



CASE STUDY

Damage Caused by the Failure of an IT Project

SITUATION

As part of a project to update its information system, a publishing group signed a contract for the development and deployment of a new ERP. The project was subsequently terminated after three years.

The publishing group blamed the failure on the service provider and initiated international arbitration proceedings (ICC) claiming damages of over ten million euros.

OUR ROLE

FTI Consulting was engaged by the respondent service provider to provide an independent expert opinion on the claimed loss.

Our work focused on the following aspects:

- discussion of the appropriate methodology (sunk costs vs. lost profits) in light of the contractual provisions and the information available;
- analyses of the consistency of the order of magnitude of the claimed loss;
- opinion on the justification of the costs incurred (causality, quantum, internal personnel costs);

- analysis of the residual value of the work carried out with the support of the IT expert;
- critical review of the assumptions used by the opposing expert to estimate the lost profits.

We prepared two financial expert reports which were submitted with the respondent's briefs.

OUR IMPACT



The analysis of the damage caused by the failure of an IT project requires close collaboration with lawyers (contractual clauses, liability sharing, etc.) and IT experts.

By integrating all these dimensions, we showed that the claim was significantly overvalued and enabled our client to settle under very favourable conditions.



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