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# IT Systems Due Diligence Summary

Project Kingfisher - Technology Assessment

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## 1. Executive Summary

Deloitte has conducted an assessment of Target Co's IT systems, infrastructure, and digital capabilities. The overall technology environment is assessed as **Adequate with Notable Gaps**. While the Company has invested significantly in its e-commerce platform and customer-facing technology, core back-office systems including ERP, warehouse management, and financial reporting require modernisation.

### 1.1 RAG Assessment Summary

Domain	Rating	Key Finding
E-commerce Platform	GREEN	Modern headless architecture (Commercetools), well-designed
Point of Sale (POS)	AMBER	End-of-life NCR system; replacement planned for H2 FY26
ERP (SAP ECC 6.0)	RED	Unsupported version; critical migration required to S/4HANA
Warehouse Management	AMBER	Manhattan WMS adequate but requires integration work
Cybersecurity	AMBER	Gaps in endpoint protection; no SOC capability
Data & Analytics	GREEN	Strong customer analytics platform (Snowflake/dbt)
Infrastructure	AMBER	Hybrid cloud; 40% workloads still on-premises
IT Organisation & Governance	AMBER	Key person dependencies; limited documentation

## 2. Critical Issue: SAP ECC 6.0 End of Life

The Company's ERP system (SAP ECC 6.0) reached end of mainstream maintenance in December 2027 under SAP's extended timeline. However, security patches and critical fixes are already becoming less frequent, and the system runs on an on-premises HP server infrastructure that is approaching hardware end-of-life.

We estimate the cost of migrating to SAP S/4HANA (cloud deployment) at \$18-24 million over a 24-month implementation period. This cost has not been included in Target management's current forecasts and should be treated as a Day 1 integration item in the acquirer's financial model.

### 3. Estimated IT Integration Costs

Work Stream	Low (\$m)	High (\$m)	Timeline
SAP S/4HANA migration	\$18.0	\$24.0	24 months
POS replacement (all stores)	\$8.5	\$11.0	18 months
Cybersecurity uplift program	\$3.2	\$4.5	12 months
Infrastructure cloud migration	\$5.0	\$7.5	18 months
Integration middleware & APIs	\$2.8	\$4.0	12 months
Data migration & cleansing	\$1.5	\$2.5	6 months
Program management & change	\$3.0	\$4.5	24 months
Total IT Integration Cost	\$42.0	\$58.0	24 months

### 4. Transition Services

Target Co currently utilises shared IT services provided by the Chen Family Office entity ("Chen Holdings Pty Ltd") for network infrastructure management, helpdesk support (Level 1-2), and email/collaboration services (Microsoft 365 tenancy). A Transition Services Agreement (TSA) of minimum 12 months duration will be required to ensure continuity while these services are migrated to the acquirer's environment.