

FINANCIAL DISCUSSION COVID-19 IMPACT

OWASP Board of Directors
April 2020

Financial Modeling

- Board requested staff to model SF Cancellation
- Developed three models for Board review
 - Model A: Original Budget
 - Model B: COVID No Change of Spending
 - Model X: COVID with Reductions in Discretionary Spend
 - Model Z: COVID with Reductions and Income Development
- Expanded to cancellation of all remaining 2020 events
- Events return to calendar = full upside

Financial Models

	Model A	Model B	Model X	Model Z
	Budget	COVID-NC	COVID w/cuts	COVID w/cuts+income
Income	\$4,886,532	\$1,106,000	\$1,106,000	\$1,621,000
Expenses	\$4,534,668	\$2,181,200	\$1,598,800	\$1,891,800
Net	\$351,864	(\$1,075,200)	(\$492,800)	(\$270,800)
Cash on Hand (end of year)	\$1,647,595	\$220,531	\$802,931	\$1,024,931

Fall events cancelled
No spending cuts

Fall events cancelled
\$240K cut Travel
\$180K cut Marketing
\$100K cut Chapters
\$55K cut Bank Fees
\$25K cut Projects

Fall events cancelled
\$240K cut Travel
\$180K cut Marketing
\$100K cut Chapters
\$55K cut Bank Fees
\$25K cut Projects
+\$240K AppSec Days
+\$300K Virtual SF

Recommendation: Adopt Model Z

Income Development

- Virtual AppSec Days
 - \$75K-100K Income, \$40-60K Expenses
 - Repeat every other month for rest of calendar year
 - Estimated \$225K-300K income on \$120K-180K expenses
 - Target \$150K net profit
- Virtual SF/LiveStream/Training
 - Decision July BOD Meeting
 - Mix of off/on event in Oct SF
 - Target \$150K net profit

Income Development Ideas Dismissed

- Fundraising Campaign
 - Audit found fundraising for humanitarian causes (Food, shelter, economic relief, first responders, healthcare, local impact)
 - Determined optics unfavorable
- Increase Membership Dues
 - Not the time to make this change
- Placed Advertising on website
 - Not in the scope/DNA of OWASP
 - Decreases value for existing Supporters

Recommendations (1 of 3)

- Approve Model Z
 - Reduce spending limits by \$600,000 to identified budgets
 - Cap 2020 Expenses at \$1,891,800
 - (Original 2020 was \$4,575,668)
 - Moratorium on contractual commitments for Regional/Local events
 - Notify impacted constituents
 - No cuts to staffing plan (current, Community & Events Mgr)
 - Plan, Schedule, and Execute no less than three Virtual AppSec Days
 - Develop Virtual/Hybrid/In-Person SF Global AppSec Days Plan

Recommendations (2 of 3)

- Approve Board Motion for SF Global AppSec 2021
 - Negotiated favorable cancellation penalty for 2020
 - In return we are committing to repeat venue in 2021
 - Force Majeure still option with gathering size limits
- Plan, manage, and execute as if SF is going to happen in October
 - Also plan for Virtual/Hybrid options if needed
- Plan, manage, and execute Dublin for February
- Plan and source location for 3rd Global AppSec in 2021
- July Board Meeting make Go-No-Go SF Decision

Recommendations (3 of 3)

- Quarterly revisit spending limits
 - June Board Meeting
 - September Board Meeting
- Execute lower risk ideas now to maintain financial integrity
- Plan to diversify revenue streams in 2021
 - Certificate Program
 - Grants

Likely Questions

How does this impact Chapter Balances? We would cap chapter spending to \$150K regardless of chapter balances which is our expected 2020 spend with COVID related meeting impacts

Why would we add more staff now? The Board has already discussed the need for these roles and the rest of the Operating Plan remains essentially unchanged. Technically our events plan is actually expanding with Virtual AppSec Days, along with the need to assume SF will occur from a preparation point of view we should continue our effort to “get ahead of the calendar”

What is getting cut from Marketing? The original 2020 Budget had funding for far more aggressive event marketing (\$50K), substantial funding for PR of Top Ten (\$50K), Online (\$25K), and Partnerships (\$65) of which most all of these items will be cut.

What from the Operating Plan is changing? Outside of events, not much. The Fall Projects Summit would be postponed, and we would remove the Travel Assistance Program.

Model Z is Lowest Impact to 2020 Plan

Operations

Single Source of Truth

Retool Business Operations

Planning and Budgeting

Financial Controls

Expense Policies

Travel Assistance Budget

Trademark Registration

KPI Dashboard

Committee 2.0

Community

Build Community

Chapter Operations

Individual Membership

Corporate Membership

Local Partnerships

Community Outreach

Town Halls

Projects

OWASP Top 10

Project Operations

Project Nurishment

Project Summits

Events

Global AppSec Events

Global Program Teams

AppSec Days

Regional Events

Growth & Partnering

Branding

Website 2.0

Corporate Sponsorship

Global Partnerships

Marketing Plan

Grant Funding

20th Year Anniversary

Online Training

Certificate Program

Underserved Communities

Likely Questions #2

What is getting cut from the Travel Budget? The Travel Assistance Program, Board F2F Meetings, the Fall Projects Summit, and most all additional staff travel.

We're only talking about not doing events, why is the financial so bad? Over the past three years Events-related income has risen from 75% to 86%. Over 55% of that income comes from Sponsorships. Unforeseen events, like a global pandemic can stress organizations that lack diversified revenue streams. 2020 Plan was to get these numbers back to pre-2017 levels with further diversification in 2021.

Are you forecasting any impact on Membership? Since our individual membership is only \$50 and our key benefit is networking - which is even more important in a tight job market - no we do not expect a negative impact. However, Corporate Membership has been downwardly revised to stay flat year on year forgoing forecasted growth in 2020.

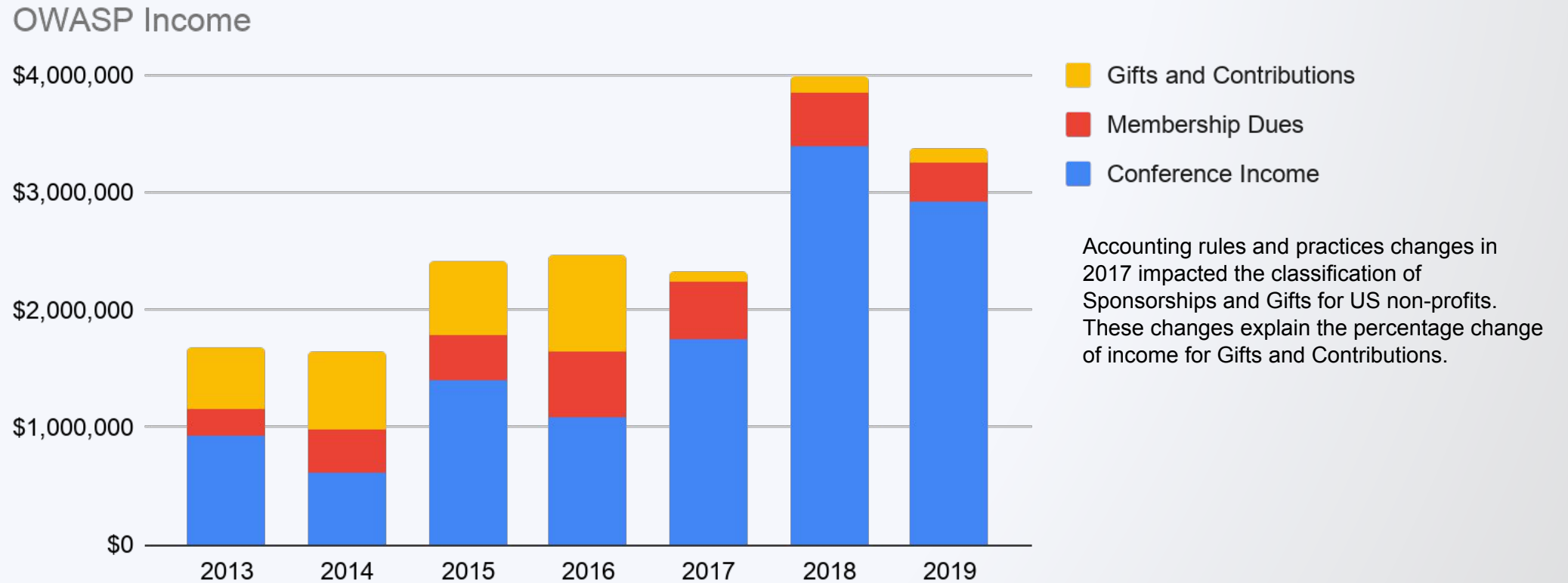
Likely Questions #3

How will Model Z impact the 2020 Goals?

- Promote updated version of OWASP Top 10 set to release in October 2020.
- Continue to optimize business operations to overachieve financial and membership targets.
- Manage two successful global conferences planning three in 2021.
- Launch Project Summits and AppSec Days to over 500 attendees
- Increase relevance and reputation of OWASP measured by 10% increase in web traffic.
- Improve satisfaction with OWASP by survey measured a 10% increase.
- Increase corporate and individual membership by 25%

Backup Slides

Historical Revenue Trends



Since 2017, over 75% of yearly revenue is from Conferences