Rate Day June 13, 2018

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Agenda

- WaTech overview

- Central Service Model

- What's happening at WaTech

  - Zero Based Budget for WaTech

  - 1500 Building

- New or changing Fee For Service items

- Q/A

Washington Technology Solutions (aka CTS)

- **RCW 43.105.006** "To ensure maximum benefit to the state, state agencies shall rely on the consolidated technology services agency for those services with a business case of broad use, uniformity, scalability, and price sensitivity to aggregation and volume."

- WaTech is a Proprietary Agency (Fund 458-6)
- Revenue is comprised of Allocations, Fee for Service and other pass through costs
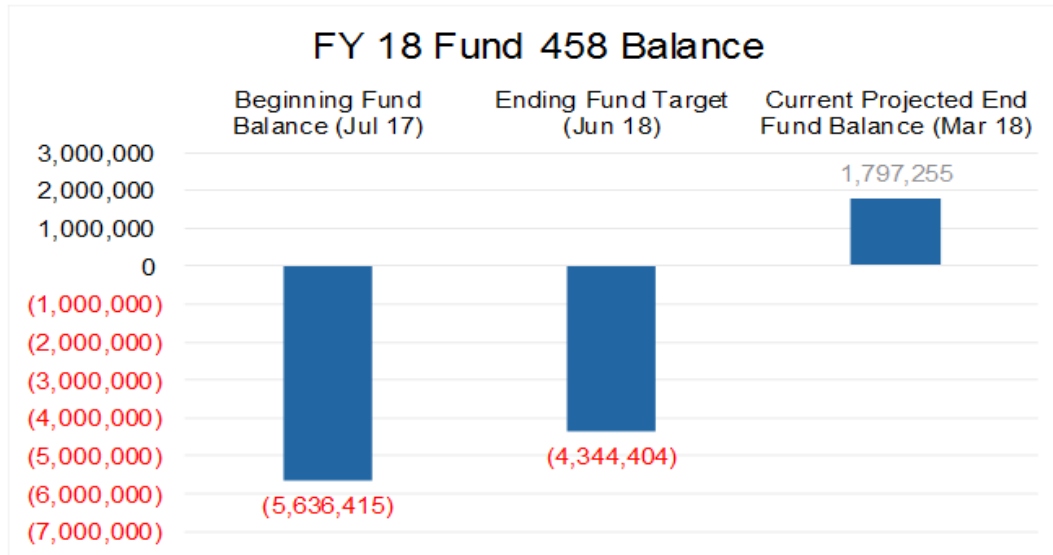
- **17-19 Financial Goals ***
  - Cost Recoverability
  - Restore Fund Balance
  - Ability to invest

Projected Net Income FY18	
Revenue	$166,125,851
Expenses	$158,962,181
Net income	**$7,433,670 ***
FTE Count	**432**

Other, 10.29%
Allocation, 55.95%
Fee For Service, 33.76%
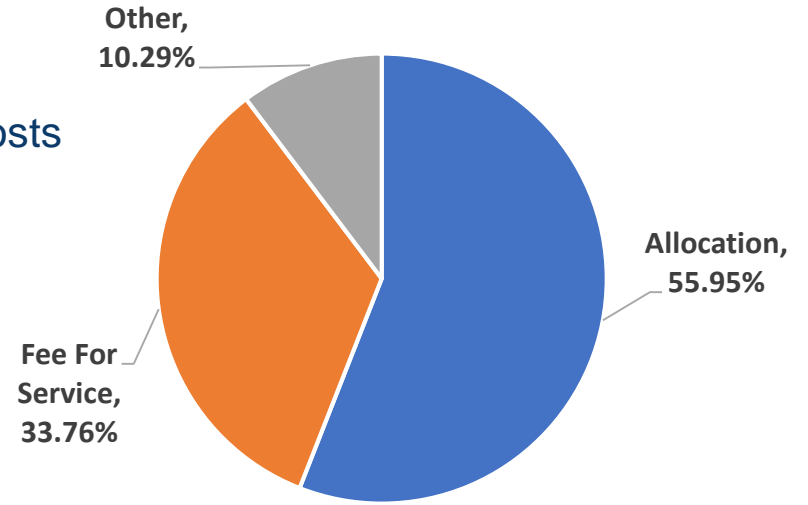
Financial Goals for WaTech

	Targets	Projections as of March 2018	Variances
Fund Balance (end of FY 2017)	(5,718,574)	(5,636,415)	82,159
FY 2018	1,374,170	7,433,670	6,059,500
Fund Balance (end of FY 2018)	**(4,344,404)**	**1,797,255**	6,141,659
FY 2019	7,916,896	1,655,824	(6,261,072)
Fund Balance End of 2017-19 Biennium	**$3,572,492**	**$3,453,079**	**(119,413)**

FY 18 Fund 458 Balance

FY 18

Target $1.37m

Mar. Projections $7.43m

WaTech Services

Email

Telephony

Storage

Firewall

Data Processing

SECURITY

Remote Access

MOBILE DEVICE

NETWORK SERVICES

Web Hosting

State Data Center

Central Service Model

Allocation	Description	Funding
Enterprise Service Rates	Access and support for most financial business processes and most recently includes secure file transfer and Access Washington.	Funding is based on agencies budgeted FTE.
State Data Center	There are no services associated with this allocation. The State Data Center Allocation was established solely to pay for the debt service on the state data center building. It does not pay for the rent for the office building, and does not pay for the operations of the state data center.	Funding is based on the amount each agency spends on IT (project x/y expenditures)
Security Gateway	Allows agencies to make their State Governmental Network (SGN)/Intergovernmental Network (IGN) web services available to the internet in a secure and reliable manner.	Allocation funding is based on the agency's number of budgeted FTEs and number of applications each agency has using the gateway. Additionally, agencies with 50+ FTEs pay a yearly base fee of $1500.
State Data Network	Established to stabilize funding for the State Data Network to include equipment, software and staffing.	Allocation funding is based on the agency's number of budgeted FTEs and number of circuits each agency has and by type of capacity (utilizing statewide cost averages for type of capacity).

Central Service Model

Allocation	Description	Funding
Office of Chief Information Officer (OCIO)	Includes enterprise IT strategy, policy, oversight, enterprise architecture, and portfolio management.	Funding is based on actual agency IT FTE; For institutions of higher education (both the four-year institutions and the community and technical college system), only IT FTEs that support administrative functions of the institutions are counted.
Office of Cybersecurity (OCS)	Established to ensure consistent funding for cybersecurity policy and technology leadership for state government, as well as to promote cooperation and coordination between regional and national governments and corporations.	Agencies with 50+ FTEs pay a yearly base fee of $2000. The remaining cost of the office is allocated based on the agency's number of budgeted FTEs.
Location Based Services	Includes Geospatial Portal which enables access to 100+ geospatial and data imagery services in one location.	The Geospatial Portal allocation is spread to agencies in the allocation based on a weighted 4-Part Index.IP addresses of agencies using the portal; a survey of FTEs of GIS-using agencies; an OCIO survey of annual investment in GIS services; and a point-based system based on agency size.

Additional information on the Central Service model can be found at https://watech.wa.gov/allocation

Zero Based Budget Review

Section 150 (7) requires us to conduct a zero-based budget review of <u>all</u> WaTech services.

Requirement highlights:

1. Services we provide and statutory basis for the service; Alignment to strategic plan and any associated performance measures; Cost analysis (Rates, How much does it cost to sustain, is it cost recoverable);
2. Is the service adequately resourced financially and do we have sufficient staffing to support the service?
3. Should WaTech provide the service to customers?
   - Provide the rationale why and the expected benefits customers should receive if WaTech must provide the service; If WaTech does not provide the service, what are the reasonable service delivery alternatives and associated transition costs?

What does this mean for you?

- Outcomes and new leadership may result in rate change requests. WaTech and OFM are partnering to ensure changes occur at the start of fiscal years to minimize impacts to agencies.
- This may entail narrowing our services provided to those that add the most value to the customer. This may include decommissioning services; we will work with customers to ensure a migration plan and time to identify new service providers

1500 Jefferson Building

What is going on?

- The rent for the 1500 Jefferson building has a direct impact on the overhead costs applied to WaTech services. For clarity, these costs are not included in the State Data Center allocation.

What is WaTech doing to mitigate this?

- We are adding a new tenant to the 1500 Jefferson building
- We are partnering with OFM / OST and discussing the building refinance options we may deploy the end of FY19

How does impact rates?

- WaTech anticipates the outcomes of these efforts will reduce overhead costs, and therefore may result in reduced service rates for the 19-21 biennium.

New or Changing Rates

New items we are exploring:

- **Cloud Highway** - estimated to be available to agencies other than HCA and DSHS in 2019; anticipate later this summer we will have a rate model to discuss with agencies and funding partners.

- **Email exchange 2016 Migration** to be completed June 15, 2018. This platform allows us to migrate to Exchange Online (O365) – anticipating migration FY 2020; So you will want your O365 and EMS licenses prior to then.

- **Discontinuation of SharePoint services** | We will start communications with agencies to determine impact and migration to O365 platforms if applicable.

Changes to existing fee for service (FFS) items:

- At this time, WaTech does not plan on changing any rates related to existing Fee for Service items.
- This will allow new agency leadership, our funding partners and customers to have time to evaluate the results of the Zero Based Budget Review recommendations and have strategic conversations on how we move forward as the State's IT Shared service provider.

Questions | Resources

WaTech Support Center

855.WaTech1 or 360.586.1000

Press 1 for Secure Access Washington (SAW)
Press 2 for WebEx or Conference Bridge
Press 3 for Applications and Desktop Support
Press 0 for All Other Requests

Support@WaTech.wa.gov

- **Billing and Rates Page** – Includes latest news about rates, allocations and Apptio guidance https://watech.wa.gov/about/customer-resources/billing

- **List of all services** https://watech.wa.gov/solutions#az

- **Customer Account Managers (by agency)** https://watech.wa.gov/sites/default/files/public/customer-acct-mgrs-agncy-assign.pdf

- **Past presentations and other resources** https://watech.wa.gov/about/customer-resources