

Cambridge may sue Oracle, KPMG for failed system

By [Laura Rohde](#)

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THE UNIVERSITY OF Cambridge in the United Kingdom is considering possible legal action against Oracle and KPMG [Consulting](#) for a faulty computer system that the university estimates it spent \$13 million installing, with the aid of the two companies.

According to two reports published by the University of Cambridge last week, it spent five years and more than twice as much money than it had budgeted on a computerized financial system, which it calls its CAPSA (commitment accounting software system) project, that still does not produce quarterly statements to the university's satisfaction. And though the report primarily blames the university's management for the problems with CAPSA, it also found fault with some of its outside vendors, including Oracle and KPMG.

"CAPSA has caused much pain and inconvenience. It has cost a lot of money, damaged the integrity of the university's financial processes, and soured relationships between academics and administration," the report said.

"Any major enterprise system of this size is going to have problems. We have been working with Oracle for the past 12 months. Some bugs remain but much fewer than there once were, and in the future there will be fewer still," Andrew Reid, the newly hired director of finance at Cambridge, told the IDG News Service in a telephone interview on Friday.

According to Reid, the most persistent and problematic area of the CAPSA system is with the research grants module.

The report itself states the situation somewhat more bluntly. "Oracle supplied a product which was of poor quality. In particular, the Research Grants module is only marginally fit for purpose. Such poor quality is a feature of the software industry as a whole; it is, however, little comfort that Oracle Financials is industry-standard sub-standard. Some responsibility for the problems encountered by CAPSA are attributable to poor configuration control and undisciplined issuing of patches on the part of Oracle. A proportion of the problems are also attributable to the fact that Oracle 'sold' functionality somewhat in advance of its capacity to deliver it. The poor quality is, however, partially offset by the considerable efforts that were made by Oracle to rectify the situation."

The computer system runs on [servers](#) from Sun Microsystems, and though the university has experienced some problems with the [servers](#), Reid characterized those glitches as "nothing remarkable."

Representatives from both Oracle and KPMG declined to comment.

"Basic good practice was not adhered to by the university, and in many cases by the external consultants it engaged. No appropriate managerial safeguards were in place. By these means a necessarily risky proposition was transformed into a surefire failure," the report said.

Oracle was contracted in early 1999 to provide and implement its relational [database](#) management software system on which CAPSA would be built on top of, Reid said. The deal also included [ERP](#) applications from Oracle. KPMG was hired in June 1999 to be a consultant on the CAPSA project due to concerns about the spiraling costs of the project, according to the report.

When a team from the university flew to Oracle's headquarters in Redwood Shores, Calif., and then to the California Institute of Technology for a demonstration for the Oracle software, "members of the working party were however struck by the vast effort devoted to the business process mapping activity being undertaken by CalTech staff and by warnings about the research grants module," the report said.

"Unfortunately these critical observations got lost in the jet-lagged confusion of the visit," it added.

The system, which the university began using in August 2000, has been plagued by bugs and continues to be unstable, slow, and complex. Furthermore, according to the report, the computer system is not secure enough and lacks the proper technical support to run it. As a result, university staff has found their work to be impaired and some large grants have already been lost because applications were not processed quickly enough, the report said.

"The absence of experienced Finance Division staff in post meant that too much reliance had to be placed on the KPMG and Oracle teams which were themselves dependent on specialists brought in for short periods sometimes at high per diem rates who were unfamiliar with University needs in detail," the report said.

The report cites as the most common complaints of the system as being instability, the complexity of straightforward and frequently occurring transactions, the poor support for some hardware platforms, the obscure accounting terminology, the wholly inadequate reporting, the peculiar arrangements for printing, and the difficulty in matching the underlying security model onto the university organizational arrangements.

The report recommended that "immediate and forceful steps should be taken to establish if the university can obtain recompense from the external consultants it engaged."

A meeting will be held on Nov. 27 so that members of University of Cambridge Council can discuss the reports, Reid said. "One of the recommendations of the report is possible legal action against some of the vendors, but we have not made any sort of firm decision," Reid said.

"I am sure this will be the topic of quite a few future committee meetings," Reid added.

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