

Statement of Principles

IT Funding Model

May 24, 2017

1. Strategic Prioritization:

The funding model should provide effective mechanisms that promote the strategic prioritization of IT services and scarce resources across the campus, aligned with the University's mission of excellence in teaching, learning, research, administration, and outreach.

Prioritization should be based on a clearly defined IT strategy that leads to the development of the "right" IT services for the campus.

2. Incentives:

The funding model should provide the right incentives for the correct behavior on the part of both IT customers and providers in allocating IT resources. It should promote decisions that are effective and optimal from the point of view of the campus as a whole.

3. Service-Centric Culture:

The funding model should promote and support a **service-centric culture** in delivering IT services:

- IT services provided to campus units should be based on business needs rather than solely on affordability.
- The conversation between campus units and service providers (DoIT, others) should be based on service excellence and value in meeting the units' needs rather than just on cost. The system will function most effectively when: (a) Customer needs are articulated in alignment with the University's mission and understood by IT providers. (b) Both parties understand the broader context and priorities within which our requests and work should occur; and: (c) When evolving customer and IT organizational needs have a means of influencing the policies and other factors that set the overall context.
- Accountability. Centrally provided services should have clearly defined and agreed upon Service Level Agreements (SLAs) and Memoranda of Understanding (MoUs).

4. Transparency, Greater Communication, Trust and Cooperation:

The funding model should promote and support greater transparency, communication, trust, and cooperation between central IT and campus units.

The determination of the costs, charges and assessments for IT services to campus units should be transparent.

5. Efficiencies and Effectiveness:

The funding model should promote and support the efficient and effective delivery of IT services across the campus, and minimize duplication and redundancy while meeting the business needs of campus units.

The model should recognize the beneficial impacts of market competition in producing an efficient, effective and engaging service/product. It should leverage market (and retail) forces to ensure lean, effective, dynamic, responsive products and processes.

The model should allow for a direct (“apples-to-apples”) comparison between central IT and distributed IT service costs.

6. Equity:

The funding model should encourage equity and seek to meet the needs of all members of the University community to the extent possible. We are one campus, with one mission. While not everything can be funded, we should ensure that decisions are made based on needs, mission, strategy and direction rather than just on the ability of a customer to pay for services. For on-going services, the funding model has a major role to play in creating such equity. For new projects, the project proposal prioritization process and the funding model must work hand-in-hand to create such equity.

The current methodology for assessing chargebacks to campus units should also be re-examined with the aim of increased equity across all campus units.

7. Innovation:

The funding model should provide incentives and promote innovation in the use of IT to support the campus objectives and the business needs of campus units.

8. Single View of Total IT Spend:

There should always be a single view of IT spend and resources on campus, even if not being centrally executed. All projects should interact with the central project evaluation and prioritization system and be subject to regular updates of progress and spending. Ideally, project funding should be based on needs and fit with the University mission and be given after a review of existing resources/services that might meet the needs. The funding model should encourage DoIT and other IT providers to move overhead expenses to an efficient level while still meeting customer needs and University mission.

9. Sunset Plans:

All projects should have sunset plans (i.e., when, how and for what reasons a particular system, product or service should end). Services should be eliminated when they no longer serve a purpose or when the conditions for which they exist change.

10. Separation of Prioritization and Funding:

In an ideal process, prioritization and funding would be separate decisions with priorities being set first and funding following. The funding model should allow for project prioritization based on mission, needs, strategy and direction. Funding should be considered a lever to reinforce the mission, strategy and direction. The model should not be structured in such a way that it sets or influences the priorities. It should also not be structured in such a way that it prevents effective and efficient action that would allow realization of those priorities. The funding model should not create an inefficient, bureaucratic process that takes more effort than meeting the outcome it produces. We believe this is possible if funding follows the prioritization process.