Hertz Flawed Digital Initiative

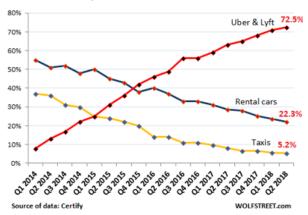
Project Summary

In 2016, Hertz, one of the world's largest vehicle rental companies, hired Accenture to completely revamp its online presence. After missed go-lives and millions of dollars in fees, Hertz claims they were left with an unfinished product that didn't meet their specified requirements.

Hertz ultimately removed Accenture from the project and filed a \$36M lawsuit against Accenture claiming that Accenture breached its contract with Hertz and engaged in deceptive and unfair trade practices.

Rideshare Apps Lead Business Travel

% of Ground Transportation Travel Reimbursements



Key Decisions

1. Launching the initiative while implementing a large Mulesoft middleware and Oracle ERP project.

- 2. Adopting Agile methods where the SI is the Product Owner.
- 3. Change request to relieve Accenture of certain contractual obligations, and pay Accenture for work not completed.

Hertz engages Accenture to assist in validating its strategy and planning for

Project Timeline

Phase 1 (producing a solution blueprint) begins. Fees paid to Accenture for this phase totaled \$7M.

2016

Accenture postpones December 2017 go-live to January 2018. Later postpones again to April 2018.

2017

Accenture is removed from the Hertz project.

Change request (1) is signed, changing

2018

contract obligations. Hertz files \$36M lawsuit against Accenture.

2019

2015

the project.

Hertz hires a new CIO, launches program to transform Hertz IT platforms, & rewards CIO with \$6M compensation

package.

Hertz sends RFPs to various providers but chooses Accenture.

> Hertz completes outsourcing many of its U.S. IT jobs to IBM.

Hertz announced new CEO, Kathryn Marinello.

Both parties enter into a

Phase 2 letter of intent.

Accenture removes the product manager and an architect from the project.

Formal SOW for Phase 2 is signed for \$26M.

Hertz's CIO steps down and receives a severance package consistent with firing w/o cause.

Hertz hires a vendor to complete the project and correct/replace

Accenture's work which it claims costed \$10M.

Hertz files an amended lawsuit with more details of Accenture's deceptive marketing claims

Business Case for Change

Hertz has struggled with profitability over the last 5 years with its stock price falling 85%. Hertz was under tremendous pressure, faced with:

- Rapid growth of rideshare apps
- Increased competition
- Falling used car prices
- Low customer satisfaction ratings

Hertz's Complex IT Environment

A Mulesoft 2018 conference presentation showed that at the time, Hertz had:

- 1,800 IT systems
- 6 database vendors
- 30 rental processing systems

Hertz launched a major end-to-end technology upgrade expected to cost \$400M.

Key Questions

- How can the program move from SOW signature on September 1, 2017 to project delay in the same month?
- How are the firing of the CIO and the termination of the Accenture agreement
- Did Hertz revise Accenture's Master Agreement to consider Agile methods?



*This is a compilation of publicly available information that will be updated as new information is released. Version 3: June 27th, 2019

© UpperEdge, Inc.