



All Hands on Deck: How Shared IT Services is Helping Institutions Weather the Financial Storm

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To many working in higher education, it feels like the industry is in the midst of a squall, and the forecast indicates the rough weather may last for some time. Consider:

- ✔ **71 percent of chief business officers** agree that higher education is in the midst of a financial crisis¹
- ✔ **More than 500 colleges and universities** are now considered “financially troubled institutions” by the U.S. Department of Education²

Institutions around the country have spent the last several years bracing for rough weather on a number of fronts, including:

- ✔ **Declining enrollment**
- ✔ **Budget cuts**
- ✔ **Large pension obligations**
- ✔ **Political pressure to freeze or shrink tuition**

Finding themselves struggling to stay afloat on their own in high seas, a growing number of institutions are climbing into the same boat to gain economies of scale and help them not just survive but *thrive* in these conditions.

In a 2015 survey, EDUCAUSE found four out of five institutions participate in at least one purchasing consortium, and one in three were engaging in shared services across institutions.³ Since then, the numbers have been steadily climbing; *Inside Higher Ed* states 46 percent are exploring collaboration opportunities for administrative services, with 54 percent believing their institutions should share back-office functions with another college or university in the next three years.⁴

Information Technology Shared Services: What We've Learned

It's no surprise that information technology is especially popular among the variety of services colleges and universities are considering for collaboration; more than 60 percent of institutions listing it as ideal for sharing.⁵

When EDUCAUSE asked CIOs what IT services they would advise delivering as shared services, most were enterprise related, consisting of integrated applications and did not require much individual tailoring for each consortium member.⁶ Four areas of opportunity topped the list, regardless of institution size:

- **Networking**
- **Learning management systems (LMS)**
- **Enterprise resource platforms (ERP)**
- **Help desk functions**

Return on investment and total cost of ownership (TCO) were cited as particularly compelling reasons for sharing services, as opposed to alternative cost-saving measures like moving to the cloud or outsourcing.

Given the challenge of staying abreast of constantly changing technologies amidst flat or shrinking budgets for hiring and training—not to mention skyrocketing expectations from Gen Z students—it's no wonder institutions are interested in pooling their resources to achieve more value for less cost. The promise of a deeper, more versatile bench of IT specialists that can quickly respond to an institution's needs is appealing.

In my 15 years as a strategic IT services partner, my team and I have been part of several consortia arrangements with mixed results. I have seen IT shared services deliver transformational and sustainable advantages to participating institutions, acting as a rising tide that lifts all ships. Unfortunately, I've also seen several consortia capsize before they make it to port.

I'd like to uncover some of the unseen pitfalls of shared IT services arrangements, based on that firsthand experience. I'll also share some best practices that can help your institution and consortium maximize your chances for success and your return on investment.

¹ *Inside Higher Ed*, “The Rose-Colored Glasses Come Off: A Survey of Business Officers.” Available online at <https://www.insidehighered.com/news/survey/survey-finds-business-officers-increasingly-considering-more-painful-options>

² *New York Times*, “Higher Education Seeks Answers to Leaner Years.” Available online at <https://www.nytimes.com/2017/06/07/education/higher-education-seeks-answers-to-leaner-years.html?smid=tw-share>

³ EDUCAUSE Center for Analysis and Research, “IT Service Delivery: Current Methods and Future Directions.” Available online at <https://library.educause.edu/-/media/files/library/2015/5/ers1501a.pdf?la=en>

^{4,5} *Inside Higher Ed*, “The Rose-Colored Glasses Come Off: A Survey of Business Officers.”

⁶ EDUCAUSE Center for Analysis and Research, “IT Service Delivery: Current Methods and Future Directions.”



Identifying Underwater Hazards

IT shared services arrangements tend to fail for three main reasons, all of which can be mitigated properly if they are recognized and addressed at the outset.

- 1 Demand exceeds supply** – Institutions often partner on IT shared services agreements because they're feeling pressure; they've suffered through a number of significant outages, their systems aren't functioning fully, or their backlog of projects continues to grow. Sometimes all three.

When help arrives in the form of additional IT assistance, those resources can easily be overwhelmed by the triage efforts needed to sort through and address all the urgent needs. It's easy to exhaust whatever resources have been allocated in those situations, no matter how generous they may be. Simply put, demand for services will always exceed supply.

Unless this contingency is addressed in advance, the situation can quickly become ugly. I'll discuss this further in my best practices below.

- 2 Support doesn't match contributions** – Whether the shared services arrangement is supported equally by all institutions or not, it's important that each participating college or university feels like they are getting proper value and support for their contribution.

Perception is reality, and if one institution feels like another partner is receiving more than their fair share of support for a month or more, that dissatisfaction can put the consortium as a whole at risk.

- 3 Different systems and processes** – ERP platforms are the foundation of the institution, with many other critical IT platforms depending on the ERP for the vital data they need. For that reason, the composition of the IT support team is often dictated by the institution's ERP experience.

The more consistent the ERP platforms are across member institutions, the more consistent the shared services team's composition can be, and the more easily they can move from institution to institution.

If the shared services consortium members rely on more than one ERP—or a variety of ERPs—multiple shared services teams may be needed to ensure all ERPs receive the support they require. The same applies to an institution's infrastructure and business processes. The more alike the IT environments are between partner institutions, the more successful the shared IT services arrangement will be.

Setting A Course For Calmer Waters

Fortunately, there are three ways to overcome the pitfalls of sharing IT services with other institutions and increase the likelihood of success:

1 Proximity is a plus – When partnering institutions are located no more than a few hours from each other, on-campus support teams can easily migrate where they are needed most. Perhaps the best example is the Claremont University Consortium (CUC) in California, which includes seven institutions immediately adjacent to each other—making it much easier to get from campus to campus and quickly resolve issues. **Forbes** recently praised CUC’s model, saying “Claremont continues to maximize effectiveness and manage costs through shared business services”⁷; proximity is an important factor contributing to its success.

Of course, today’s technology can help make that distance disappear as well. Virtual private networks, telepresence solutions, virtual desktops and the overall migration of everything to the cloud continue to decrease the importance of actually “being there” for many IT functions, making it easier for remote experts to respond to the needs of multiple institutions without ever leaving their desk.

These technologies are also widely accepted and embraced by today’s Gen Z higher ed student (the post-Millennial generation, often consider those born after 1995) and the business world they’ll enter after graduation as well, so deploying them is a quick and effective way to bring geographically dispersed consortium members closer together, at least within the context of shared services.

2 Common platforms are imperative – Before entering into any shared services arrangement for IT support, prospective partners should examine the similarities between their campus ecosystems. The more platforms, systems and processes the institutions have in common, the more value they will get out of a shared services engagement.

Of course, partners can also opt to migrate to one standardized system, as CUC did when it began sharing IT services 15 years ago. Back then, most CUC institutions “were relying on aging servers and administrative databases that were not greatly integrated into college administration functions. The consortium remedied its problem while lowering new technology costs by collectively purchasing an estimated \$5 million integrated software system from Jenzabar.”⁸

3 Governance must be at the helm – A formal governance process allows participating institutions to prioritize the list of potential projects and direct partners accordingly, helping to eliminate perceived inequities and ensuring that it is the partner institutions—and not the IT shared services team—that is determining how best the shared resources should be allocated.

This process should include:

- A clearly defined charter that identifies the goals and expectations of the governance committee for all partner institutions.
- A common project template, including metrics, to help the group evaluate potential projects in a consistent, objective manner.
- Mandatory participation from each partner institution at a senior level, with no proxies allowed. This ensures that all voices in the consortium are heard and all decisions agreed upon collectively.
- Third-party facilitation to avoid introducing any bias into the proceedings. The IT shared services partner often fills this role best, but the IT partner should not influence the group or its decisions in any way. It should be entirely up to the governance committee to determine where shared IT resources are allocated, and to what degree.

⁷ *Forbes*, “College Consortia a Cooperative Model That Offers Students Greater Value.”

Available online at <https://www.forbes.com/sites/noodleeducation/2017/02/01/college-consortia-a-cooperative-model-that-offers-students-greater-value/#6ad00d861bae>

⁸ *Campus Technology*, “Claremont University Consortium Colleges Collaborate on Shared Administrative Services.”

Available online at <https://campustechnology.com/articles/2002/12/claremont-university-consortium-colleges-collaborate-on-shared-administrative-services.aspx>

These three best practices will not only improve the shared services consortium's chances for success, they will also improve the shared IT services partner's agility and effectiveness as well.

Shared IT services arrangements may require more preparatory work up front than many institutions realize. However, the benefits of a successful shared IT services partnership can also far exceed the expectations of the institutions taking part.

According to Ricardo Azziz, chief officer of academic health and hospital affairs for State University of New York's system administration:

“ Measurable cost savings are one obvious indicator of success. But improved services, through greater depth, breadth, quality or efficiency, are another and these benefits should be quantified and recognized...More importantly, developing a shared services management model has helped create greater alignment across leadership and staff around the educational, research and service missions of the university, allowing us to move from an organization with many independently operated departments with multiple goals into an aligned and integrated enterprise with an overall vision and interrelated goals.”⁹

Unquestionably, sharing IT services can help higher education institutions weather the stormy conditions they face today. By recognizing and avoiding a few hazards that lie just below the surface and taking advantage of proximity, common platforms and good governance, shared services partners can emerge stronger than ever before.



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Dynamic Campus provides a proven blend of managed IT services, on-demand technical capabilities and a vendor-agnostic approach to help colleges and universities maximize the performance of their existing technology investments and IT support teams.

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⁹ *University Business*, "Implementing Shared Services in Higher Education."
Available online at <https://www.universitybusiness.com/article/shared-services>