



MEMORANDUM

TO: Board Members
Alaska Industrial Development and Export Authority

FROM: Tomas Boutin
Executive Director

DATE: October 23, 2019

SUBJECT: Navision Upgrade and Server Upgrade, Capital Request
Resolution No. G17-19A (Amendment)

The AIDEA board approved Resolution No. G17-19 in December 2017 for \$100,000. The approval was based on the cost estimated to upgrade AIDEA's Enterprise Financial Software and the servers required to support the then latest version, Microsoft (MS) Dynamics NAV 2017 (version 10.0). The upgrade was deferred to a later date with approval from Executive Management. The amendment to Resolution No. G17-19 changes the scope of the project and requests additional funding of \$240,000. The amendment includes the following changes to the scope of the project:

- Upgrade of AIDEA's Navision Enterprise Financial Software to the latest released version, Microsoft (MS) Dynamics 365 Business Central On-Premises (version 13.3) with full technical support, updates, and maintenance.
- Purchase of the new recommended servers to fully support, maintain, and improve functionality for the lifecycle of the new software.
- Migration of the current SQL Server 2008r2 supporting our LIVE production database to a new SQL Server 2012 that will reduce risk and vulnerability for the Authorities during the upgrade project.
- Required MS license structure upgrade from concurrent users to named users.

This upgrade project will improve overall speed, performance, security, analytics, provide complete integration to MS products (SharePoint, CRM, Outlook, Word, Excel, etc.), and introduce platforms for utilization of Cloud Based Solution and future MS Office 365 migrations.

Below is a summary of the funding requested.

<i>Original Authorization – Resolution No. G17-19:</i>	<i>\$ 100,000</i>
<i>Amendment Request – Resolution No. G17-19A:</i>	
Increase in Serenic Upgrade Cost Estimate	\$102,160
Increase in Hardware Costs (Risk and Vulnerability)	\$ 55,000
Added Contractor Time	\$ 72,500
Contingency	\$ 10,340
Amendment Request - Res. No. G17-19A	\$240,000
<i>Total Upgrade Project Costs</i>	<i>\$340,000</i>

The upgrade project will be led by systems support staff with assistance from IT staff as needed. AIDEA is operating with a smaller IT department and smaller end-user base with less institutional knowledge available for testing. The complexity of the upgrade, reduction in core staff, and reduced institutional knowledge available internally necessitate on-site support from outside contractors to ensure a successful upgrade process.

AIDEA and AEA purchased the MS Dynamics Navision plus Serenic Navigator (NAV) software system in 2002 to support both Authorities financial and project management needs. The NAV software system provides the flexibility required to handle both agencies' complex coding structures and a comprehensive set of 15 modules to cover all needs within one system.

Areas covered by NAV include: Loans, Investments, Banking, Projects, Grants, Purchasing, PCE program, Payables, Receivables, Financial Statements, Reporting, Security, and Permissions.

The Authorities have completed upgrades to the NAV software and supporting servers about every five years, aligning with the software and hardware lifecycles. In April 2014 we completed our most recent NAV upgrade, version 5.0 to version 7.0, skipping version 6.0. NAV version 7.0 introduced a new technology platform and made a substantial change in the backend programming software language. NAV version 7.0 required a more robust and advanced virtual environment to successfully support the new development and production systems.

Microsoft (MS) announced in late 2018 their next major release, MS Dynamics 365 Business Central version 13.3, introducing full integration and compatibility with new technologies such as: MS 365, SharePoint, CRM, and Cloud Based Solutions. In consideration of staffing levels, workloads, new employee training, time limitations, and leveraging future software capabilities the decision was made to defer the upgrade planned to begin in November 2018 until fall 2019. The deferral allowed us to skip to the latest software version 13.3, skipping version 10.0. The new software option will reduce overall costs of doing two upgrades and re-align our software and hardware with major releases.

AIDEA's Microsoft Enterprise Server 2008r2 and 2008r2 SQL Server software will reach the end of its lifecycle in January 2020. In order to reduce risk and prevent vulnerability, AIDEA / AEA will need to purchase a new server and perform a phased in-place upgrade of the legacy Dynamics NAV operating system and database to Enterprise Server 2012 and SQL Server 2012 or build a new 2012 Server & SQL Servers and migrate the databases. AIDEA and AEA will also be purchasing the new Microsoft Enterprise Server 2019 and SQL Server 2017 software in preparation for upgrading to MS Dynamics 365 Business Central On-Premise (version 13.3). MS Dynamics 365 Business Central follows the State of Alaska Office of Information and Technology standardized policy and procedures for Cloud Based computing. IT staff estimates a 15% risk that the server replacement and install will be unsuccessful due to the technical difficulty of the procedure. After the initial installation in complete this risk is reduced to nearly zero.

In a cost-saving effort we will reallocate the existing NAV virtual server environment to further support the upgrade. This includes cost-effective computing, increased performance, improved processes, and the opportunity for future improvements. The virtual servers will continue to provide increased flexibility in our testing environment and faster restore times in the event of disaster recovery.

In summary, staff recommends approval of Resolution No. G17-19A for \$240,000. The upgrade will move AIDEA to the latest software functionality, latest technologies, and maintain a stable IT platform to eliminate staff disruptions.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G17-19A

RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AMENDING RESOLUTION G17-19 APPROVING A NAVISION SYSTEM UPGRADE WITH SERVER UPGRADE

WHEREAS, the Alaska Industrial Development and Export Authority (the "Authority") purchased the Navision enterprise software system in 2002 and upgraded it most recently in 2014 to the current version; Microsoft Dynamics NAV 2013 (version 7.0);

WHEREAS, the Authority's current version of the software will be retired and an upgrade to Microsoft Dynamics 365 Business Central On-Premises (formerly known as Dynamics NAV) version 13.3 is necessary in order to maintain adequate support, functionality, and keep up with technological advances;

WHEREAS, Navision is an integrated system and meets the Authority's report-generation needs and provides compliance with accounting requirements in an efficient manner;

WHEREAS, the new version requires updated servers providing increased storage, greater processing speed and memory, increased functionality, as well as hardware warranty and 24/7/365 technical support;

WHEREAS, the Board approved Resolution No. G17-19 in December 2017 authorizing the Executive Director of the Authority to take such actions as may be necessary or appropriate to carry out the Navision upgrade and providing for the expenditure of up to \$100,000 for the Navision upgrade and the purchase of a new server;

WHEREAS, the upgrade project to Microsoft Dynamics NAV 2016 (version 10.) was not completed when originally planned due to changes in technology, staffing, and other considerations;

WHEREAS, due to the passage of time, technology advances and required license upgrades, including the development and availability of Microsoft Dynamics 365 Business Central On-Premises (version 13.3), the estimated cost of the upgrade and the purchase of a new server is now \$340,000; and

WHEREAS, the estimated cost of \$340,000 does not include the cost of the Authority's personnel.

NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:

Section 1. The Executive Director of the Authority is authorized to take such actions as may be necessary or appropriate to carry out the Navision upgrade including the purchase of a new server.

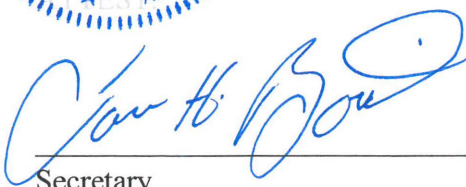
Section 2. The expenditure of up to \$340,000 for the Navision upgrade and the purchase of a new server is hereby authorized as a necessary action for the Authority to carry out its corporate purposes and exercise its statutory powers. This amount includes the \$100,000 previously approved in Resolution No. G17-19. The expenditure shall be from the Revolving Fund as a capital expenditure.

DATED at Anchorage, Alaska on this 23rd day of October, 2019.

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY



Chair



Secretary