

**FairPoint Cutover Monitoring
Status Report
The Liberty Consulting Group
12/7/07**

Overview of Monitoring Activities

The Liberty Consulting Group (“Liberty”) began cutover-monitoring work in mid-October (Oct. 17-19) with a visit to the Capgemini development facilities in Atlanta. During this visit, Liberty interviewed several of the key Capgemini and FairPoint personnel, including the project leaders, the testing lead, and leaders of systems development in key areas (such as finance, human resources, billing, ordering, provisioning, trouble administration, and wholesale) as well as some other key functions (such as data conversion). Liberty also received several systems and testing strategy and status documents for review.

In Concord, NH, on October 31, Liberty interviewed the FairPoint personnel leading the wholesale, business process development, systems training, and regulatory reporting efforts. At this meeting, Liberty obtained status reports on business process development, a draft training plan, and a status of FairPoint hiring. Liberty also attended the Wholesale Customer Conference in Portland, ME on November 29 to observe FairPoint’s communication with the wholesale community and listen to wholesale customer concerns. As Liberty has indicated, it plans to monitor such concerns through the normal FairPoint wholesale customer relationship process. FairPoint plans to hold wholesale customer conferences on a monthly basis, and Liberty plans to attend these future meetings also.

Liberty receives daily reports of systems testing status and attends weekly FairPoint/Capgemini systems development status meetings. Liberty also maintains frequent contact with FairPoint management on systems, processes, and personnel status. Liberty uses these contacts to obtain answers to questions and to provide continuing feedback to FairPoint on its observations and evaluation of status.

Liberty has weekly status 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. On these calls, Liberty reports on developments during the week.

Overview of Status

1. Systems Development and Testing. The FairPoint/Capgemini systems development activity is targeted to two separate dates, close and cutover. FairPoint’s current schedule assumes the close of the transaction will be 1/31/08 and the cutover from the Verizon Transition Services Agreement (TSA) will be on 5/30/08. FairPoint and Capgemini also refer to these events as “launch” and “independence,” respectively. Because a few functions, most notably finance, will not be covered by the TSA,

systems to support these functions must be ready at close, and these systems are on a separate “launch” development path. The initial stages of the systems development ran in parallel between the launch and independence systems, and consisted of three “builds,” each adding more functionality to the systems in all functional areas. Capgemini completed Build 3 in late October.

The launch and independence systems development diverged following Build 3. Both sets of systems will have a fourth build and then a final release at close and cutover, respectively. Build 4 for launch was completed by the beginning of December; Build 4 for independence is planned to be completed in late December.

In order to complete the systems development and operate the systems, FairPoint must execute contracts with a number of vendors, including Verizon. This process is not yet complete, although FairPoint appears to be successfully working through it. Nevertheless, because it has been a slow process, it has caused some delays in the systems development.

Liberty has noted that there has been some slippage of originally planned functionality from one build to the next. This occurs for various reasons, including lack of signed contracts for the necessary systems. Build 4 is not exempt from this pattern, which means that some systems development will need to be completed between Build 4 and the final release. However, this slippage affects only a few functions, and there is no evidence yet that the delays will jeopardize successful completion before close or cutover.

Capgemini is also working on the conversion of data received from Verizon’s legacy systems that it currently uses both for assistance in systems development and for systems testing. FairPoint has already received two data extracts from Verizon, the latest during November. Conversion of this data into a format useable by the new FairPoint systems and testing of this conversion to ensure that no data is lost is in progress.

After each build release is complete, Capgemini conducts testing of the systems through a hierarchical testing process starting from unit and product testing of individual components and packages, proceeding to integrated testing of connected systems (also known as “next neighbor testing” and includes an initial phase know as “shakeout testing”), and eventually moving to end-to-end (system testing) and user acceptance testing. Liberty’s analysis focuses on the higher level tests (integration, end-to-end, and user acceptance), although Liberty also reviews at a summary level the status of the lower level tests. Currently, Capgemini is engaged in Build 3 testing. Build 3 test completion dates for some initial test phases (product and shakeout testing) have slipped and the completion date for the integration test phase is also in jeopardy of slipping.

The testing is accomplished through a series of use cases and test cases. A use case is a step-by-step description of a system function; for example, a use case for trouble

administration might be to create a trouble ticket for a residential POTS service. A test case represents a specific instance of the use case; for example, a service representative creates a trouble ticket after a customer calls with a complaint. Liberty has received some of the use and test cases, and is working with Capgemini and FairPoint to understand them how they fit into the higher level tests; however, Liberty has not yet obtained all the information that it needs to evaluate the testing process. When Liberty has sufficient information to do so, it plans to evaluate the completeness of the use and test cases and the adequacy of the test acceptance criteria and defect severity designations.

The terms of the TSA require FairPoint to provide to Verizon an irrevocable notice of cutover readiness at least two months before cutover. To meet a cutover date of May 30, FairPoint would need to provide this notice by the end of March. Liberty notes that FairPoint's current testing schedule indicates that some key end-to-end and user acceptance testing would continue after the end of March and not end until May. Liberty believes that this schedule is inconsistent, because all such testing must be satisfactorily completed to demonstrate that the readiness criteria have been met before FairPoint can issue the cutover readiness notice to Verizon.

2. Business Processes. FairPoint and Capgemini have begun mapping business processes and writing business process procedures that will be necessary at close and cutover. This work is extremely important to assure that the processes are operating properly and includes both systems-related business processes and those that do not involve systems interfaces. Because Verizon will be responsible for supporting most of the business processes through the TSA, the majority of the FairPoint/Capgemini business process development is associated with cutover. Although FairPoint and Capgemini report that they are making progress with this work, Liberty has yet to receive the final results of the effort and cannot yet comment on it.

Liberty also understands that FairPoint is engaged in contingency planning to address such issues as disaster recovery, systems problems, and personnel matters. Liberty expects that FairPoint will provide drafts of these plans later this month and will review and evaluate the plans once FairPoint has provided them.

3. Personnel and Training. FairPoint has provided Liberty with updates on its hiring status, and FairPoint appears to be making good progress. Not surprisingly, most of the positions filled to date are at the higher management levels. FairPoint has been able to fill a significant number of such positions with well qualified people. Progress at this level is satisfactory given the uncertainty occasioned by the fact that regulatory approvals in the three states remain uncertain.

FairPoint has also provided Liberty a copy of its preliminary plan for training its personnel in the new systems. This plan appears to be well thought out. It staggers the training and provides for backfilling of employees who are in training, in order to avoid service interruptions. It also provides for training on some Verizon systems during the TSA period for those employees who might need such training for such

purposes as backfilling for others during the training sessions. FairPoint has hired a vendor to do the training. Capgemini is working with the vendor to develop the training materials and is preparing “train the trainer” sessions. Liberty notes, however, that most of the training for the independence (cutover) systems is planned for April and May, after FairPoint is scheduled to provide Verizon its notice of cutover readiness. This would not allow FairPoint the ability to delay cutover if there were to be a significant problem with employee training.

4. Cutover Readiness Criteria. A key part of the Liberty Cutover Monitoring Project is to evaluate FairPoint’s cutover readiness criteria. FairPoint has indicated that it is still in the process of developing these criteria. However, Liberty has not received any cutover readiness documentation as yet and therefore is unable to provide an assessment at this time. FairPoint is also developing business readiness criteria for close. Liberty has also asked FairPoint to provide these and will also review and evaluate them.

Evaluation of Status

Liberty believes that FairPoint is making reasonable progress in preparation for cutover but insufficient progress to meet a cutover date of May 30, 2008, particularly given the need for an irrevocable notice of readiness by the end of March. While the systems development effort is largely on schedule, despite some delays in a few functional areas, the schedule itself is inconsistent, because it calls for critical testing to be performed after the time that notice of cutover readiness must be provided to Verizon. System problems that are uncovered after the notice of cutover of readiness has been issued may result in the need for temporary manual processes that can affect service quality.

The personnel planning and hiring is also in reasonable shape at this point, as is the planning for systems training. However, Liberty is unable to comment on the status of business process development and the cutover readiness criteria, because FairPoint and Capgemini have not yet made any detailed information about these critical matters available.

Liberty notes that one of its key deliverables as part of the FairPoint Cutover Monitoring Project is a report assessing FairPoint’s testing and cutover readiness process and criteria. As noted, Liberty still has insufficient information to do so and projects that it is unlikely to have the information in hand in sufficient time to provide this assessment before some time in January 2008, at the earliest.

Liberty notes the following specific concerns that represent risks either for successful FairPoint cutover or of Liberty’s cutover monitoring:

- FairPoint still needs to complete and sign contracts with several vendors, including Verizon. This issue needs continued attention, since it is delaying the completion of some development tasks, but there is no evidence to date that it will jeopardize completion of the launch and independence releases.

- There has been some slippage of development and testing activities from their originally planned timeframes, although there is no evidence to date that these delays will jeopardize the completion of the launch and independence releases.
- Liberty has not yet received sufficient information to evaluate the use and test cases, the test acceptance criteria, and defect severity designations.
- Liberty has not yet received business process descriptions and procedures for review.
- Liberty has not yet received cutover readiness criteria for review.