Opportunity Scan

70th Annual OTEC

October 26, 2016
What We Will Discuss

- What is an “Opportunity Scan”
- Why Do Organizations Undertake Such a Review
- What are Some of the Benefits
- Then What
What is an “Opportunity Scan”

The Opportunity scan identifies alternative approaches to managing assets and operations to:

**Raise new revenue and/or**

**Reduce operational costs**

Key benefits of the Opportunity scan include:

- New sources of revenue
- Dispose of surplus assets
- Improve efficiency
- Risk transfer to private sector
- Create value for money

The framework used to assess opportunities considers multiple aspects that include:

- **Fundamental** – e.g., legal, policy, stakeholders
- **Commercial** – e.g., technical feasibility, marketability
- **Financial** – e.g., investment, returns, incremental value

### Scan Criteria

- What are the operational challenges and benefits?
- Is there market interest?
- What is the impact to the students, faculty and/or staff; will there be acceptance?
- Does this provide revenue or cost savings opportunities?
- Are there legal or policy constraints?
- Can this be scaled-up over time?
- What is the timeframe for implementation?
Opportunity Scan: Methodology

Phase 1

Opportunity Identification

- Compile long list of opportunities
- Short list opportunities based on assessment framework
- Assess readiness to achieve cost savings and/or generate revenue
- Prioritize opportunities and further refine preliminary findings
- Realize cost savings or revenue benefits

Phase 2

Compile Long-list of Opportunities

Implementation

Opportunity Identification

High-level Screening

Detailed Screening
Why Do Organizations Undertake Such a Review

- Reduced Budgets
- Political Pressure/Direction
- Expanded Missions
- Technology Changes

Challenging the status quo or “business as usual” may highlight opportunities to better utilize assets or business processes
What are Some of the Benefits

- Lower Costs
- Higher Service Levels
- Increased Incremental Revenue
- Implementation of Industry Leading Practices

The results of this type of analysis could be used as a Sword or a Shield
Example Results of an ongoing Asset Scan at a Department of Transportation Client

<table>
<thead>
<tr>
<th>#</th>
<th>Opportunity</th>
<th>Approximate Cost Savings/ Revenue Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Surplus Land Disposition</td>
<td>$28 million total book value</td>
</tr>
<tr>
<td>2</td>
<td>Encroachments</td>
<td>$15 million - $39 million per year</td>
</tr>
<tr>
<td>3</td>
<td>Traffic Management Centers</td>
<td>$3 million per year</td>
</tr>
<tr>
<td>4</td>
<td>511</td>
<td>$1 million - $2 million per year</td>
</tr>
<tr>
<td>5</td>
<td>Ferry Operations and Maintenance</td>
<td>$8 million per year</td>
</tr>
<tr>
<td>6</td>
<td>IMAP Vehicle Sponsorship</td>
<td>$800,000 - $2.2 million per year</td>
</tr>
<tr>
<td>7</td>
<td>Rail</td>
<td>$1.1 million per year</td>
</tr>
<tr>
<td>8</td>
<td>Ferry Shipyard</td>
<td>$500,000 - $1 million per year</td>
</tr>
<tr>
<td>9</td>
<td>Solar/ Renewable Energy</td>
<td>$1 million net present value</td>
</tr>
<tr>
<td>10</td>
<td>Telecommunications/ Cell Towers</td>
<td>$5 million - $11 million per year</td>
</tr>
<tr>
<td>11</td>
<td>Billboards</td>
<td>TBD ($2,000 - $25,000 per location per year)</td>
</tr>
<tr>
<td>12</td>
<td>I-5110 and Taxiway (PTI)</td>
<td>TBD (accelerated project delivery and whole life costing)</td>
</tr>
<tr>
<td>13</td>
<td>Ferry Revenue</td>
<td>$82,000 - $145,000 per year</td>
</tr>
<tr>
<td>14</td>
<td>Highway Lighting</td>
<td>$50,000 - $100,000 per year</td>
</tr>
<tr>
<td>15</td>
<td>Fleet Management</td>
<td>$14 to $35 million per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$35 to $36.7 million one-time revenue from disposition</td>
</tr>
<tr>
<td>16</td>
<td>Facilities Management</td>
<td>TBD (additional data needed)</td>
</tr>
<tr>
<td>17</td>
<td>Dredging Operations</td>
<td>$550,000 to $830,000 per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$7 million in one-time cost savings</td>
</tr>
<tr>
<td>18</td>
<td>Fuel</td>
<td>TBD (less than $1 million)</td>
</tr>
<tr>
<td>19</td>
<td>Highly Reflective Sign Sheeting</td>
<td>TBD (less than $1 million)</td>
</tr>
<tr>
<td>20</td>
<td>Rest Areas</td>
<td>TBD (further analysis required)</td>
</tr>
</tbody>
</table>
Then What

Simply identifying possible value is the easy part…

• Procurement Challenges
• Organizational Change
• Public Perception
• Ethos of the Organization

Ideas may make a lot of sense on paper, however, are not attainable in practice
Thank you
The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.