

**Statement of Principles
IT Funding Model
DRAFT**

PRINCIPLE 1:

The funding model should:

- a. Promote strategic prioritization of IT services and resources aligned with the campus mission and objectives of excellence in teaching, learning, research, and administration.**
- b. Provide the right incentives to promote decisions that are effective and optimal from the point of view of the campus as a whole.**
- c. Seek a transparent, collaborative system that meets our collective IT needs in a service-centric culture.**
- d. Create greater communication, trust, cooperation, and accountability.**

See items 1-4 in the Appendix.

PRINCIPLE 2:

The funding model should:

- a. Promote and support the efficient and effective delivery of IT services. Leverage market (and retail) forces to ensure lean, effective, dynamic, responsive products and processes.**
- b. Promote innovation.**
- c. Maintain a single view of total IT spend.**

See items 5-8 in the Appendix.

PRINCIPLE 3:

The funding model should support realization of priorities without unduly influencing or hindering those priorities.

See item 9 in the Appendix.

PRINCIPLE 4:

The funding model should encourage equity in meeting the needs of all parties in the University community without consideration of ability to pay.

See item 10 in the Appendix.

Statement of Principles IT Funding Model Appendix

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 campus mission and objectives of excellence in teaching, learning, research, and administration.

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 “customers” (campus units) 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 DoIT and other service providers should be based on service excellence in meeting the units’ needs rather than just on cost and affordability.
- Accountability. Centrally provided services should have clearly defined Service Level Agreements (SLAs) and Memoranda of Understanding (MoUs).

4. **Transparency, greater communication, trust and cooperation:**

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

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

While IT products and services can be thought of as the “air we breathe” given our universal importance to everything we do, there are three parties who have important roles to play and needs to be met in the IT system on campus. These three parties are the University, the IT customer, and the IT organization.

The University refers to our mission of teaching, research, and outreach in a dynamic context. The Customer refers to the individuals, departments, colleges, and other groups who make up the University and whose work brings about the University mission. The IT Organization refers to the individuals and organizations, whether part of central IT or not, whose effort produces and maintains the IT products and services that allow the work of the University to occur.

This perspective requires us to create feedback loops to ensure that these parties are coming to the table and engaging in appropriate and responsive ways. Each party should understand and have visibility into the work and needs of the others. The system functions most effectively when customer needs are articulated in alignment with the University’s mission and understood by IT; when both customers and IT understand the broader context and priorities within which our requests and work should occur; and when evolving customer and IT organizational needs have a means of influencing the policies and other factors that set the overall context.

At the most fundamental level, a funding model is an incentive system. We should understand what we hope to incent and how best to incent those behaviors or directions.

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.

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

6. **Innovation:**

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

The model should promote and support the development of **cross-functional services** rather than focusing primarily on very narrow specific local needs. An example is supporting the overall student experience: application; acceptance; course scheduling and registration; fee payment, taking classes, etc.

7. **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, regardless of how they will be completed, should interact with the central project evaluation and prioritization system and be subject to regular updates of progress and spending.

This might be that 101 money for IT cannot be assumed. Instead, funding should be based on projects/needs/fit with University mission and given after a review of existing resources/services that might meet the need. We believe this type of funding model will encourage DoIT and other IT organizations on campus to move overhead expenses to an efficient level while still meeting customer needs and University mission.

8. **Sunset plans:**

All projects should have sunset plans (i.e., when, how and for what reasons a particular system, product or service should end). The majority of any IT budget will be allocated to existing services and systems. If services are not eliminated when they no longer serve a purpose or when the conditions for which they exist change, there will very quickly be no funds for innovative ideas or meeting new needs. For new projects or services being proposed, an assumption of the prioritization system should be inclusion of such sunset plans.

9. 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, 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.

10. The funding model should encourage equity, seeking 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 mission, strategy and direction rather than just the money a given Customer brings to the table. For example, all students in need of qualitative research software should have access to the software on campus. Not just the departments who are rich enough to pay for the software for their classes. For on-going services, the funding model has a major role to play in creating such equity. For new projects, the project prioritization process and funding model must work hand-in-hand to create such equity.

