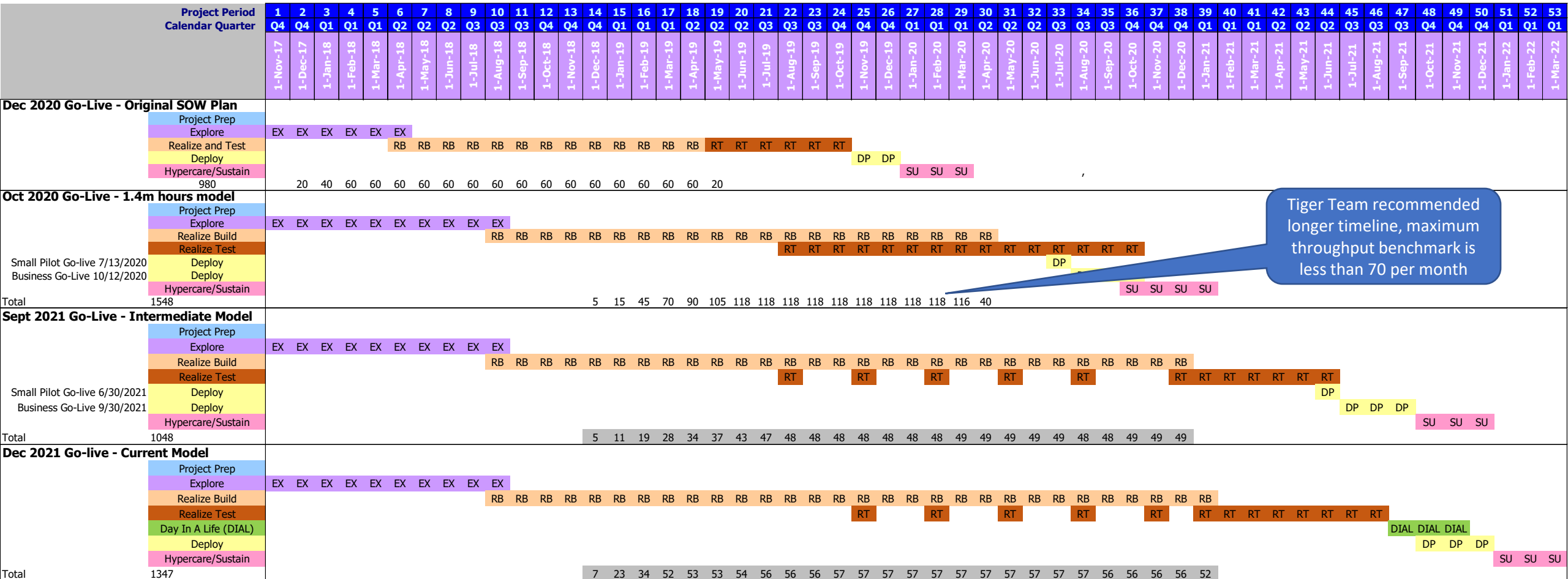


SAAQ Project Replan

Background – SAAQ Replan

- The CASA Project began a major replan of L2 in October of 2018.
- Publishes the results in December of 2018.
- Tiger Team is called in to review results, works with the client to develop the 1.4m hours model with an OCT 2020 Go-Live
 - OCT 2020 Go-Live was a client mandate, team always knew that this would not be enough time.
- Proof of Concept Phase begins with a Go/No Go decision after cycle 3 if project team cannot show increased throughput of deliverables.
- Management team decides in May that project is go after improvements in cycle 3.
- Tiger Team reengages to begin another extension discussion with a realistic timeline.
- The team settles on the December 2021 Go-Live timeline.
- Tiger Team works with client PMO to define the staffing necessary to deliver on this timeline.

Project Timelines – Evolution over Time



The above catalogues the evolution of the timeline from SOW to current day.

PCRs included in EAC Calculation

Signed PCRs	IBM Fees	Comments
CDP CST	CAD 1,500,000	Signed at the end of Q3 2019
Premium CDP IRP CST	CAD 5,300,000	Signed at the end of Q3 2019
ESD (Hybris)	CAD 4,173,980	Signed at the end of Q3 2019
Written Communications (OpenText)	CAD 5,774,231	Signed at the end of Q3 2019
CST	CAD 26,791,806	Signed at the end of Q3 2019
Total	CAD 43,540,018	
Expected PCRs		
Pilot (JDLV - Day in a Life)	CAD 9,700,000	Expected PCR, actual effort required not yet estimated due to many unknowns on the project.
Taxi PCR (ROM +50% -25%)	CAD 2,631,262	Expected PCR, bill in question has not yet passed, final effort not given.
Total	CAD 12,331,262	
Timeline PCR		
Timeline PCR - Under Negotiation	CAD 80,497,916	Timeline PCR is what is currently under negotiation
Total	CAD 80,497,916	
Total PCRs	CAD 136,369,196	

The five PCRs that were awaiting signature in early September have signed in Q3. That leaves two PCRs that we are expecting, but still have not fully evaluated.

- JDLV or Pilot or 'Day in a Life' PCR – This number is a first guess by the client on what this PCR would cost. The Pilot or 'Day in a Life' PCR has been accounted for in the timelines since the December replan, but we have not worked with the team to dig into the incremental effort associated with this PCR on top of the timeline effect.
- Taxi PCR – This a bill currently moving through the Quebec Government that would affect part of the solution. We have released a ROM estimate to the client, but as the bill has not been signed, final estimation is incomplete.

Work Location Mix – Evolution over Time

	IBM	SAAQ			
Work Location	Standard	SOW	1.4m	Current	Target
Onsite	25%	41%	42%	59%	51%
Onshore	0%	1%	3%	1%	1%
Nearshore	10%	13%	25%	24%	25%
Offshore	65%	46%	30%	16%	23%

In the initial bid to SAAQ, despite the intense customization and application development required in L2, which usually drives a higher offshore presence, the SOW included considerably lower than standard offshore mix due to language and other considerations. That mix has continued to deteriorate as the project has continued.

Initial Timeline PCR Negotiations

Fixed and Skillset Extension	Total	Cumulative
15 month extension for fixed cost labor	CAD 17,000,000	CAD 17,000,000
9 month extension for fixed cost labor	CAD 10,000,000	CAD 27,000,000
15 month extension for skilled labor	CAD 20,000,000	CAD 47,000,000
9 month extension for skilled labor	CAD 11,000,000	CAD 58,000,000
All Remaining Labor (Variable Cost)	CAD 22,497,916	CAD 80,497,916

The Tiger Team discussed the timeline extension and its cost with the client PMO from late July to early August. During this time the focus was on what it would cost to extend certain resources on the project. There were two buckets of people that the client PMO identified, Fixed and Variable, and one that was proposed by IBM: Skilled. They are defined as such:

- Fixed – This is the project overhead, like the project managers or team leads, that you cannot roll off when the project gets extended.
- Skilled – This is a fundamental of standard IBM SAP delivery models – for each functional area you are going to need at least one person who understands that area in order to Go-Live.
- Variable – These are anyone else on the project. In a perfect world, they would only use whatever time they need to create a deliverable, and then either move to the next deliverable, or roll off the project.

There were also two extensions discussed – the extension from SOW to the OCT 2020 Go-Live (9 months), and the extension from OCT 2020 to DEC 2021 Go-Live (15 months). The above table outlines the cost of funding each of the three buckets of resources over the two extensions.