**RISK MANAGEMENT:**

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| **NAME** | **AJ INDUSTRIES ERP IMPLIMENTATION** | | | |
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| **REF / ID** | **P R E - M I T I G A T I O N** | | | | **Descriptions** | **P O S T - M I T I G A T I O N** | | | | | |  |
| **RISK** | **RISK SEVERITY** | **RISK LIKELIHOOD** | **RISK LEVEL** | **RISK SEVERITY** | **RISK LIKELIHOOD** | | **RISK LEVEL** | | **Risk Handling** | **ACCEPTABLE TO PROCEED?** |
|  |  | – ACCEPTABLE  – TOLERABLE  – UNDESIRABLE  – INTOLERABLE | – IMPROBABLE  – POSSIBLE  – PROBABLE | **– LOW**  **– MEDIUM**  **– HIGH**  **– EXTREME** |  | – ACCEPTABLE  – TOLERABLE  – UNDESIRABLE  – INTOLERABLE | – IMPROBABLE  – POSSIBLE  – PROBABLE | | **– LOW**  **– MEDIUM**  **– HIGH**  **– EXTREME** | |  | **YES / NO** |
| 1. | Cost Overruns | UNDESIRABLE | POSSIBLE | HIGH | ERP systems can be expensive to implement, and there is a risk that the project will go over budget. | UNDESIRABLE | POSSIBLE | | **HIGH** | | **MITIGATION** | **Yes** |
| 2. | Disruption to operations | UNDESIRABLE | POSSIBLE | HIGH | ERP implementations can disrupt daily operations, particularly if employees are not adequately trained on the new system. | UNDESIRABLE | POSSIBLE | | **MEDIUM** | | **MITIGATION** | **Yes** |
| 3. | Resistance to change | TOLERABLE | POSSIBLE | MEDIUM | Employees may resist changes to their workflows and processes, leading to resistance to the new system. | TOLERABLE | IMPROBABLE | | **MEDIUM** | | **ESCALATION** | **Yes** |
| 4. | Data quality issues | UNDESIRABLE | POSSIBLE | HIGH | ERP implementations require a significant amount of data migration and integration, and there is a risk that the data will be inaccurate or incomplete, leading to data quality issues. | INTOLERABLE | POSSIBLE | | **HIGH** | | **ESCALATION** | **Yes** |
| 5. | Customization complexity | TOLERABLE | POSSIBLE | MEDIUM | Organizations may need to customize the ERP system to meet their specific business needs, which can be complex and time-consuming. | TOLERABLE | IMPROBABLE | | **MEDIUM** | | **RISK ACCEPTANCE** | **Yes** |
| 6. | Schedule delays | TOLERABLE | IMPROBABLE | MEDIUM | ERP implementations can take a long time, and there is a risk that the project will take longer than expected, leading to schedule delays. | TOLERABLE | IMPROBABLE | | **MEDIUM** | | **MITIGATION** | **Yes** |
| 7. | Security vulnerabilities | Undesirable | IMPROBABLE | MEDIUM | ERP systems store sensitive business information, and there is a risk that the system may be vulnerable to security breaches, such as data theft or unauthorized access. | INTOLERABLE | IMPROBABLE | | **HIGH** | | **TRANSFER** | **Yes** |
| 8. | Integration challenges | Undesirable | POSSIBLE | HIGH | Integrating an ERP system with existing systems and applications can be complex and challenging. There is a risk that the ERP system may not integrate seamlessly with other systems, leading to compatibility issues and data inconsistencies. | INTOLERABLE | POSSIBLE | | **HIGH** | | **MITIGATION** | **Yes** |