

WaTech FY21-FY23 | Budget and Revenue Reduction Exercise

Updated on 06/01/2020

Assumptions / Legend

Estimated Value of a FTE (annual) 120,000 *Salaries and Benefits Estimate only*
Category: Overhead (OH), Central Service Model (CSM), Overhead for Shared Services (OHSS), Line of Business (LoB), Shared Services that support LoB (LoBSS)
Tier: 1 (Easy to implement), 2 (Can implement, but may impact LoB in long run), 3 (Cross Agency collaboration will be needed)

Tier**	Item	Division	Cost Center	Category	CSM Name	Impact to WaTech	Impact to Customers	Duration	Type	FY21	FY22	FY23
1	Do not implement the 07/01/2020 Salary Increase (3%)	All		All		Minimal Impact	No Impact to Agencies	Permanent	Expense	(800,000)		
1	Freeze of Personal Contracts Reduce Object C Projections by 1%	All		All		Medium Impact WaTech does not have a lot of Personal Contracts and we are exempt from the DES Procurement rules per RCW 36.100. However, if we are not allowed to enter into new contracts with vendors, this may impact existing services, resulting in a negative customer experience. This could be mitigated by the current exception process.	Minimal to Negligible impact to Agencies	Temporary	Expense	(10,000)		
1	Freeze on Equipment Purchases Reduce object J Projections by 1%	All		All		Medium Impact Base operations could be impacted with an unexpected failure in equipment, resulting in a negative customer experience. This could be mitigated by the current exception process.	Minimal to Negligible impact to Agencies	Temporary	Expense	(43,200)		
1	Staff Vacancy Hold	All		All		Medium Impact Current Projection = FTE 321 Assuming we will put a hold on 7 vacancies.		Temporary	Expense	(840,000)		
1	Reduce Training Budget Reduce by 30%	All		All		Minimal Impact As a result of COVID-19, training opportunities were not realized in FY20 and we are not sure how FY21 will be impacted.	No Impact to Agencies	Temporary	Expense	(250,000)		
1	Reduce Travel Budget Reduce by 30%	All		All		Minimal Impact As a result of COVID-19, training opportunities were not realized in FY20 and we are not sure how FY21 will be impacted.	No Impact to Agencies	Temporary	Expense	(38,500)		
2	Private Cloud Reduce Rate by 12%	030 NSD	4790	LoB		WaTech as a customer will pay less as part of this reduction.	Agencies will pay less for service	Temporary	Revenue	(756,400)	(713,200)	(713,200)
2	Mainframe Give back allocation funding	040 CSD	4562	LoB		Minimal Impact to LoB: For the mainframe service this will have no impact. Discussion with OFM: we have a hole in the SDC with the recent CFL recommendations. This could be filled if we shift the mainframe dollars to SDC.	No Impact to Agencies	Permanent	Revenue	(2,000,000)	(2,000,000)	(2,000,000)
2	Secure File Transfer	040 CSD	4744	CSM	Enterprise Service Fee		Agencies will pay less for service	Temporary	Revenue	(151,200)	(151,200)	(151,200)
2	Underspend in OCS Allocations	060 OCS	3570	CSM	OCS		Agencies will pay less for service	Temporary	Revenue	(704,000)		
2	Underspend in OCIO Allocations	120 OCIO	1200	CSM	OCIO	Medium Impact Projects within OCIO may be underfunded and/or legislative expectations unmet	Agencies will pay less for service	Temporary	Revenue	(147,000)		
2	Underspend in Small Agency IT	080 ETS	8140	CSM	Small Agency	Minimal Impact Result in underspend in FY1	Agencies will pay less for service	Temporary	Revenue	(486,000)		
3	Transition legacy voice services from PBX to Cloud Based Microsoft Teams	030 NSD	TBD	LoB		TBD We are in the planning and discovery phase of how this will impact existing services, equipment savings and/or vendor related costs for WaTech. Further information will come as we understand this more.	WaTech is using low end numbers (approx. 25K line count) to represent the cost savings in this use case. The savings around this could increase if this line counts goes up.	Permanent	Revenue		(4,050,000)	(4,050,000)

3	Expedite migration from Legacy Microsoft Office to Cloud Based M365 Shared Tenant	040 CSD	TBD	LoB		High Impact We projected agencies would transition to M365 in this biennium as a faster pace than what actually is occurring. Revenue decrease in this biennium has not been realized due to slow migration. (WaTech is in the process of deploying a PM to assist in this effort.)	Agencies will pay less for service; although there may be some licenses that may need to be purchased depending on their individual business needs.	Permanent	Revenue		(7,800,000)	(7,800,000)
3	Mainframe MFaaS Reduction in Spending	040 CSD	4562	LoB		Reduction in staff and vendor costs	TBD We anticipate that agencies that remain on Mainframe services will pay less.	Permanent	Expense	(429,500)	(1,610,900)	(1,442,000)
3	Transition Legacy VPN Services into Cloud based Microsoft Azure Service	060 OCS	TBD	LoB		Medium Impact We would see a reduction in revenue as a result of this, however we may see support costs drop as a result of agencies moving to this model. (TBD)	Agencies will pay less for service; although there may be some licenses that may need to be purchased depending on their individual business needs. ** The numbers provided here are based on Feb 2020 VPN usage numbers. With the recent COVID19 pandemic, we may see higher instances of teleworking needs. If this occurs, the savings to customers could go up significantly. (~ 1M+)	Permanent	Revenue	(388,800)	(486,000)	(486,000)
Total										(7,044,600)	(16,811,300)	(16,642,400)

Summary (Revenue and Expenses)

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Est. Total</u>
FY21	(1,981,700)	(4,244,600)	(818,300)	(7,044,600)
FY22	0	(2,864,400)	(13,946,900)	(16,811,300)
FY23	0	(2,864,400)	(13,778,000)	(16,642,400)

Summary Expense

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Est. Total</u>
FY21	(1,981,700)	0	(429,500)	(2,411,200)
FY22	0	0	(1,610,900)	(1,610,900)
FY23	0	0	(1,442,000)	(1,442,000)

Summary Revenue

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Est. Total</u>
FY21	0	(4,244,600)	(388,800)	(4,633,400)
FY22	0	(2,864,400)	(12,336,000)	(15,200,400)
FY23	0	(2,864,400)	(12,336,000)	(15,200,400)