

Project: Marijuana Traceability Project

Description: Washington is one of eleven states that have legalized recreational marijuana use. In support of public safety, WSLCB is charged with tracking all cannabis product within the legal market. This serves to discourage diversion of product into the black market as well as to facilitate recalls of potentially unsafe product if that becomes necessary. The first traceability system, purchased in 2013 and provided by BioTrack THC, was not configurable, scalable, or designed to adhere to state technology standards. Critically, the BioTrack THC application served as the single inventory management system within the state, placing WSLCB in the position to broker every transfer, conversion and test of product.

In 2017, after the original vendor requested a renegotiation of contract terms, WSLCB sought to competitively procure a cannabis traceability system that met current state standards and business requirements. The state made the decision to reduce its role in inventory management and move to a compliance reporting system. The contract was executed with the successful vendor, MJ Freeway, in July of 2017. Since the original vendor refused to extend support of the legacy system for the duration of the implementation, the target launch date, October 31st, was just three months after project initiation.

Ultimately, the project was unable to complete the effort on time and the agency was forced to implement a paper reporting system until the new product, Leaf, could come online; the two months in which licensees reported directly to WSLCB using the paper system is known as the contingency period. From the beginning, the project struggled with vendor management, scope management, quality management, stakeholder management and organizational change management. WSLCB developed several iterations of mitigations and remediations of project issues. While those areas under control of WSLCB made steady progress, the project was not able to overcome release quality issues, which was the responsibility of the vendor. With each of the three major releases, the project team would carefully weigh the risk of the release against the risks of reverting back to the paper reporting system in place during the contingency period.

The project implemented three significant software releases. The first release in February of 2018 provided minimum compliance reporting functionality. Two additional releases occurred in August of 2018 and July of 2019. These releases were intended to fully deliver original scope, modify scope with respect to marijuana product testing, and to remedy known defects. The last release was tested and fixed in numerous cycles over eighteen months before meeting quality standards, only to be repeatedly corrupted during the production release processes. As it operates today, the system has only been partially implemented with known defects that are being addressed via workarounds. At this point, the vendor, licensees, stakeholders and WSLCB are all in agreement that the risk of further disruptions to the market caused by the software outweigh any potential benefit.

A contract amendment was negotiated and approved on December 20, 2019 that extends the support and maintenance of the system in its current state, through June 30, 2020. This includes removal of scope as well as \$267,000 in payment to WSLCB by the vendor for failure to deliver. WSLCB intends on maintaining this level of functionality as it continues to look ahead to the future of cannabis in Washington State and have been meeting with industry stakeholders to develop a policy framework and consider the technology needed to support industry growth and evolution.













Purpose of attending the 1/09/2020 TSB:

Provide project status, share lessons learned, and to present to the board the steps that will be taken going forward.

Project Schedule
Implementation Phase End: 12/20/2019
Planned Project Closure: 02/28/2020

Current Assessments
OCIO = Red
Quality Assurance = Red

Project Budget	Budgeted	Actual to Date
Feasibility Study	37,125	37,125
Quality Assurance Services	318,200	255,880
OCM	426,675	361,545
System Implementation	454,284	170,906
Initial Software Licensing	439,498	439,498
Contract Personnel	1,913,522	1,674,883
FTE Labor	1,740,892	1,692,283
Total Project Cost	\$5,330,196	\$4,632,120

Key Milestones			
Milestone	Target Finish	Status	Comments
System Procurement	07/11/2017		Completed
Project Start	07/11/2017		Completed
Legacy Contract End	10/31/2017		Completed
Implementation – Release 1.0	02/01/2018		Completed
Implementation – Hot Fix (1.35.6)	08/29/2018		Completed
Updated Investment Plan Amendment Due	03/31/2019		Completed
Implementation – Release 1.1 (1.37.5)	07/15/2019		Completed. Actual Finish was July 16, 2019, due mainly to incorporation of long-running data fix scripts in the cutover process.
Implementation – Release 1.2 (1.39.0 & 1.40.0)	10/09/2019		Out of Scope as per contract amendment 11.
Implementation – Release 1.3 (1.41.0) Data Quality	01/10/2020		Out of Scope as per contract amendment 11.
Implementation – Data Quality	05/03/2020		Out of Scope as per contract amendment 11.
Implementation Phase End	12/20/2019		Planned
Project Closeout	02/28/2020		Planned