



Jemena Electricity Networks (Vic) Ltd

ICT business case Post Implementation Report (PIR)

Cloud Adoption Migration



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Abbreviations

Abbreviation	Description
Capex	Capital expenditure
Opex	Operational expenditure
TCO	Total cost of ownership

1. Executive summary

The migration phase of the Cloud Adoption project was extremely successful, exceeding all key delivery criteria of Budget, Schedule, Benefits, and Scope. Although the total cost of ownership is modelled over 12 years, we are still in the very early stages of assessing the cost-benefit analysis.

Reason for closing the project:

Reason: Cancellation Postpone or on hold Natural Completion

Table 1–1: Executive Summary

Key consideration	Details
Background	<p>Current on-premises IT compute infrastructure was nearing the end of service life and was no longer being supported by the vendor, therefore, needed replacing or upgrading to mitigate security and operational business risks.</p> <p>Rather than replacing on-premises hardware with like-for-like fully supported infrastructure, the option was taken to migrate corporate workloads to the cloud delivering greater business agility at a reduced cost to the customer in the long term.</p>
Performance against regulatory allowance	<p>Total budget for this project was \$16,399,324 (comprising \$6,353,346 CAPEX and \$10,045,978 OPEX), however, was successfully completed under budget for a total of \$15,899,324 approximately <u>\$500K under budget.</u></p>
Performance against schedule	<p>The project was expected to be completed by end June 2023, however, was successfully delivered earlier than expected with final migration activities completing in February 2023 and project spend ending in April 2023, <u>three (3) months earlier than scheduled.</u></p>
Performance against expected benefits	<p>The Cloud option (\$88.3M) was modelled to deliver an estimated 16% Total Cost of Ownership (TCO) benefit over the 12-year term versus the remaining On-Premises option (\$104.7M).</p> <p>Furthermore, we will have the opportunity to address the reduction in CAPEX spend and increase in OPEX spend within future regulatory price reset submissions.</p> <p>Given that the benefits need to be assessed over a long-term period, it is currently <u>too early to assess TCO benefits accurately.</u></p>

2. Project Performance

2.1 Performance against objectives

The migration phase of the Cloud Adoption project was extremely successful, exceeding all key delivery criteria of Budget, Schedule, Benefits and Scope, although the total cost of ownership is modelled over 12 years, therefore, we are still in the very early stages of assessing the cost benefit analysis.

The project delivered additional benefits in terms of disaster recovery capability as prior to this project application teams performed disaster recovery testing in isolated environments using only copies of production systems.

Testing required all systems within scope of the test to be copied into an isolated environment and testing was restricted in scope to applications which existed in the simulated production environment.

This project delivered the capability for applications teams to perform disaster recovery testing and system failover on live-productions environments independent of any other application or interface.

This capability better represents the real-life scenario of what would be required to recover systems in a disaster situation.

2.1.1 Actual expenditure performance

Table 2–1: Actual expenditure performance

Expenditure	Budget	Actual expenditure	Comments
Capex	\$6,353,346	\$6,056,471	
Opex	\$10,045,978	\$9,842,852	
Total	\$16,399,324	\$15,899,323	Successfully delivered ~\$500K under budget

2.1.2 Performance against schedule

Table 2–2: Schedule performance

ID	Milestone	Date Delivered	Comments
1	Business Case Approval	15.11.2021	Business case was targeted to be approved by end-Nov '21 which was successfully met .
2	Commercial & Onboarding	22.12.2021	Commercial requirements were targeted to be completed by end-Dec '21 which was successfully met .
3	Migration Readiness	21.03.2023	Readiness was targeted to be completed by end-Dec '21, however, gaps in operational readiness were identified and preparation of core components within the base Cloud platform prior to any workloads being migrated took longer than expected resulting in migration readiness not being completed until mid-Mar '22, approximately three (3) months later than expected .

ID	Milestone	Date Delivered	Comments
4	Migrations Commence	28.03.2022	Migrations were targeted to be commence by mid-Jan '22, however, due to the lateness in the delivery of Migration Readiness, migrations did not commence until end-Mar '22 approximately two (2) months later than expected.
5	Migrations Completed	28.02.2023	Migrations were targeted to be completed by end-May '23, however, despite the later than expected start migrations were effectively completed by end-Feb '23, approximately three (3) months earlier than expected.

2.1.3 Performance against expected benefits

The Cloud option (\$88.3M) was modelled to deliver an estimated 16% Total Cost of Ownership (TCO) benefit over the 12-year term versus the remaining On-Premises option (\$104.7M).

Furthermore, we will have the opportunity to address the reduction in CAPEX spend and increase in OPEX spend within future regulatory price reset submissions.

Given that the benefits need to be assessed over a long-term period, it is **currently too early to accurately assess TCO benefits.**

2.1.3.1 Large-cycle maintenance projects to maintain business continuity.

This project was required to maintain the currency of Jemena's existing systems. These maintenance projects typically occur in cycles every five to seven years.