

**FairPoint Cutover Monitoring
Status Report
The Liberty Consulting Group
2/11/08**

Overview of Monitoring Activities

During the period since its last monitoring report (January 14, 2008), the Liberty Consulting Group (“Liberty”) continued its normal monitoring activities: participating in Capgemini and FairPoint program status calls; reviewing daily system testing results and status, interviewing with FairPoint and Capgemini personnel on selected topics; providing comments to FairPoint and Capgemini on any concerns about the project status; reviewing updated documentation received from Capgemini and FairPoint, monitoring the FairPoint wholesale website; and holding weekly calls with representatives from the staffs of the Maine Public Utilities Commission, the New Hampshire Public Utilities Commission, and the Vermont Department of Public Service. In addition, Liberty met with representatives from Capgemini and FairPoint in Atlanta on January 24 and 25 to review and discuss the acceptance criteria that should be met before FairPoint can provide a notice of cutover readiness to Verizon.

Overview of Status

1. **Systems Development and Testing.**

Close.

The status of the systems necessary for close (the launch systems) appears to be good. These systems include ones necessary to support certain financial, human resources, and supply chain management functions. Although the launch systems are not the major focus of its monitoring effort, Liberty is following the development, testing, and implementation of these systems carefully, because Capgemini and FairPoint will be following a similar process for the much more extensive independence systems release at cutover.

The testing of the launch systems has been successful; 100 per cent of the test cases were passed successfully and there are no open system defects. Capgemini and FairPoint have also completed performance testing of the systems under heavy load conditions and a dry run of the system setups and data conversion that will be necessary at close. The results of both have been good. Capgemini and FairPoint plan to conduct at least one more dry run before close.

The most significant gap that appears to exist for close is the completion of some vendor contracts. However, these contracts do not affect the ability of the systems to operate, and there appear to be manageable workarounds available if the contracts are not in place at close. The other major unknown associated with close is the actual close date, in view of the fact that Maine is the only state that has yet granted approval for the transaction. FairPoint and Capgemini are still working to meet a

schedule that assumes a February 29 close date, but it appears likely that close would be later than this.

Cutover.

As noted in Liberty's last monthly report, the remaining functionality required for the independence (cutover) systems release is included in two releases, Build 4.1 and Build 4.2, the last of which is scheduled for February 29 completion. There are substantial challenges that remain to meet that date, including completion of some vendor contracts and receipt of some software updates from vendors, but FairPoint and Capgemini are working aggressively to meet the date and continue to make progress in overcoming the remaining obstacles.

Testing of the completed software releases continues to be slower than originally planned. Capgemini is continuing to test the Build 3 and Build 4 systems at the level of the individual applications (e.g., order management or billing) and "next neighbor" application interfaces (e.g., order management to provisioning work scheduling). A number of test cases continue to be blocked from completion because of such factors as software defects that require resolution. Capgemini has begun the initial stages of systems (end-to-end) testing using a handful of test cases, but has not yet completed writing all the end-to-end test cases. It currently plans to complete writing these test cases and send them to FairPoint for review by February 15. Liberty hopes to receive and start reviewing these test cases shortly thereafter.

2. Business Processes. FairPoint is making progress in the mapping of business processes and the development of business procedures, although this work is not yet complete. Several of the functional areas, including finance and wholesale, are well along in completing the necessary documentation, and Liberty has received and is reviewing the wholesale process documentation.
3. Personnel and Training. Liberty has reviewed the status at the end of January of new FairPoint hires and the personnel projected to transfer to FairPoint at close. FairPoint continues to make progress in hiring new employees for its open positions, having added 64 employees in December and January, for a total 178 to date of the approximately 675 FairPoint projects it will need by cutover.

There was a small (2%) reduction in the number of Verizon employees projected to transfer to FairPoint during January, and the overall number by the end of January is approximately 8% lower than that in January 2007. However, the reduction since May 2007 is less than 3%. Liberty's examination of the details of the numbers of employees by organization did not reveal any obvious concerns, although it is impossible solely by examining the numbers to determine the experience level of the employees in each organization.

FairPoint and Capgemini are continuing plans for employee training on the newly developed systems, and the planning appears to be going well. Liberty plans to meet with the FairPoint training team at the end of February to discuss the plans and

review training material. At this point, Liberty's major concern about training is that with close delayed and a system development schedule slower than originally anticipated, the available time to complete training successfully is significantly compressed. In addition, completion of the training material also depends on completion of the business process mapping.

4. Cutover Readiness Criteria. Liberty met with Capgemini and FairPoint representatives in January to discuss cutover readiness criteria. The Capgemini/FairPoint team presented proposed high-level acceptance criteria for cutover readiness, and Liberty provided comments and made suggestions for improvement. FairPoint and Capgemini appear to be serious about having stringent acceptance criteria, and Liberty believes that the proposed high-level criteria are a good start. However, a number of aspects of the cutover acceptance process remain to be worked out:

- Definition of all system (end-to-end) test cases. The current target date for this is February 15.
- Definition of the business simulation tests, which involve the interaction between business processes and systems. The current target date for this is March 14.
- Completion of the data conversion testing plan.
- Definition of acceptable business workarounds for systems failures.
- Definition of criteria for staffing.
- Definition of acceptable training results.

Evaluation of Status

FairPoint and Capgemini continue to make progress in the systems and business process development, but much remains to be accomplished. Liberty continues to believe that the current projected cutover date of July 31 is extremely aggressive. A number of factors, particularly the continued delay in correcting defects revealed in testing and the highly compressed testing schedule, will make it very difficult for FairPoint to satisfy cutover readiness criteria by May 31, the date necessary for FairPoint to issue a notice of cutover readiness to Verizon in time for a July 31 cutover.

FairPoint and Capgemini have also made progress in defining the requirements for cutover readiness, but do not yet have a complete cutover readiness plan. Therefore, Liberty's full assessment of that plan is further delayed. Based on the current FairPoint and Capgemini planning dates, Liberty projects that it cannot complete its assessment before the end of March at the earliest.