

Washington State Judicial Branch

2025-27 Biennial Budget

Fund Software Licensing and Hardware Maintenance Cost Increases

Agency: Administrative Office of the Courts

Decision Package Code/Title: 9Q – Equipment Maintenance and Software

Agency Recommendation Summary Text:

The Administrative Office of the Courts requests \$615,000 ongoing for the industry-driven transition to subscription fees and increased maintenance and license costs for certain software and hardware products used by the agency. As software licensing models change across the industry from a one-time payment perpetual license to a monthly or yearly subscription-based fee structure, budget adjustments are needed to pay for changes. By industry design, subscription-based fees are more expensive. Additionally, hardware maintenance fees are increasing generally – ranging from a few percentage points to more than twice the previous cost. (General Fund – State)

Fiscal Summary:

	FY 2026	FY 2027	Biennial	FY 2028	FY 2029	Biennial
Staffing						
FTEs	0.0	0.0	0.0	0.0	0.0	0.00
Operating Expenditures						
Fund 001-1	\$300,000	\$315,000	\$615,000	\$330,000	\$346,000	\$676,000
Total Expenditures						
	\$300,000	\$315,000	\$615,000	\$330,000	\$346,000	\$676,000

Package Description:

Two issues are driving ongoing, current level information technology costs. First, many software licensing models are moving from a perpetual license owned by the purchaser to a subscription-based model. This results in a shift from a one-time purchase to ongoing, annual subscriptions updated for the current user licenses (“trueups”). Just one example is new, subscription-based licenses for VMWare – or software that allows a single computer to be more efficient by running like multiple, virtual machines or “VM” – which will replace our current perpetual licenses. The Administrative Office of the Courts (AOC) will need to change to the subscription service for VMWare before existing, owned licenses are no longer supported by the vendor. Second, many vendors are simply raising prices on software and hardware maintenance. For example, IBM announced prices from single to triple digit percentages on existing products (See Attachment A).

Fully describe and quantify expected impacts on state residents.

Without current licenses and maintenance agreements for the Judicial Information System (JIS) infrastructure, systems cannot be managed effectively or sustain system availability for the courts.

Explain what alternatives were explored by the agency and why this was the best option chosen.

Delaying purchases would be an option, but not a realistic or practical one. Vendor support is not provided for expired licenses or maintenance agreements. There is no funding in AOC’s budget to keep up with this change in the industry. Additional funding is needed to maintain existing services.

What are the consequences of not funding this request?

If this request is not funded, AOC will have licenses without vendor support and any outages could not be fixed. A failure due to outdated licenses and unsupported software or hardware could cripple Washington's JIS.

Is this an expansion or alteration of a current program or service?

No, this is not an expansion or alteration of an existing program or service. It would maintain AOC's current software and hardware.

Decision Package expenditure, FTE and revenue assumptions:

Goods and Services

Software and hardware licensing and maintenance fees are experiencing two changes which will result in increased costs.

Maintenance and usage fees. AOC is faced with across-the-board increases to existing maintenance and usage fees. IBM has notified AOC of increases between 6% to more than 100% for maintenance services and a 24% increase for usage. This cost increase is estimated at \$100,000 annually.

Shift from perpetual to subscription licensing. Perpetual licenses are owned outright requiring a maintenance fee for the life of the licenses. Subscription based charges recur monthly or annually and must be paid in perpetuity while the licenses are used. Broadcom recently purchased VMWare and shifted to a subscription model. AOC is expected to incur a 20% increase to shift to annual subscription. Then, AOC is expected to experience a 7% annual increase for that subscription. Replacing the perpetual license is initially estimated at \$200,000, and then will rise each year.

Expenditures by Object	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
E Goods and Services	300,000	315,000	330,000	346,000	362,000	378,000
Total Objects	300,000	315,000	330,000	346,000	362,000	378,000

How does the package relate to the Judicial Branch principal policy objectives?

Fair and Effective Administration of Justice

Up-to-date, reliable computer equipment is critical for delivering information technology services to the judicial branch. The mission of AOC is to support the courts in the fair and effective administration of justice, providing centralized administration, financial services, and technology support for all of the courts, trial and appellate. Managing technology to ensure that information systems are current and the data is secure and available is a key to continuing to maintain the "right to justice" in all cases.

How does the package impact equity in the state?

Not applicable to this maintenance level request.

Are there impacts to other governmental entities?

Not applicable.

Stakeholder response:

Not applicable.

Are there legal or administrative mandates that require this package to be funded?

Not applicable.

Does current law need to be changed to successfully implement this package?

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No law needs to be changed to successfully implement this package.

Are there impacts to state facilities?

There are no impacts to state facilities.

Are there other supporting materials that strengthen the case for this request?

No additional materials are included.

Are there information technology impacts?

This request will fund AOC software and hardware cost increases to subscription-based models and maintenance costs.

Agency Contacts:

Christopher Stanley, 360-357-2406, christopher.stanley@courts.wa.gov

Angie Wirkkala, 360-704-5528, angie.wirkkala@courts.wa.gov

Attachment A

[Technology Lifecycle Services](#) | [Systems Support](#) | [Networking Support](#) | [Software Support](#)

IBM Technology Lifecycle Services

[Seismic TLS News & Announcement page](#) | [Seismic IBM Storage Expert Care](#) | TLS Announcement Date: September 5th, 2023

Notice of price change for Hardware Maintenance Services on select IBM SAN Network devices

Announcement Letter Number: 523-669 | Announcement Date: 2023-09-01 | Effective Date: 2023-09-01

Affected markets: **All Markets**

Overview:

Because of increases in supplier costs, IBM is announcing this price action. This price change will be made effective on September 1, 2023, on select IBM Storage SAN and Network products. New charges will be applied at the start of a new contract or upon renewal of an existing contract.

For Auto-Renew agreements, price changes will be made effective 90 days following the announcement date. New charges will be effective at the start of the renewed contract term.

This increase will not take effect for clients with contracts that include price protection until the next contract period. This includes prepaid agreements.

Actions required:

Please review these changes with affected customers as required.

IBM TLS Global Price Action for HW Maintenance Services

IBM Machine Type-Model	% Price Increase	Notes:
2498-R42	72%	
8960-F64	121%	
8960-F65	128%	
8960-F96	63%	
8960-F97	61%	
8960-N64	90%	
8960-N65	96%	
8960-N97	61%	
8960-P64	141%	
8960-R18	40%	
8960-R64	107%	

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8961-F04	24%	
8961-F08	18%	
8961-F74	4%	
8961-F78	4%	
2498-B24	198%	Broadcom End-Of-Life Status
2498-N96	516%	Broadcom End-Of-Life Status
2498-F24	467%	Broadcom End-Of-Life Status
2498-X24	525%	Broadcom End-Of-Life Status
2498-F48	494%	Broadcom End-Of-Life Status
2499-416	849%	Broadcom End-Of-Life Status
2499-816	964%	Broadcom End-Of-Life Status
8960-N96	424%	Broadcom End-Of-Life Status

- Machine Type **8961**: Pricing for associated billable features will increase by 24%
- Machine Type **2499**: Pricing for associated billable features will increase by 849%

For questions, please access our Seismic [IBM Storage Expert Care](#) or you may contact Bill Fenter (whfente@us.ibm.com).

Thanks and good selling!!!