

1   UNDERTAKING NO. J3.8: TO ADVISE WHY THE UPGRADE IN 2019 IS GOING TO BE 2.4  
2   MILLION.

3

4   **RESPONSE:**

5

6   The cost of the upgrade in 2014 was initially budgeted at \$500,000 for the application plus  
7   \$320,000 for JDE Infrastructure. Upon receiving and reviewing all of the detailed proposals  
8   through the RFP process it was realized that required cost to perform the upgrade would be  
9   greater than estimated resulting in an over expenditure request to increase the budget by  
10   \$300,000. The final projects costs were \$1,120,000.

11

12   Additional cost increases and factors were incorporated for the 2019 budget:

13

- 14           1. Growth in the organization;
- 15           2. Additional contract resources required to backfill for FTEs working on the  
16           upgrade;
- 17           3. Inflation in cost of technology, especially software and consulting (technology  
18           labour);
- 19           4. Additional JDE ERP modules – introducing new functionality and new  
20           efficiencies for the organization through utilization new, emerging technologies;
- 21           5. Additional utilization of JDE ERP within the organization – current utilized by  
22           approximately 50% of the PowerStream workforce, with continued efforts to  
23           extend technology to field personnel this will continue to expand; and
- 24           6. Integration increase – with other new technologies introduced in other areas of  
25           the business.