Lawson was

20 eliminated?

21 A I cannot recall.

22 Q Do you know how Lynda communicated to

23 Lawson the fact that they had been eliminated?

24 A I do not know.

25 Q Do you know if she told them why they had

00114
1 been eliminated?

2 A   I believe she did.

3 Q   Do you know if they had some response to

4 her on the issue of their international

5 functionality?

6 A   I do not know.

7 Q   You never had any direct contact with

8 Lawson on that issue?

9 A   On informing them that they were no

10 longer a part of the selection process, no.

11 Q   Did you ever have any direct contact with

12 Lawson regarding the issue of their international

13 functionality?

14 A   Other than when they made their on site

15 demonstration, no.

16 Q   And did you personally evaluate whether

17 Lawson had the international functionality that

18 was needed to meet Kerr-McGee's requirements?

19 A   Throughout most of this process Lynda and

20 I neither one voted, but we viewed the

21 demonstrations, asked questions.

22 Q   But did you personally assess whether

23 Lawson had the functionality that was required?

24 A   In what format?

25 Q   Did you make a decision in your mind as

00115

1 to whether Lawson could meet your requirements?

2 A   I agreed with the team that they could

3 not.

4 Q   And in addition to viewing the

5 demonstration that Lawson did, was there any

6 other source of information on which you based

7 the decision to agree with the team that Lawson

8 couldn't meet the requirements?

9 A   No. We had no further contact with them

10 until the decision was made.

11 Q   Were any questions posed to Lawson about

12 whether it could make some accommodation to meet

13 Kerr-McGee's requirements in terms of

14 international functionality?

15 A   Well, since it's been three years and 24

16 hours worth of demos, I can't remember any

17 specific questions.

18 Q   Did you ever talk to any Lawson

19 representative personally at any time?

20 A   As I stated, during the demonstration.

00116

7 Q. (By Ms. McKinney) Now, you mentioned

8 that SAP was never sent an RFI. Did it bother

9 you at all that SAP was not sent an RFI?

16 A   No.

17 Q   And why not?

18 A   Again, you're asking me to speculate on

19 that which does not exist or did not occur. We

20 had two companies that provided virtually all of

21 our RFE -- RFI requirements.

22 Q   Oracle and PeopleSoft?

23 A   Yes. Had we only had one, I don't know.

24 Q   Did you feel like you were still going to

25 be able to get a good price with the two vendors

00117
    1 competing?

    2 A   Yes.

14 Q   Did you disclose to the vendors who

15 participated in the demonstration round the

16 identity of the other vendors they were competing

17 against?

18 A   We disclosed to PeopleSoft and Oracle

19 that they were our finalists. I don't know about

20 the demonstrations.

00119

16 Q   Who was in charge of negotiations with

17 Oracle and PeopleSoft?

18 A   Lynda Garcia was the point person as far

19 as the actual final price.

8 Q   Do you have any knowledge of whether

9 Lynda Garcia negotiated price with Oracle or

10 PeopleSoft?

11 A   The answer has to be yes.

12 Q   And did she?

13 A   I mean --

14 Q   I'm sorry, I thought you were answering

15 whether you have knowledge.

16 A   Oh, no. The answer would be yes. I

17 think that would be the only reason that we would

18 have lower offers.

19 Q   So, did Oracle and PeopleSoft both

20 discount their prices?

21 A   Yes.

22 Q   And do you know by how much they

23 discounted their prices?

24 A   I don't know what Oracle's discount would

25 have been. PeopleSoft would have been in the 45

00121
   1 percent range off list.

1 Q   And after Oracle and PeopleSoft responded

2 to the RFQ, do you know if there were further

3 negotiations with them on price?

4 A   Yes, there were. I don't remember the

5 exact numbers that came back originally, but they

6 were higher than what we ended up with.

7 Q   So, both of them came down on price?

8 A   Yes.

16 Q   Do you have any knowledge of whether

17 steps were taken to try to ensure that Kerr-McGee

18 could get the best possible price on the

19 software?

20 A   I don't know the specific steps, no.

21 Q   No. That would have been within Lynda

22 Garcia's realm of responsibility?

23 A   Yes.

00123

19 Q   And do you know what the reasons were for

20 ultimately choosing PeopleSoft over Oracle?

21 A   I don't know the exact reasons why, you

22 know, one person chose PeopleSoft over another.

23 What we produced was the general themes in the

24 documents that we provided. One was Oracle at

25 the time did not have native German language

00124
1 functionality and that was our -- actually was

2 and still is our largest non U.S. location. If I

3 remember right, we rated the vendors, the matrix

4 included vendor viability, vendor service,

5 functionality, technology and cost. And the

6 functionality was pretty much a dead heat, the

7 vendor viability and vendor service were both in

8 favor of PeopleSoft and technology was in favor

9 of Oracle. Probably the best summary statement

10 other than the German functionality would be that

11 there were certain modules such as recruiting

12 that Oracle did not offer at the time and the --

13 what people will euphemistically call the vision

14 thing, the team felt PeopleSoft was farther

15 advanced from a vision what HR could be, should

16 be standpoint than Oracle was at that time.

3 Q   And when did the implementation of the

4 PeopleSoft software begin?

5 A   We had our kickoff meeting in early

6 January of 2002. We actually had some

7 preparatory work with our implementation partner

8 in December, but the official kickoff was

9 January.

5 Q   Which modules have been implemented so

6 far?

7 A   The core HR product has been implemented,

8 time and attendance has been implemented, as

9 stated before, the benefits administration

10 implementation was halted. Payroll for the

11 similar reason was also halted. Employee self

12 service view, employee service update, manager

13 self service, the data warehouse and the

14 workforce analytics cube.

15 Q   And which modules remain to be

16 implemented?

17 A   Manager self service transaction,

18 obviously benefits admin and payroll, E pay, E

19 comp, and the three data marks that live on top

20 of the data warehouse. And those would be

21 Workforce, Score Card -- when I said Workforce

22 Analytics before, I should say just the Workforce

23 cube because Workforce Analytics has not been

24 implemented, Score Card and Rewards have not been

25 implemented.

4 Q   Is Kerr-McGee in the process of

5 implementing them right now?

6 A   No. We are in the process right now of

7 implementing an additional module that we

8 purchased, learning management. We are engaged

9 in other activities right now and the strategy

10 for going forward is being prepared by our HR

11 group.

12 Q   What happened with payroll?

13 A   What happened as far as?

14 Q   Well, you said that the implementation

15 was halted. How is payroll being handled

16 currently?

17 A   Okay. First question, the halting of the

18 implementation of payroll was done for the same

19 reasons as benefit admin, wanted to look at

20 outsourcing the payroll, leaving the payroll

21 production outsourced and possibly outsourcing

22 the payroll function was to be reviewed.

23 Q   And --

24 A   The indecision is that we are in the same

25 situation as before we started that with ADP

00128
1 being our payroll check producer, tax filer.

2 Q   And has a conclusion been reached

3 regarding whether Kerr-McGee will outsource the

4 payroll business function?

5 A   The decision was reached, I'm not sure

6 with even a specific project at that time, but

7 currently business process of payroll is not

8 outsourced.

9 Q   But the PeopleSoft payroll module has not

10 been implemented?

11 A   That is correct.

12 Q   So what software is being used for the

13 payroll function currently?

14 A   As I stated before, ADP produces our

15 checks, files our taxes and there is a piece of

16 software that lives at our site to enable that to

17 happen.

18 Q   And that's a piece of ADP software?

19 A   Yes.

20 Q   Is there a name for it?

21 A   Pay-For-Win. And I'm not sure how to

22 spell that.

23 Q   Is there any other software that's used

24 for any part of the payroll function?

25 A   No.

00129

1 Q   So the --

2 A   Well, I mean time and labor feeds

3 payroll, but for actually doing payroll, no.

4 Q   So, the Pay-For-Win software that's at

5 Kerr-McGee in combination with the outsourced

6 check processing function is sufficient to cover

7 the entire payroll business process?

8 A   In the U.S.

9 Q   Is there a different software that's used

10 for payroll overseas?

11 A   Each country has its own payroll

12 provider. We chose not to implement global

13 payroll processing due to really the number of

14 employees we have in different countries.

15 Q   And why did the number of employees cause

16 you not to implement the payroll module?

17 A   We did not feel it would be cost

18 justified to do so.

5 Q   Is there currently any future plan to

6 change the way that Kerr-McGee processes payroll?

7 A   Where?

8 Q   Let's say first in the United States. Is

9 there any future plan to change the payroll

10 system?

11 A   No plans at this time.

12 Q   And how about overseas, is there any plan

13 to change the way that Kerr-McGee uses a

14 different payroll provider in each country?

15 A   No.

16 Q   And you said earlier that the time

17 keeping function feeds into payroll?

18 A   Yes.

19 Q   Does that mean that the PeopleSoft time

20 keeping software has to interface with the ADP

21 payroll software?

22 A   Yes.

23 Q   And did you have to go through some

24 process to make sure that those softwares could

25 interface together?

00131
  1 A   We prepared the interface.

00132

14 Q   Was he able to develop an effective

15 interface?

16 A   Oh yeah.

17 Q   Have there been any problems with that

18 interface?

19 A   Not any more than, you know, any other

20 piece of software, an occasional bug. But no, we

21 have not had a single instance of missed payroll

22 or wholesale failure.

00133

 9 Q   In the countries where it has been

10 implemented, is it functioning in the foreign

11 languages used in those countries?

12 A   We use English outside of Germany and

13 Netherlands. We don't -- we have such a low

14 concentration of employees in other non English

15 speaking countries that it was not worthwhile to

16 consider doing self service there in another

17 language.

18 Q   So, the only foreign languages you need

19 it to operate in are German and Dutch?

20 A   Currently.

21 Q   Currently? Do you anticipate using it in

22 other foreign languages in the future?

23 A   I haven't been made privy to any

24 acquisition plans yet.

25 Q   And then how about the manager self

00134
1 service module, is that the same situation with

2 regard to languages?

3 A   Yes, waiting on approval.

4 Q   So at the present time the PeopleSoft

5 software is not being used in any foreign

6 languages?

7 A   That's not what you asked earlier.

8 Q   That's what I'm asking now.

9 A   That's incorrect. The HR software is

10 being used in German and Netherlands.

22 Q   HR core functionality is being used in

23 German and Dutch?

24 A   Yes.

00136

10 Q   Was the implementation completed on

11 schedule?

12 A   As I stated before, benefit admin and

13 payroll, no, because we just close to discontinue

14 that. The HR was actually implemented ahead of

15 schedule and then we brought out, we brought up

16 some non U.S. locations prior to the U.S.

7 Q   And when you say you requested additional

8 money, did that mean you had to exceed your

9 budget for implementation?

10 A   Yes.

11 Q   And by how much?

12 A   One point nine million.

13 Q   What was the original budget?

14 A   Just shy of 7 million.

15 Q   And then you had to add another 1.9

16 million on top of it?

17 A   Yes.

18 Q   And do you know why the implementation

19 exceeded the original budget you had planned?

20 A   My -- yeah. We had a large number of

21 reporting requirements that were what I would

22 call nonstandard. And as an organization we were

23 not willing to do without some of them or do the

24 analysis that it would take to eliminate a number

25 of them. And so we spent a large quantity of

 1 money on developing reports.

21 Q   And what customization was required?

22 A   I don't have the complete list of

23 customizations that we've done.

24 Q   Do you know how many customizations you

25 had to do?

00139

1 A   Approximately -- well, this is over the

2 life of our implementation. I don't know, you

3 know, depending on what point. But as we sit

4 here today approximately fifty affecting twenty

5 different objects.

6 Q   And what do you mean by object in that

7 context?

8 A   An object would be a screen, a page, a

9 program, some definable piece from a programming

10 standpoint.

11 Q   Did you know when you made the selection

12 of PeopleSoft that you would need to do that much

13 customization in order to implement the software?

14 A   Actually, I don't know. No.

15 Q   Was that customization customization that

16 you did out of necessity or was it because

17 Kerr-McGee made a choice to customize?

18 A   For us it's always a choice. Our first

19 choice is not to. And evidently from other

20 implementations, this was a fairly low number,

21 fairly noninvasive.

22 Q   And what would cause Kerr-McGee to make a

23 choice to customize some object?

24 A   Fair question. For us it's really, it's

25 really a binary question. If there's something

1 in the software that doesn't meet what we need,

2 then it's a choice, do we change our business

3 process, whatever that may be, to match the

4 software or do we not. And if we make a decision

5 that the time invested in the customization is

6 worthwhile in our estimation, we'll go ahead and

7 do it. Our preference would be to change the

8 business process first though.

9 Q So the initial impetus is that the

10 software won't be able to meet some need of some

11 existing business process?

12 A Yes.

13 Q Is that right?

14 A Uh-huh.

00142

 9 Q   Are you currently satisfied with the

10 PeopleSoft modules that have already been

11 implemented?

12 A   Actually, yes.

00144

23 Q.   (By Ms. McKinney) Do you view SAP as a

24 competitor to Oracle and PeopleSoft?

25 A   Yes, I do.

00145

11　Q　Do you have any plans to go through any

12　procurement of HR software any time in the near

13　future?

14　A　None whatsoever.

17　Q　Have you engaged in any evaluation of HR

18　software since the time of your PeopleSoft

19　selection?

20　A　No.

21　Q　So that's been put aside for now I take

22　it?

23　A　PeopleSoft is our system strategy.

00150

11 Q   What were your views of what the effect

12 of the merger would be on you?

13 A   I guess the two immediate effects would

14 be, in our opinion, reduced competition, which

15 would lead to reduced price and innovation

16 pressure and the second piece would be some

17 economic hardship should Oracle's plan be

18 executed as I understand it, which would be to

19 halt the marketing of PeopleSoft software.

00154

9   MS. McKINNEY: Let me mark the next

10 exhibit. I guess this is 1932?

18 Q   And what is this document?

19 A   My declaration given with regards to the

20 Oracle proposed acquisition --

22   THE WITNESS: -- of PeopleSoft.

23 Q   Now, who drafted this declaration?

24 A   The declaration was initially drafted by

25 Kent Brown.

00156
1 Q   And was there some --

2 A   It was earlier.

3 Q   -- earlier draft of this document that he

4 provided to you?

5 A   Yes.

6 Q   And do you still have a copy of that

7 draft?

8 A   I believe we returned it to Kent.

4   Okay. So, during that, that in person

5 meeting with Mr. Brown, do you recall making any

6 changes to the draft of the declaration that you

7 were reviewing with him?

8 A   Yes.

9 Q   And do you recall what those changes

10 were?

11 A   Not in detail.

12 Q   Do you recall the subject matter of any

13 of those changes?

14 A   From a tenor perspective, the document as

15 it exists and as I signed was changed to reflect

16 an opinion rather than facts on what would happen

17 should the acquisition come through. Just my

18 crystal ball doesn't work any better than anyone

19 else's.

20 Q   So, you were changing it to reflect the

21 thoughts on the merger were your opinions?

22 A   The thoughts on the merger would be

23 things that could possibly happen rather than

24 things that absolutely would happen.

16 Q   With regard to your declaration, is there

17 anything in it now that you're not comfortable

18 with?

19 A   I read it over last night and no.

20 Q   Is there anything when you read through

21 it, was there anything you saw that you thought

22 needed clarification?

23 A   I'm probably, I'm probably -- it's like a

24 programmer trying to judge whether their own

25 program is good. I know what I said. No.

00165

23 Q   Do you have an opinion of the company

24 Oracle Corporation?

25 A   Yes.

00166
1 Q   What's your opinion?

2 A   Overall my opinion is good. We use them

3 worldwide for financials.

00167

14 Q   Could you please take a look at Page 5 of

15 that Power Point Bates labeled Kerr-McGee 137?

16 A   Yes.

17 Q   Under the right hand column it says

18 Oracle cons.

19 A   Uh-huh.

20 Q   And then there's a box that says vendor

21 service and lists several items.

22 A   Yes.

23 Q   Were you aware of any of these issues

24 that are listed here in this box?

25 A   Yes, at the time we made the selection

00168
1 these items had come out.

2 Q   And the first one says recent bad press

3 regarding customer service. Do you know what

4 that's referring to?

5 A   I believe -- well, I don't know for sure.

6 Q   What do you think it was?

10   THE WITNESS: The only thing I can say

11 with confidence is that it regards the service of

12 existing customers and their software

13 implementations.

1 Q   Was Kerr-McGee part of an Oracle user

2 group at that point in time?

3 A   Yes.

4 Q   And had Kerr-McGee experienced Oracle

5 separating itself from Kerr-McGee's user group?

6 A   I believe we participated with, I don't

7 know what the name was, OAUG at that time, yes.

8 Q   What is OAUG?

9 A   I don't know what -- I assume it's Oracle

10 and I assume it's user group, but I don't know

11 what the A stands for.

12 Q   So Kerr-McGee was a part of that user

13 group?

14 A   Yes.

15 Q   And Oracle separated itself from that

16 user group?

20 Q   How did Kerr-McGee react when that

21 happened?

22 A   I don't recall having any specific

23 conversations with what we should or should not

24 do as a result of that.

00172

24 Q   You mentioned earlier that when you

25 talked to the Justice Department about your

00173
1 opinion of the effects of the merger, the two

2 items you mentioned were reduced competition and

3 economic hardship based on Kerr-McGee's

4 investment in PeopleSoft?

5 A   Yeah.

9 Q.   (By Ms. McKinney) With regard to the

10 first item relating to competition, what is your

11 view on the potential impact of the merger on

12 competition?

13 A   Our view, as I state in my declaration,

14 would be that should the merger be consummated

15 that it would reduce the competition in the ERP

16 HR space, particularly those companies we feel

17 could possibly supply Kerr-McGee with that type

18 of software.

19 Q   And what's the basis for your viewpoint?

20 A   Our selection process identified really

21 only four people that could possibly in our view

22 supply the HR software that we needed, one of

23 which we did not have detailed knowledge about,

24 one of which we eliminated due to functionality

25 at that time, and so the largest possible pool in

00174
1 our view at the moment would be three. Should

2 one of those be eliminated we would view three to

3 two as a fairly substantial decrease in the

4 competitive environment.

5 Q   Your selection process was in 2001.

6 Correct?

7 A   That is correct.

8 Q   And you testified that you haven't

9 engaged in any additional analysis of software

10 vendors since that time. Correct?

11 A   That is correct.

12 Q   And how -- do you think that the reduced

13 competition you anticipate would affect

14 Kerr-McGee?

15 A   Yes.

16 Q   And how do you think that that would

17 affect Kerr-McGee?

18 A   I suppose there could be a lot of answers

19 there, but our standpoint is that innovation

20 within the software itself could be negatively

21 affected. The development of new modules and new

22 functionality could be negatively affected. The

23 overall customer service environment could be

24 affected. That would be my top three.

25 Q   All three of those items relate to

00175
1 Kerr-McGee's use of PeopleSoft software.

2 Correct?

3 A   Those three relate to not just our use of

4 PeopleSoft in particular but future development

5 in the HR space.

10 Q   The merger is not going to affect

11 Kerr-McGee with regard to any future -- it's not

12 going to affect Kerr-McGee with regard to any

13 impending software procurements, is it?

14 A   Hate to be obtuse. Please define what

15 impending is in your mind.

16 Q   Well, you testified earlier that you have

17 no plans right now to look at procurement of new

18 HR software. Correct?

19 A   My understanding of your question is that

20 a new HR software package or vendor. In that

21 case that is correct. If you refer to purchasing

22 perhaps additional modules, we have no plans at

23 the moment but could very well see purchasing

24 additional modules from existing vendors.

25   (A brief pause.)

1 Q   Mr. Elliott, could you please take a look

2 at your declaration? And on Page 12, if you

3 could look at Paragraph 42. And in this

4 paragraph you state in the second sentence, a

5 merger could reduce the competitive pressure that

6 now causes both firms to continue to improve

7 their software.

8 A   Yes.

9 Q   What's your basis for this statement?

10 A   My opinion is that should this

11 competition not exist, there would not be the

12 same level of pursuit of innovation and

13 improvement in software, as a general statement

14 about HR software.

15 Q   And do you have any other basis for this

16 statement aside from your own opinion?

17 A   I do not have familiarity with Oracle's

18 current or future development plans for their HR

19 software. What I have seen is a large push on

20 the PeopleSoft side for both new functionality,

21 new modules and improved ownership experience.

22 Q   And you anticipate that a merger would

23 negatively impact that development?

24 A   That's my opinion.

25 Q   Are you aware of Oracle's public

00177
1 commitment to continue supporting PeopleSoft

2 software even if a merger takes place?

3 A   Yeah. I did not look up the details, but

4 what I believe I'm familiar with is their

5 commitment to maintain support for ten years

6 should the merger occur.

7 Q   And does that affect your view at all?

8 A   No, not at all.

9 Q   And why not?

10 A   Supporting problems that crop up with

11 existing software is far different than

12 innovation and development and adding features

13 and new modules to software.

14 Q   In the next sentence in that paragraph

15 you state, PeopleSoft and Oracle now compete for

16 the same customers and this competition drives

17 both vendors to make significant investments and

18 better products.

19 A   Uh-huh.

20 Q   Now, what's your basis for this

21 statement?

22 A   I could not find a document that would

23 support this, but during the selection process

24 both PeopleSoft and Oracle made what I would say

25 an emphasis or a big deal of the amount of money

1 that they both invest in R and D.

2 Q   And for the part of the statement that

3 says PeopleSoft and Oracle compete for the same

4 customers, do you have any particular basis for

5 that statement?

6 A   Both the PeopleSoft sales rep and the

7 Oracle sales rep both during the course of

8 conversation indicated that each company was a

9 frequent competitor of the other.

10 Q   Now, down in Paragraph 43 in the second

11 sentence you state, in my experience --

12 A   Uh-huh.

13 Q   Excuse me. Software vendors that

14 discontinue marketing a product typically reduce

15 or eliminate new development initiatives for that

16 product and focus their resources on developing

17 the product that continues to be marketed and on

18 switching customers of the discontinued product

19 to another product.

20 A   Yes.

21 Q   Now, what experience are you referencing

22 here?

23 A   I have two recent ones. Our experience

24 with N Power from Integral. The same thing

25 happened. They stopped marketing N Power as a

00179
1 viable product and then therefore soon after

2 stopped development and then therefore soon after

3 stopped support. We have a legal software

4 product called E-Tech that we've experienced the

5 same situation. It's no longer marketed, now

6 there's no more development going on. I'm not

7 sure if the support shoe has dropped yet or not.

8 Q   So that contributes to your opinion that

9 if Oracle were to acquire PeopleSoft the same

10 thing might happen?

11 A   Yes.

17 Q   How much do you think Kerr-McGee has

18 invested in its PeopleSoft HR software all in

19 total?

20 A   The out of pocket costs are the 9 million

21 as stated in the documents that have been

22 provided.

23 Q   And are there additional costs as well?

24 A   Not that we've quantified. We don't --

25 at least it hasn't been a practice in the past

00180
    1 where we have capitalized or tracked the amount

    2 of internal labor. It's safe to say that it

    3 would be tens of thousands of hours.

8 Q   If you knew that SAP was a vendor that

9 would be able to meet Kerr-McGee's needs in terms

10 of ERP software, would you still have concerns

11 about the Oracle, PeopleSoft merger's effect,

12 potential effect on competition?

15   THE WITNESS: Yes, I would still have

16 concerns.

17 Q.   (By Ms. McKinney) And why is that?

18 A   Because I view three moving to two as a

19 significant decrease in competition.

00182

16 Q   Mr. Elliott, you've referred in your

17 testimony this afternoon to a declaration that

18 you provided to the United States Department of

19 Justice in this matter. Does what we have marked

20 as Government Exhibit 63 appear to you to be a

21 complete copy of the -- with exhibits of the

22 declaration that you provided to the Department

23 of Justice?

24 A   It does appear.

00183

5 Q   Do you see, is that your signature at the

6 bottom of Page 13?

7 A   Yes, it is.

17 Q   Thank you.

18   To the best of your information and

19 belief, Mr. Elliott, is the declaration which has

20 been marked as Government Exhibit 63 true and

21 accurate?

22 A   I'm sorry, say it again, Mike.

23 Q   Is the --

24   MR. HAMMAKER: Could you read the

25 question back, please?

00184
1   (The record was read as requested.)

2   THE WITNESS: Oh, yes.