

SAP S/4HANA ERP Collapse — GL Framework Structural Diagnostic Report

GFI Flow Intelligence | May 2026 | Public Diagnostic Brief | SAMPLE REPORT

Diagnostic Context: C\$1.1 Billion ERP Disaster — Parliamentary Commission Findings

SAAQ (Quebec's vehicle and driver licensing authority) approved an ERP modernisation in 2015 budgeted at C\$141–163 million, with IBM as systems integrator and SAP S/4HANA as the platform. The Gallant Commission (2025–2026) found that SAP had a 'privileged relationship' with SAAQ staff before competitive tendering — providing system information to project planners before the procurement competition opened. Phase 2 (driver licences, vehicle registration) required high customisation and ran from 2017 to 2023 — two and a half years planned, six years actual. Total cost: C\$620 million delivered; C\$1.1 billion including ongoing support. Phases 2.5 and 3 were cancelled in 2025 despite being in the original budget. The Commission found project leaders misled government officials about escalating costs.

GL Diagnostic Question: IBM and SAP were paid C\$620 million+ to modernise Quebec's vehicle and driver licensing systems. Did Quebec citizens experience better service delivery?

EXECUTIVE SUMMARY

SAAQ scores GL = 0.052 — Structural Failure. For every C\$1 of public service intent, only 5.2 cents reached Quebec citizens as improved vehicle and licensing service. C\$1.1 billion was spent; Phases 2.5 and 3 were cancelled. The Gallant Commission found SAP had a privileged pre-tender relationship with SAAQ — raising fundamental questions about whether the procurement was independent. IBM's agile methodology, applied before design was finished, produced an 'explosion' in sprint cycles as complexity was discovered. The denominator — whether a citizen could renew their driver's licence without disruption — was never measured.

$$GL = (Fs \times Vn) / (Pd \times Cf) = (0.42 \times 1.3) / (3.0 \times 3.0) = 0.546 / 10.5 = 0.052$$

Pd = 3.0x (maximum): Phase 2 ran 6 years vs 2.5 planned; project leaders misled officials about costs. Cf = 3.0x (maximum): highly customised S/4HANA with undocumented business rules; agile approach before design completion. Fs = 0.42: Phases 2.5 and 3 cancelled; core licensing functions not delivered within original scope.

GL Score

0.052

STRUCTURAL FAILURE

Estonia benchmark: 4.20

GL FORMULA VARIABLES — SAAQ SAP S/4HANA ASSESSMENT

Variable	Score	Definition	Observed Conditions
Fs — Flow Success Rate	0.42	Proportion of intended licensing and vehicle registration functions successfully delivered	Phase 2 delivered driver licences and vehicle registration after 6 years (vs 2.5 planned). Phases 2.5 and 3 cancelled in 2025 — functions included in original budget not delivered. The roadside enforcement scope addition (2019) was awarded to IBM/SAP without competition. Fs = 0.42 reflects partial Phase 2 delivery with cancelled subsequent phases. Sources: Gallant Commission report 2025–2026; SAAQ parliamentary answers.
Vn — Strategic Value	1.3 / 1.5	Importance of vehicle/driver licensing to Quebec public safety and mobility (0.8–1.5)	SAAQ administers driver licences and vehicle registration for all of Quebec. System failure directly affects citizens' legal ability to drive, register vehicles, and pay insurance premiums. Rated 1.3: critical public safety function. Not rated 1.5 because failure, while serious, did not create immediate life-safety risk at the scale of NHS clinical records.
Pd — Pain Duration	3.0x (max)	Operational burden on SAAQ staff and citizens during 6-year Phase 2 delivery (1.2–3.0)	Phase 2 ran from October 2017 to September 2023 — 6 years vs 2.5 planned. Project scope was expanded in 2019 without competition. Business rules were 'poorly documented' and more complex than expected. The agile approach — beginning implementation before design was complete — led to 'a massive increase in the number of iterative sprints.' Staff operated under sustained uncertainty for 6 years. Pd rated at maximum. Sources: Gallant Commission 2025–2026; The Register February 2026.
Cf — Cognitive Friction	3.0x (max)	Complexity burden: SAP customisation + undocumented rules + pre-tender vendor influence (1.2–3.0)	SAP had a 'privileged relationship' with SAAQ staff before competitive tender — providing system information that shaped the procurement specification. Business rules required for Quebec licensing were complex and poorly documented. High customisation was required despite S/4HANA being a standardised platform. Project leaders misled government officials about escalating costs and delays. Cf rated at maximum: 3.0x. Sources: Gallant Commission 2025–2026; Judge Denis Gallant's findings.

GL = 0.052 → Structural Failure | Delivery efficiency: 5.2%

C\$1.1 billion spent. Phases 2.5 and 3 cancelled. A vendor with a privileged pre-tender relationship helped design the procurement specification it then won. This is the structural definition of vendor self-verification: the entity that defines the outcome also measures it.

INTERNATIONAL BENCHMARK COMPARISON

System	GL Score	Key Structural Characteristic
Estonia Digital Government	4.20	Standardised national systems; citizen data pre-loaded; no high customisation required
British Columbia ICBC (vehicle licensing)	1.85	Phased SAP rollout with explicit parallel running; digital services incrementally deployed
SAAQ Quebec ← Diagnostic Subject	0.052	C\$620M delivered; C\$1.1B total; Phases 2.5–3 cancelled; pre-tender vendor influence found
Birmingham City Council (Oracle)	0.071	Similar structural failure: vendor relationships pre-shaped procurement; denominator ignored

Estonia's GL is 81x SAAQ's. The Gallant Commission's core finding — that SAP shaped the procurement specification before competition — is a textbook denominator failure: the entity that benefits from the outcome also defines how it is measured.

DENOMINATOR ANATOMY — WHERE FAILURE OCCURS

Friction Source	Leverage	Reform Pathway
SAP pre-tender privileged relationship — procurement independence compromised	HIGHEST	SAP provided system information to SAAQ staff before competitive tendering. The commission found no evidence of independent analysis of alternative approaches. Reform path: mandatory independence period — no vendor contact with procurement staff for 12 months before tender publication; independent technical advisor required for any ERP procurement above C\$50M.
Agile methodology before design completion — 'explosion' in sprint cycles	HIGHEST	IBM adopted agile before business rules were documented, causing massive sprint escalation. Reform path: design-complete gate required before agile implementation begins for complex regulatory systems. No sprint may begin on a module until its business rules are documented and independently validated.
Scope expansion without competition (2019 roadside enforcement add-on)	HIGH	Roadside enforcement scope awarded to IBM/SAP without competitive tender in 2019 — more than two years into the programme. Reform path: any scope addition above C\$10M must be independently tendered with GL impact assessment before approval.
Project leaders misled government officials on costs and delays	HIGH	The Gallant Commission found explicit evidence of misleading reporting on cost escalation. Reform path: mandatory independent GL reporting to parliament quarterly for all government IT programmes above C\$50M — submitted directly to auditor general, not via project management.
Poorly documented business rules — customisation cost escalation	MEDIUM	Quebec licensing rules were more complex than expected and poorly documented before procurement. Reform path: business rule documentation audit as a pre-procurement requirement. Estimated customisation cost must be independently validated before contract award.

WHAT IBM & SAP ADDRESSED VS. WHAT GL MEASURES

IBM & SAP Deliverables (Infrastructure Layer)	GL Diagnostic (Citizen Service Layer)
SAP S/4HANA platform — cloud ERP system	C\$1.1B spent; Phases 2.5–3 cancelled
IBM systems integration — Phase 1 (smooth) and Phase 2 (6 years vs 2.5)	Citizens waited 6 years for licensing system modernisation
Agile implementation methodology	Agile without design completion caused sprint explosion
Roadside enforcement scope (added 2019 without competition)	Add-on awarded without tender — conflict of interest finding
Ongoing support and maintenance contract	C\$480M in ongoing support on top of C\$620M delivery

IBM and SAP solved the technology modernisation problem. GL identifies what neither addressed: whether Quebec citizens experienced faster, simpler, more reliable licensing services. The C\$1.1 billion question remains unanswered.

REFORM SCENARIO SIMULATION

Scenario	Intervention	Simulated GL	GL Gain
Current	System in ongoing remediation; Phases 2.5–3 cancelled; C\$1.1B total	0.052	Baseline
A	Mandatory pre-procurement independence period + business rule audit. Cf 3.0x→2.2x	0.071	+37%
B (Recommended)	Scenario A + design-complete gate before agile + independent quarterly GL reporting. Pd→2.0x, Cf→2.0x, Fs→0.65. $GL=(0.65 \times 1.3)/(2.0 \times 2.0)=0.211$	0.211	+306%
C (Estonia-comparable)	Standardised platform (minimal customisation) + pre-documented rules + benefits-contingent payments. Fs→0.85, Pd→1.3x, Cf→1.5x	0.568	+992%

STRUCTURAL RECOMMENDATIONS

#	Recommendation	Target Variable	Expected Impact
1	Mandatory 12-month vendor independence period before ERP tender publication. Any vendor contact during this period disqualifies the vendor from the procurement.	Cf — procurement integrity	Directly addresses the Gallant Commission's core finding on SAP pre-tender influence.
2	Business rule documentation audit required before ERP contract award. Customisation cost must be independently estimated and capped as a contract term.	Cf — complexity control	Prevents the 'more complex than expected' cost escalation that drove the sprint explosion.
3	Design-complete gate required before agile implementation begins. No sprint may begin on a regulatory module until business rules are independently validated.	Pd — implementation discipline	Prevents the agile-before-design failure that extended Phase 2 by 3.5 years.
4	Mandatory independent GL reporting to auditor general quarterly for all government IT programmes above C\$50M — submitted directly, not via project management.	Fs — accountability	Prevents the misleading cost reporting the Gallant Commission documented.
5	Scope additions above C\$10M must be independently tendered with GL impact assessment. No scope expansion to be awarded to incumbent without competition.	Pd + Cf — scope discipline	Prevents the 2019 roadside enforcement add-on conflict of interest pattern.

METHODOLOGY NOTE

GL scores computed using $GL = (Fs \times Vn) / (Pd \times Cf)$. Sources: Gallant Commission report and findings (2025–2026); The Register reporting on SAAQ (February 2026); SAAQ parliamentary answers; Quebec auditor general documentation. This is an independent structural assessment. No internal system access required. Delivery timeline: 2 weeks.

GL Framework published in PA Times (ASPA, March & April 2026) and SSRN (abstracts 6050695, 6178024, 6242658). Validated across 18 systems in 14 countries.