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Citation

Introduction

What if assessing your current information technology (IT) costs and spending practices were as easy as assessing your institution's network bandwidth reports? The process would be automated and recursive; it would have alerts set to identify anomalies and diagnostics to troubleshoot problematic issues; and the data would be accurate, accessible, and understandable. Though this sounds like a reasonable expectation for fiscal reports, IT cost data have proven to be elusive to track and record because of the distributed nature of IT spending and the increasingly complicated and interconnected nature of technology within an institution. Comparing IT costs between institutions to benchmark IT spending is arguably even more desirable and indisputably even more difficult.

Accurately and consistently measuring the cost of IT in higher education is an essential part of strategic IT management. This was true before the global economic downturn that began in late 2007, and it continues to be true today, especially with increased competition for diminished financial resources and focused awareness on long- and short-term financial commitments. IT funding issues have been on the Top-Ten IT Issues list (a yearly snapshot of the most pressing issues for IT leaders in higher education) since its inception in 2000, often occupying the top spot (Figure 1). IT funding issues are interwoven into most other IT issues and will arguably remain significant for IT leaders, even if not noted as a single call-out item. For example, a recent ECAR study of analytics in higher education showed that funding/investment is a key dimension of analytics maturity. The fact that funding issues have remained on the list each year is a unique characteristic of the issue and testimony to its persistent importance.

Figure 1. The Most Important IT Issues in Higher Education

IT leaders who say understanding the cost of IT is a priority …

… for central IT

74%

… for institutional leadership

61%

… for distributed IT

26%
Further support for the historic and future importance of IT costs was found in a recent ECAR survey of IT leaders about IT cost issues. Almost four of five ECAR survey respondents said knowing IT costs today is at least somewhat more important than it was three years ago (78%), and about the same percentage (80%) said knowing IT costs will be at least somewhat more important three years from now. Looking at these same data for individual institutions, we can tease out details about how (or if) the importance of cost data shifts from past to future. Figure 2 depicts the percentage of respondents who said that the growth in importance of knowledge of IT costs will be greater in the near future than it has been in the recent past. Not surprisingly, most institutions expect growth in the importance of IT costs data to be the same (i.e., as great) in the future as it has been in the past (57%), but roughly twice as many institutions believe that growth in importance of IT costs knowledge will accelerate (28%) rather than slow down or level off (15%). Public institutions reported higher levels of IT costs importance over the next three years than did private institutions (p = .032).

Figure 2. Growth in the Importance of Knowing IT Costs

ECAR has visited the issue of IT costs and financial management of information technology in the past, most notably with the publication of Information Technology Funding in Higher Education\(^1\) in 2004 and Responding to Recession: IT Funding and Cost Management in Higher Education\(^2\) in 2010. In both reports, thematic issues emerged relating to maintaining current (or meeting increased expectations for) services with similar or fewer resources available. Recent discussions with IT leaders about higher education IT costs revealed that the story is not much different today and will not likely change much tomorrow.

The current and historic context of IT funding requiring institutions “to do the same or more, with the same or less” intersects with a growing interest in the use of analytic applications to make data-informed decisions. In this widening context, ECAR embarked on a new IT financial and budget management research project to investigate current practices for measuring the cost of IT. Specifically, ECAR investigated IT cost measurement practices by reconsidering current information available in the EDUCAUSE Core Data Service (CDS) and by surveying IT leaders about their cost measurement experiences. These findings address some of the critical issues that have been discussed by the EDUCAUSE IT Issues panels around IT cost data collection and reporting practices. In what follows, ECAR outlines the types of IT costs that are typically measured, how they are measured, and how effective these measures are. Moreover, the research identifies the additional data CIOs need to complete the cost-of-IT story.
Findings

This ECAR study was designed to promote a better understanding of current practices in IT cost measurement. Funding has long been a concern of IT, and understanding costs remains a stated priority due to a clear set of benefits (expected or realized) from good cost tracking. Yet most institutions report wide and persistent gaps in what they measure and in the accuracy of the costs they do measure. We identified factors associated with better cost measurement—IT leaders who place a priority on cost data monitoring and comparisons, along with institutions that complete CDS, report greater efficacy of peer benchmarking. Beyond these findings, we speculate that the obstacles to better and more thorough measurement of IT costs include IT decentralization and the difficulty of accessing the proper data. The key findings for this project are grouped into four categories (below), including contextualizing the current IT cost measurement climate in higher education, telling a story about current IT cost measurement practices, identifying some of the key challenges to IT cost measurement, and pinpointing existing data needs to better understand IT costs.

Current Context for IT Cost Measurement

1. Institutions are more effective at stand-alone financial management and budget planning of IT costs than they are at activities such as strategic planning or IT governance.
2. Comparing costs of other sourcing options and using that information to inform IT decisions is the top use of IT cost data.
3. Measuring total cost is more common than measuring detailed cost breakouts.

Current Practices for IT Cost Measurement

4. Comparing budgeted costs with actual spending is the most common IT cost metric.
5. Gaps are apparent between the types of IT costs that can be measured and IT cost data that can be measured effectively.
6. Institutions that participate in the EDUCAUSE Core Data Service are more effective at benchmarking IT costs against those of peers.

Making IT Value Visible

Communicating the value of IT (what you get for the cost) as a strategic asset for higher education is an important and necessary exercise in the present connected age—where everything and everyone is interconnected.* Ubiquitous and frictionless connectivity is expected, while the technology behind the connectivity is neither seen (because “IT middleware” is designed to be transparent to users) nor understood (because devices, services, and software are designed to be used intuitively). Institutions can take these four steps to communicate the value of IT:

1. Develop a system to verify that you are doing the very best with those resources (e.g., metrics and benchmarks).
2. Build relationships that assure others that the IT organization is doing the very best possible with the available resources.
3. Create an institution-wide view of IT funding and expenditures, which may entail building relationships and partnering with decentralized IT sources and advocating for business processes that can accommodate both aggregated and disaggregated funding views.
4. Interweave IT funding components into broader, institutional initiatives to ensure the IT organization has adequate funding to deliver what is needed.**


7. Improving IT cost data collection and reporting practices, along with the quality of data collected, is widely necessary to support data-informed decision making by IT leaders.

Challenges to IT Cost Measurement

8. Some institutional processes and systems may impede rather than facilitate effective IT cost measurement.

More and Different Data Needs for IT Cost Measurement Practices

9. Most institutions have at least some unmet need for reporting IT cost measurement details.

Current Context for IT Cost Measurement

_Institutions are more effective at financial management and budget planning of IT costs than they are at activities such as strategic planning or IT governance._

To set a context for the status of budget planning and financial management relative to institutional priorities, ECAR asked survey respondents to share their institution's experiences with a variety of planning activities. When IT leaders were explicitly asked about the efficacy of current institutional practices, the two items most frequently cited as being done effectively or very effectively were financial management (69%) and budget planning (54%) (Figure 3). In both cases, the majority of institutions responded promisingly about their efficacy of practice; nevertheless, that leaves 31% and 46%, respectively, of institutions that could improve their practices in these areas. There is even more room for improvement in institutional practices that are indirectly related to cost tracking, with business process optimization, continuous improvement programs, and data-informed decision making showing the greatest need for effective practices.
The information discussed above and the data shown in Figure 3 serve as a proxy indicator of sorts for documenting the importance of financial and budget planning metrics when taken in the context of other broad institutional trends (such as strategic planning and IT governance). Funding considerations are interwoven into the fabric of nearly all institutional practices, and access to accurate and usable data for integrated institutional practices is important to IT leaders.

Comparing costs of other sourcing options and using that information to inform IT decisions is the top use of IT cost data.

Better understanding the ways in which IT leaders use IT cost data provides insight into the nature of IT cost data measurement practices. ECAR asked IT leaders about their purposes for comparing IT costs (for benchmarking, trending, and/or decision making) and about their methods of comparing IT costs (comparison group...
types—with whom or with what were these costs compared—and monitoring costs over time). Responses are depicted in Figure 4, with data-informed decisions cited the most frequently as a goal for IT cost comparisons, followed by benchmarking against others and trending over time.

Figure 4. Purposes and Methods for Comparing IT Cost Data

For data-informed decisions, the majority of institutions cited comparing costs of other sourcing options (81%) most frequently. For benchmarking, comparing costs to those of other institutions—peers (78%) or aspirants (34%)—and comparing funding sources—peers (55%) or aspirants (27%)—are the most common ways in which (and with whom) IT leaders compare cost data. Comparing against other industries or against an ideal figure were the least common peer benchmarking practices. For trending, the most important methods identified by IT leaders were monitoring general costs (76%) and monitoring specific costs (e.g., ERP, help desk, e-mail) (58%) over time. However, this last finding could be a function of an institution’s ability (or lack thereof) to identify and monitor specific IT costs rather than a statement about the importance of monitoring specific cost trends (more about this in the next section).
Measuring IT cost totals is more common than measuring detailed cost breakouts.

The most common current IT cost measurement practices involve data that are simplest to calculate or easiest to track. The top two cost measurements involve totals: total central IT actuals (92%) and total central IT budget (91%) (Figure 5). The practice of measuring the cost of something (e.g., staff or services) and the cost per something (e.g., FTE or mission) is less common.

Most commonly measured IT costs:
- Total central IT actuals
- Total central IT budget
- Cost of projects or initiatives

Least commonly measured IT costs:
- Costs of IT per mission (e.g., teaching, research)
- Percentage of IT budget dedicated to run, grow, or transform
- Time of staff tracked to specific service

Most plans for measuring IT costs:
- Percentage of IT budget dedicated to run, grow, or transform
- Quality of service
- Time of staff tracked to specific projects or initiatives

Figure 5. Extent to Which Various IT Costs Are Currently Measured
Current Practices for IT Cost Measurement

Comparing budgeted costs with actual spending is the most common IT cost metric, while more detailed IT cost assessments such as compartmentalizing or standardizing cost are less common.

Comparing budgeted IT costs (projected cost) with the amount of funding spent (actual spending) on IT during a fiscal year is the most common way in which institutions measure IT costs (Figure 6). According to ECAR survey respondents, 97% of all U.S.-based institutions and 78% of non-U.S.-based institutions use the budgeted versus actual cost measurement metric. As stated earlier, IT cost measurements that are most common are also those that are simplest to calculate or the easiest to track, and data that compare spending versus projected costs are typically readily available to IT leaders. A budgeted-to-spending ratio close to 1:1 indicates the efficacy of budget planning, but it is not necessarily indicative of true annual IT costs (i.e., surplus budgets can be spent at the end of the fiscal year to accommodate IT needs for the next year) or the efficacy of IT spending.

Cost measurement practices with the most room to improve:
- Comparing IT costs with peers’ costs
- Measuring staff productivity
- Comparing funding sources (e.g., operational appropriation, capital appropriation, student IT fees, etc.)
Compartmentalizing costs by looking at the *cost of something* (e.g., a particular project or activity) or standardizing costs by looking at the *cost per something* (e.g., FTE student, FTE staff, mission, etc.) can provide a more valuable picture of IT spending. Compartmentalization of costs is more common than standardization of costs, with 36% of all institutions measuring activity- or service-based costs and 52% measuring costs of specific projects or initiatives. Few institutions practice compartmentalization or standardization of costs, but they are still more common than computing the return on investment (ROI) or net present value (NPV), with 12% of institutions reporting these as cost measurement practices.

*Gaps are apparent between the types of IT cost data that can be measured and IT costs data that can be measured effectively.*

Most institutions have mechanisms in place to measure IT costs, but when IT leaders were asked how effectively they are able to put these measurements to use, substantial gaps appeared between what was being measured and how effectively measurements were being used (Figure 7). Among the most common uses of IT cost data are those that pertain to justifying overall IT spending (98%), justifying IT spending for a specific service (97%), and making a case for or against new IT activities (96%). For most institutions, the two least common uses of IT cost data are calibrating the cost of quality (i.e., how much it costs to deliver a certain quality-of-service level) (50%) and comparing IT costs with an industry “best in class” (48%). Looking at the IT costs not presently being measured—or not being measured well—provides a direction to focus improvements for IT cost measurement practices.
Figure 7. Current IT Cost Data Measurement Practices
Institutions that participate in the Core Data Service are more effective at benchmarking IT costs against those of peers.

The EDUCAUSE Core Data Service (CDS) collects funding and financial practices data for benchmarking and the tracking of longitudinal trends. In 2012, 758 institutions from the United States and abroad submitted financial data to CDS. These data include central IT funding practices, funding models (e.g., operating budget appropriation, capital budget appropriation, student fees, etc.), fiscal year compensation expenses, and expenditures on IT outside central IT. Historically, the emphasis has been on documenting central IT practices, but distributed IT practices are included in CDS and will be expanded as institutions develop increasingly effective methods to track these costs.

More than twice as many CDS participants (31%) as non-CDS participants (15%) can effectively compare IT costs with those of peers. When asked to rate how effectively they can compare their IT costs with peers’ costs on a 5-point scale ranging from “cannot do at all” to “can do this very effectively,” response means were significantly higher for ECAR IT cost survey respondents who have recently participated in CDS compared with survey respondents who have not recently participated in CDS (p = .011 for 2011 CDS participants). The new CDS Core Metrics Dashboard will make it even easier for CDS participants to compare their institution’s financial, staffing, and service data with those of peer groups in an interactive format. More information about the EDUCAUSE Core Data Service can be found at www.educause.edu/cds.

Improving IT cost data collection and reporting practices, along with the quality of data collected, is widely necessary to support data-informed decision making by IT leaders.

Focusing on improving measurement practices for the most useful IT cost data for benchmarking (Figure 8) and the most important ways in which IT cost data are used by IT leaders (Figure 9) can enable an institution to move beyond just measuring IT costs to measuring the most important IT costs effectively. The ultimate goal is to be able to measure and use IT cost data in a variety of ways that includes total cost of something, cost per something, cost of or per something as compared to others, and spending justifications. Improving the collection, storage, and use of cost metrics for all IT areas simultaneously is a daunting task, and focusing on the IT cost data use practices by priority quadrants (as depicted in Figure 8 and Figure 9) allows institutions to compare their current practices to others’ and provides information to help set priorities based on a higher education industry standard.
IT leaders can use Figure 8 to see if or how their current IT cost measurement practices reflect or differ from those at other higher education institutions. The figure is divided into four quadrants, with the upper right quadrant representing IT cost data benchmarks that are the most useful to IT leaders and are commonly being measured—these are the **priority IT cost measurement benchmarks** that should result in collecting the most important IT cost data well. The upper left quadrant is home to **second-priority benchmarks**—these are the IT cost data that are being measured but at present are only slightly or moderately useful. The IT cost benchmarking practices in the lower right quadrant are useful but not common when it comes to being measured by IT units—these are IT measurement practices for which practitioners need to **develop standards now** for benchmarking in greater detail. The lower left quadrant shows IT cost data use practices that are neither currently considered useful to IT leaders nor commonly measured—these are the IT cost items for which to **consider developing standards in the future**.

The quadrant lines represent the average percentage of institutions saying that IT cost data are very useful (67% for the vertical line emerging from the x-axis) and the average percentage reporting that their institution can measure the IT cost (47% for the horizontal line emerging from the y-axis). In looking at the upper quadrants, you can reconcile your institution’s cost measurement practices with typical IT cost measurement practices. If your institution is doing more than what is listed, you are ahead in your IT cost measurement activities compared to other higher education institutions. The lower quadrants of Figure 8 represent emerging benchmarking opportunities and can help you focus resources toward more effectively measuring these IT cost practices.

### IT Frameworks

In looking at IT frameworks, three in five ECAR survey respondents (60%) reported using one or more frameworks (Figure A depicts the percentage of institutions that reported using each IT framework). ITIL was the most common (39%), and balanced scorecard was the next most common (12%). No significant differences were found between those who use ITIL or balanced scorecard frameworks and those who don’t, in terms of efficacy of IT cost measurement practices. **Note:** *Institutions could select none, one, or more than one framework.*

**Figure A. Percentage of Respondents Reporting Use of Various IT Frameworks**
Figure 8. Usefulness by Current Measurement Practices of IT Cost Data

In looking beyond what types of IT cost data are being measured, and looking toward how important IT leaders find particular types of IT cost data, we get a better picture of the panoramic landscape of IT cost measurement and benchmarking practices. Figure 9 depicts the importance of IT cost data by current effective use practices. The quadrant lines represent the percentage of institutions saying that IT costs data is important or extremely important for the success of IT (64% for the vertical line emerging from the x-axis) and the percentage reporting that their institution can use...
IT cost data effectively or very effectively (32% for the horizontal line emerging from the y-axis). In looking at the upper quadrants, you can reconcile your institution’s practices with typically effective IT cost data use practices. If your institution is doing more than what is listed, you are ahead in your IT cost data use activities compared to other higher education institutions. The lower quadrants of Figure 9 represent emerging benchmarking opportunities and can help you focus resources toward more effectively using IT cost data.

**Figure 9. Importance by Current Effective Use of IT Cost Data**
Challenges to IT Cost Measurement

*Some institutional processes and systems impede rather than facilitate IT cost measurement.*

When asked about the extent to which four functions facilitate or impede IT cost measurement, at least as many institutions characterized each of the functions as an impediment as a facilitator (Figure 10). Among procurement processes, HR systems, chart of accounts, and staff time-tracking processes, only for chart of accounts were responses equal (at 30%) in the scale of “impediment” versus “facilitator.” For the other three functions, more institutions reported these systems and processes as impediments to cost measurement than as facilitators.

![Figure 10. Cost Measurement Systems and Processes—Impediments or Facilitators](chart)

We can learn a bit more about enterprise application systems in higher education by looking to CDS data. The 2012 CDS data tells us that financial application systems and human resource/payroll systems are aging, with the median amount of time in place being 11 years and 10 years, respectively. As these systems are updated or replaced, investigating the ways in which they can better facilitate IT cost measurement practices is an important exercise.

Resources are also lacking to accurately compute IT costs, both in terms of tools and mechanisms to extract, analyze, and report IT cost data, and allocated staff time/roles to measure and report IT costs. User-friendly application system interfaces and sufficient personnel with the responsibility for and authority to report these data are areas of deficiency for measuring IT costs.
Staff time, roles, and training are exclusively internal issues that can be managed by personnel hiring, time allocation, and training, and the tools and mechanisms to effectively report and extract IT cost data constitute a partnered internal (institution)/external (ERP vendor) issue. A handful of vendors dominates the financial enterprise application systems market (Figure 11), and the functionality of these systems is limited by the efficacy of institutional processes around cost, time, and other data important in configuring meaningful financial metrics. ERP reporting systems can only be as good as the institutional processes that were considered for their design, and being mindful of both current and future reporting needs when implementing a new ERP system can support its longevity for facilitating useful IT costs measurements.

38% of institutions have the tools and mechanisms needed for IT cost measurement and reporting.

26% of institutions have allocated staff time and/or roles.

Figure 11. Market Share of Vendors for Higher Education Financial Enterprise Systems
Only about one in five respondents (22%) to the ECAR IT costs survey agreed or strongly agreed that the cost data that are available are structured and formatted to facilitate easy comparisons. This sends a clear message that there is misalignment between institutional business processes for finances and enterprise application services for finances in higher education. The problem could be internal (institutional business process) or external (vendor enterprise apps), depending on the data, service, or reporting need. The data that IT leaders gather and/or have access to are also incomplete, with 67% agreeing or strongly agreeing that they need additional non-IT data from functional or business areas to complete their IT cost measurement picture. More, better, and easier access to usable data are what IT leaders say they need from their financial enterprise systems.

More and Different Data Needs for IT Cost Measurement Practices

The majority of institutions have at least some unmet need for reporting IT cost measurement details.

ECAR asked IT leaders about the level of detail they need to be able to benchmark or compare the cost of 12 specific IT services and functions, and at what level of detail they currently are able to report those costs:

- IT support services
- Information systems and applications
- Educational technology services
- Data center
- Research technology services
- Identity management
- Project management
- Web support services
- Information security
- Voice and data networks
- E-mail
- Administration of IT, CIO’s office, IT planning and budget, etc.

In analyzing responses of “no need,” “report at a high level only,” “report at a moderate level of detail,” and “report at a detailed level” to these questions by institution, we found that 58% of respondents have at least some unmet need when it comes to the level of IT cost data detail for one or more of the 12 IT services and functions asked about (Figure 12). The message to IT leaders here is that you have ample company if your institution has at least some unmet need for reporting IT costs at the level of detail you want.

22% of IT leaders say that central IT and distributed IT cost data, when available, are structured and formatted to facilitate easy comparisons.

67% of IT leaders say they need additional non-IT data from functional or business areas to complete their IT cost measurement picture.
Among institutions that have unmet needs concerning the level of detail of their IT cost data, Figure 13 shows the extent of those unmet reporting needs by IT cost item. In looking at the disaggregated data we can see where reporting needs exceed reporting abilities. A gap of two levels means that the ability to report the cost is substantially below reporting needs to benchmark or compare, and a one-level gap means that ability is moderately below reporting needs. A gap of zero means that reporting abilities meet or exceed reporting needs. There are no overwhelming one- or two-level gaps in IT data reporting across institutions. Nonetheless, the IT services and functions with the greatest IT reporting needs can inform IT leaders about what current measurement practices and needs exist across higher education institutions. These data can also inform CDS of the highest priorities for IT cost data “within industry” benchmarks at moderate and detailed levels.

Benchmarking Requires Better Data Collection

Fifty-eight percent of institutions reported having some unmet need for reporting IT cost detail, indicating a benchmarking void for comparing certain costs. The most common practice is to benchmark IT costs against those at peer institutions, and the least common is to benchmark against costs in other industries. Cross-industry benchmarks have limitations: Dissimilar values and objectives between industries result in an “apples to oranges” comparison, and there is a lack of detailed, peer-level data with which to compare costs. Comparisons with peers or aspirants can give the “apples to apples” perspective most IT leaders need to make the case for IT spending. As institutions lessen the gap for collecting IT cost metrics, reporting these metrics using freely available services like CDS will allow for peer and aspirant benchmarking. For more information about CDS, go to http://www.educause.edu/cds.

Figure 13. Need and Ability to Report IT Cost Detail

- Detail needed exceeds available detail by two levels
- Detail needed exceeds available detail by one level
- Available data are at least as detailed as needed
Conclusion and Recommendations

Understanding current practices is a necessary step toward improving systems and processes to collect and compare IT cost data. These findings can help IT leaders better understand how their practices track with those of other higher education institutions; help administrative leaders work with IT to optimize data and processes to support the measurement of IT costs; help enterprise and application systems vendors develop products that meet the needs for IT cost tracking and reporting; and inform services like the EDUCAUSE Core Data Service about more or better benchmarking metrics for peer comparisons.

Current Context for IT Cost Measurement

- **Measuring total cost is more common than measuring detailed cost breakouts**, which leaves room for growth in the areas of collecting more detailed IT cost data. Specifically, staffing (time of staff tracked to specific services, projects, or initiatives and the cost of specific staff roles), tracking costs per standardized unit (mission, student FTE, institutional staff FTE, service), and general operating expenses (percentage of budget dedicated to run, grow, or transform) are the areas most in need of detailed IT cost data. As analytic applications become more sophisticated, detailed data about various kinds of institutional practices will need to be collected and joined with other institutional data for comprehensive reporting.

- **Comparing and monitoring cost data are priorities for IT leaders**, and participating in the EDUCAUSE Core Data Service is an opportunity to track institutional IT cost data over time and benchmark that data against data from similar (peer or aspirant) institutions.

Current Practices for IT Cost Measurement

- **Comparing budgeted costs with actual costs is the most common way to measure IT costs**, but it is not necessarily the most useful method. Strategically diversifying the ways in which IT costs are measured can enhance the picture of IT cost data at your institution. Looking at project or initiative costs and activity- or service-based costing (compartmentalization) and/or cost per faculty/staff/student (standardization) can provide multiple measures for understanding current IT cost practices and future funding needs.

- **Gaps are apparent between the types of IT costs that can be measured and those that can be measured effectively**, so it is time to reflect upon current measurement practices and the accuracy and usefulness of that information. The only thing worse than no data is bad data, and improving the accuracy of the IT cost data being collected should be a priority.
Central IT cost data are more readily available than distributed IT cost data, so IT leaders should seek opportunities and develop methods to collect more data about decentralized IT costs. The EDUCAUSE Core Data Service is planning to ask more detailed questions about decentralized IT in 2014, and preparing for these questions now by seeking ways to gather and record distributed IT costs will position your institution for more comprehensive and accurate benchmarking opportunities with IT cost data.

The most important uses of IT cost data are making the case for (or against) a new initiative/investment/project, justifying spending, and tracking changes over time. Does your institution capture these IT cost metrics well? If not, does the IT unit have the means to improve the practices for effectively collecting these data?

The most useful information about IT cost measures consists of total cost of IT, measuring costs by quality of services, and cost of projects or initiatives. Assess (or reassess) how well your institution captures these IT cost metrics and how IT and supporting areas can improve the quality and usefulness of these data. Explore benchmarking services such as CDS and plan for ways to collect “missing” data from your institutional data repertoire.

Challenges to IT Cost Measurement

Some institutional processes and systems may impede rather than facilitate IT cost measurement. As opportunities arise to update, upgrade, or replace financial enterprise application systems, investigate ways in which these systems can better facilitate IT cost measurement practices. Assess institutional business processes with vendor services and commitments, to better align enterprise application services with current and anticipated user need. The ultimate goal is to create user-friendly financial enterprise system interfaces that are designed to collect IT cost data that IT organizations can use and to report that data in a way and at a level of detail that is meaningful for decision support.

IT cost measurements exist within the context of an institution’s overall business practices. Effective business practices are lacking at many institutions and could help explain situations where an institution is unable to measure (or accurately measure) IT costs. Contextualize your institution’s ability to effectively measure IT costs with your current institutional business practices, and use this information to make the case for improving these practices.

More and Different Data Needs for IT Cost Measurement Practices

The majority of institutions have at least some unmet need for reporting IT cost measurement details, and reconciling current IT cost measurement practices with measurement needs can help pinpoint areas in which to focus data collection efforts.
Methodology

ECAR sent an IT costs survey to a sample of EDUCAUSE primary representative members (N = 977; 15% response rate), yielding 147 survey responses (see Table A) and an 8% margin of error. The online survey contained both quantitative and qualitative items. Data collection occurred in October and November 2012.

Table A. Summary of Respondents, by Carnegie Classification and Control

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* 12 missing control designations

Acknowledgments

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Notes


3. The recent dip for “Funding IT” on the Top-Ten IT Issues: 2000–2013 list is likely a result of the methodological change in how IT issues are selected and placed on the list rather than a definitive indicator of decreased importance.


6. Higher education institutions typically turn to peer institutions for comparing IT costs rather than turning to other industries. This could be due to two main limitations of comparing against industry benchmarks: 1) dissimilar values and objectives between industries result in more of an “apples to oranges” comparison than the desired “apples to apples” comparison; 2) lack of detailed, peer-level data with which to compare.

7. Trend data can be particularly appealing in situations where there is a clear understanding of the data quality and data definitions. These are not always as transparent for benchmarking metrics.

8. Most IT financial data are collected in CDS Module 1 as last FY actual costs vs. current FY budgeted costs.


10. Results from the 2011 CDS data were used in this analysis because the 2012 CDS data have not yet had sufficient time to make an impact on cost-comparison activities.
