Key Questions for Administrative Systems:
Balancing Cost and Value

Almost all the routine functions of a college or university rely on administrative systems. Those systems support functions such as research administration, student services, and alumni/development, as well as HR, finance, and facilities management. With pressure to reduce costs and improve efficiency, institutions will need to make careful choices as they renew these essential and expensive systems.

Is improving the value of administrative IT a priority for your institution?

Value is a function of cost and worth. One clear strategy to increase value is cost containment or reduction. On average, institutions spend 2.7% of their operating budgets on administrative IT functions. Put another way, administrative IT expenses account for more than half of all central IT spending, leaving 47% of IT budgets for instruction and research (figure 1).

Figure 2. IT spending on institutional activities

Running the institution **76%** | Institutional growth **15%** | Transformative change **9%**

Administrative **53%** | Teaching **38%** | Research **3%** | Other **6%**

Figure 1. IT spending, by institutional mission

Another view on IT spending shows that three of every four dollars spent on central IT are devoted to running the institution, with only one dollar left for growth (such as adding students or faculty) and transformative change (such as adding new academic programs or moving to online learning; figure 2).
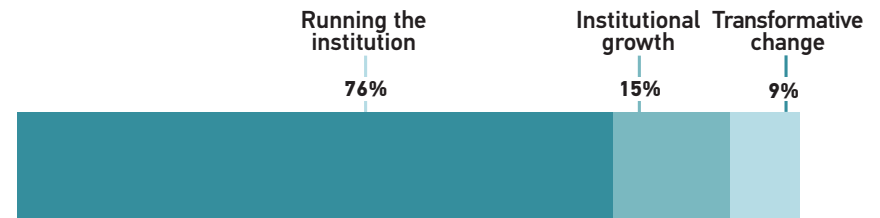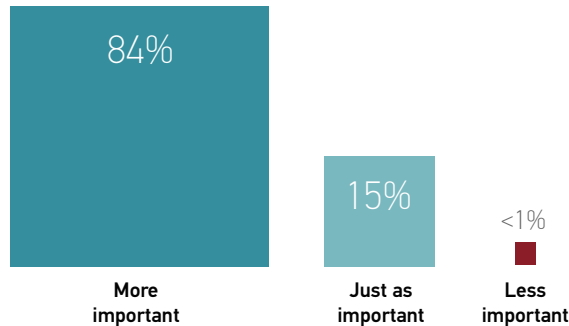
A second strategy to increase value is to extract additional worth from administrative systems. Analytics applied to the massive amounts of data in these transactional systems can provide higher education leaders with insights, dashboards, and even predictive information to inform and improve decision making. Institutions increasingly view analytics as important for higher education's success (figure 3). For the past two years, using analytics to improve institutional outcomes has been among the EDUCAUSE top 10 strategic IT issues.

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Compared to two years ago, analytics is...

84% More important

15% Just as important

<1% Less important

...for higher education's success.

Two years from now, analytics will be...

86% More important

14% Just as important

...for higher education's success.

Figure 3. Growing importance of analytics

What elements of administrative IT cost containment or value-add do you have in place?

IT cost containment. Institutions are pursuing multiple strategies to contain the costs of administrative IT, most notably moving applications to the cloud, sharing services to spread the costs of systems across multiple departments or even institutions, and redesigning business processes to reduce costly customizations of products to accommodate historical ways of doing business instead of critical business needs:
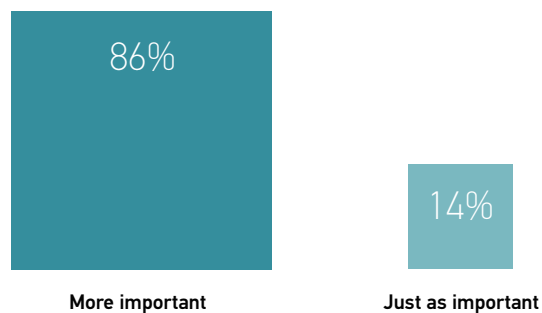
- One in five institutions currently run administrative applications in the cloud, with another 16% implementing or planning cloud implementations (figure 4).

- Sharing services and facilities with other campuses is not common, although one in three institutions use data-hosting services at a shared facility or through a multicampus system or district.

- A recent NACUBO conference presentation highlighted process or productivity improvement as a key cost-containment strategy.[1] Institutions have begun business process redesign, but most (82%) do not yet feel they do it effectively.

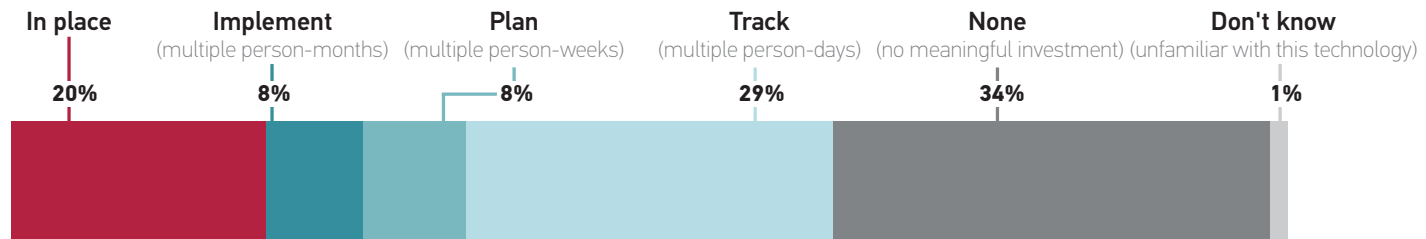| In place	Implement (multiple person-months)	Plan (multiple person-weeks)	Track (multiple person-days)	None (no meaningful investment)	Don't know (unfamiliar with this technology)
20%	8%	8%	29%	34%	1%

Figure 4. Implementations of cloud-based administrative applications

- Customization is widespread, but institutions may be reducing the degree to which they customize administrative systems (figure 5). Traditionally, higher education has spent time and money adapting software to conform with local business processes. Now IT and administrative leaders are recognizing that it is often more sensible to adapt business processes to software.
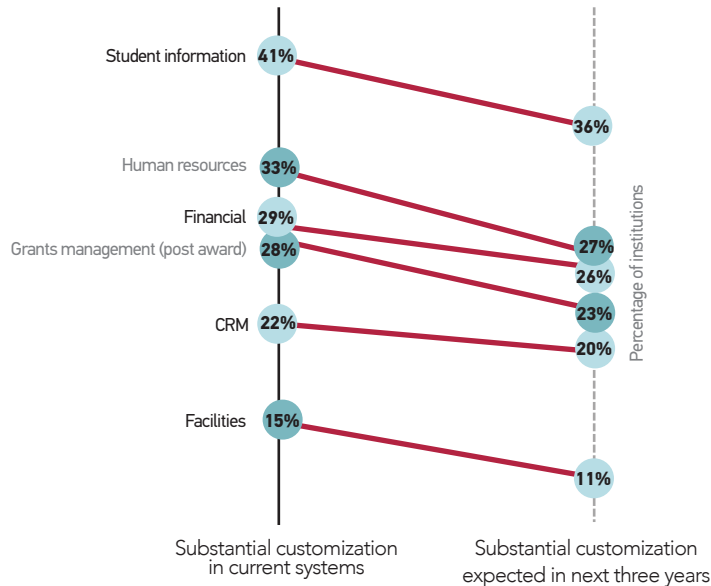
Value-add through analytics. Investments in analytics are among institutions' highest priorities. Using analytics to help drive critical institutional outcomes has been on the EDUCAUSE Top 10 IT Issues list for two years in a row. Institutions are aggressively implementing the technologies needed to support analytics initiatives, and estimates suggest that by 2016–17, these technologies could be deployed at an average of 36% more institutions than they are today (figure 7).

Figure 5. Customization in administrative systems

IT cannot do this alone; it depends on other business units, such as procurement and HR, for business services that can help IT track and manage costs (figure 6).
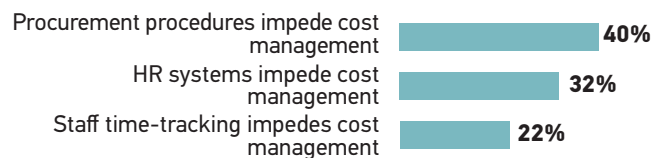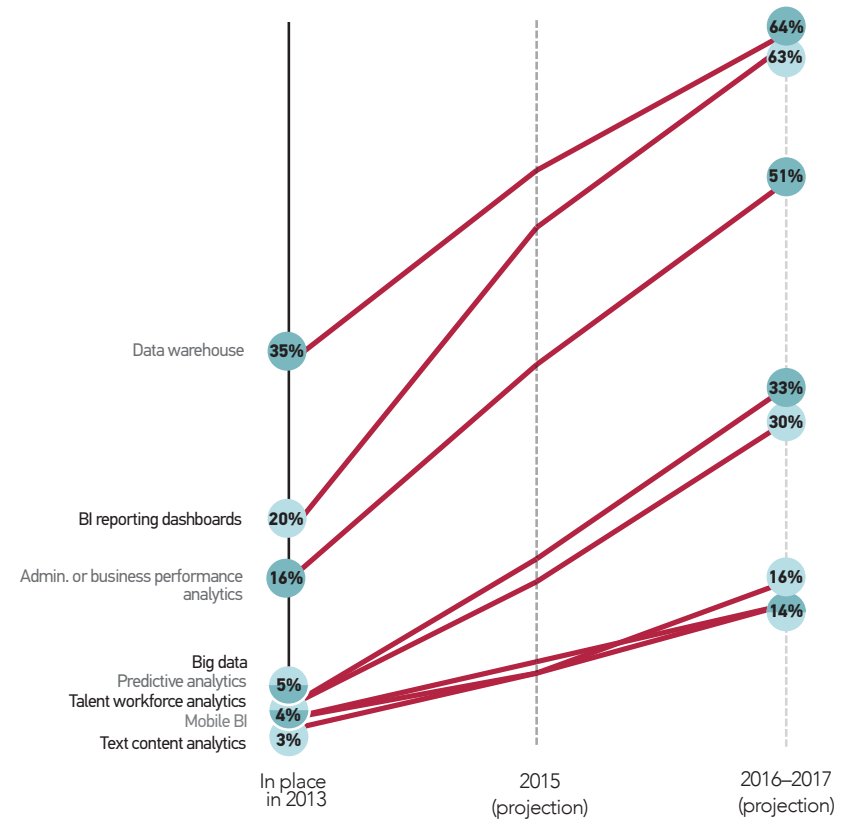

Figure 6. Extent to which business processes impede IT cost management

Figure 7. Implementation baselines and estimated growth for analytics technologies

What administrative IT applications do you plan to implement in the next 2–3 years?

Systems that need to be replaced can be low-hanging fruit for business process redesign or other cost-containment efforts. Help desk, faculty e-mail, and content management systems are among the administration systems that institutions are most likely to replace in the next 2–3 years.

What is the single most important next step for your institution on administrative IT?

IT service delivery models are undergoing a fundamental restructuring that will not bypass higher education. It is time to understand and then to act. Determine your institution's strategic goals for administrative IT and support those goals.

Will you focus on containing costs, investing in analytics, or both? These initiatives will bring noticeable change to your institution, whether by streamlining business processes to achieve savings through reduced customization and/or shared services, or by developing data standards and policies for analytics initiatives. Faculty, staff, and students are most likely to accommodate change when institutional leadership communicates the value of changes and demonstrates its sustained commitment to change.

Implications

Administrative IT is essential, expensive, and ripe for transformation. Understanding the possibilities and cost drivers can help your institution determine the best strategy. Ensure your initiatives reduce extraneous costs without crippling essential functionality or introducing new risks. Remember the potential of administrative systems to add value through analytics. Most important, have clear goals for administrative IT and marshal the support of the institution around those goals.

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