

Are You Ready to Discuss IT Outsourcing on Your Campus?

**The idea of outsourcing
campus IT services
rouses opinions —
and passions — best
handled by an
informed dialog**

By **Alan McCord**

Campus IT leaders will recognize the following scenario: You hear through the grapevine that “someone in a high place” has commented that a certain IT service — or perhaps all campus IT services — could be provided better through outsourcing. Usually the comment circulates without strategic context or accompanying data. It often seems that IT gets more comments about outsourcing than do the other varied services the campus continues to provide — but perhaps we’re overly sensitive.

When faced with hard questions about outsourcing, we sometimes ask ourselves, “Who knows something that we don’t know?” Despite the increased calls to outsource IT services, we don’t yet know much about the extent or success of higher education IT outsourcing. In fact, campus IT leaders don’t seem to talk much about outsourcing: less than one percent of respondents to the EDUCAUSE 2001 Current Issues Survey identified outsourcing as important to the institution’s success, having the potential for explosive strategic impact, consuming IT leaders’ time, or consuming significant institutional resources.¹

At the same time, estimates peg the U.S. IT outsourcing market at more than \$56 billion in 2000.² Furthermore, Gartner Group estimates that

over 20 percent of higher education institutions already outsource some or all of their telecommunications services, and between 10 percent and 20 percent of institutions outsource some or all of their distance learning, application maintenance, data center, and Internet management functions.³ In some cases, institutions even choose to outsource or “co-source” IT services among themselves.⁴

This paradox of internal silence against the backdrop of a growing outsourcing market deserves exploration. This article will consider questions being asked about outsourcing and why people ask them, review what we know about outsourcing today, hypothesize about why so little is written about outsourcing, and expose some of the “campus myths” that can hinder a constructive dialog. Then comes advice about how to discuss outsourcing and some ideas about what trends we should watch in shaping our future outsourcing posture. All of this appears in the context of our responsibilities as IT professionals — to deliver the best IT value and service to our institutions.

Why the Questions?

First, why do campus leaders increasingly ask — both directly and indirectly — about IT outsourcing?



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trast those services with today's world of advanced enterprise resource planning (ERP) systems, high-speed networks, online student services, and Web-based instructional systems. Think back to the number of IT users on our campuses only five years ago, and consider today that virtually all members of the campus community use IT services. Many of them rely on IT services to perform most, if not all, of their daily job responsibilities. Today's students rely heavily on IT services to register for classes, communicate with their faculty, and access instructional materials. What other campus service units have expanded their service offerings and customer base to the extent that IT has in recent years? With this rapid expansion comes a political problem: virtually everyone on campus knows that IT is expensive, and many believe that IT consumes more than its fair share of institutional resources.

In the midst of this rather chaotic environment stand the IT professionals who develop new systems and keep existing systems running. Many campus IT staff members remember an era when relatively few people used campus IT services, and those users could speak the language of IT professionals. These professionals spent their time inventing enterprise technologies such as e-mail systems, directory services, and administrative transaction systems. Many of the same staff members now install packaged software, tend systems, and maintain service level agreements. Couple this perceived loss of stature with the prospect of higher salaries in the private sector, and it should come as no surprise that higher education has trouble recruiting and retaining IT staff.

At the core of concerns over costs, services, and staffing lies the issue of institutional competitiveness. This very real concern is fueled by the popular press, which disseminates listings of the most-wired schools along with ratings of academic programs and campus life. But what lies behind the desire to have a competitive IT environment? Does having a stellar IT

Let's be candid: many campuses worry about the cost of their IT enterprise, the service levels delivered by their IT organizations, their ability to recruit and retain qualified IT professionals, and their perceived competitive position with respect to technology. These four leadership concerns — costs, services, staffing, and competitiveness — cause many institutions to conclude that they aren't qualified to address

these challenges simultaneously. One solution is to engage external IT providers who perhaps can.

The cost of delivering IT services on our campuses is rising rapidly due to the increasing demand for services, growing numbers of users, increased complexity of today's integrated systems, and rising expectations for superior customer service. Many campus leaders believe that overall costs will fall if IT services are outsourced. After all, if the private sector engages in outsourcing, then saving money must be the driving force.

Despite concerns that campus IT organizations cannot consistently "deliver the goods," the higher education IT service environment has evolved dramatically in recent years. Think back to the campus IT services provided only five years ago, and con-

Campus Leadership Concerns

- Costs
- Services
- Staffing
- Competitiveness

research infrastructure attract and retain faculty members? Does having a robust Web-based instructional environment improve the quality of undergraduate instruction? Does having a customizable Web portal for alumni increase philanthropy? Or is competitiveness more a matter of opportunity cost — the price of competing in today's higher education marketplace?

Lost in the concern over competitive advantage is a related concept: comparative advantage. Comparative advantage doesn't conclude that we are bad at doing a specific job, but perhaps we're simply better at doing other jobs. And if those other jobs represent core competencies, then it makes sense to place our scarce resources in those areas.

Having examined these four key leadership concerns, what then is the real reason behind the push toward IT outsourcing on our campuses? Technology is now central to virtually every campus function, from instruction to fundraising to athletics to the physical plant. To be sure, many campus functions are important, but IT cuts across the life of the institution in ways that other functions do not. So it is extremely important to a campus that its technology works — effectively, efficiently, and in a way that inspires confidence. At the same time, many institutions are maximizing investment in their core competencies of instruction and research. Campus leaders face the dilemma that while IT is essential to the success of the institution's mission, it is not generally an institutional core competency. IT therefore becomes a candidate for outsourcing.

Why So Little On Outsourcing?

While private sector outsourcing is comparatively well represented in the literature, relatively little has been written about IT outsourcing in higher education. The EDUCAUSE Information Resources Library lists only ten items on outsourcing, and the *Chronicle of Higher Education* has published

Reasons for Silence

- Negative publicity
- Outsourcing "code"
- Selling high

only nine articles since 1999 that make significant reference to higher education IT outsourcing. Published articles generally present anecdotal case studies, with most concluding that the results of outsourcing efforts are mixed.⁵ Why is so little written about IT outsourcing in higher education?

Let's start with the specter of bad publicity. Sometimes problems crop up during the administration of outsourcing contracts — financial disputes, failure to meet service levels, or campus political issues. More than half of private-sector outsourcing contracts require renegotiation, and in one quarter of these renegotiations the incumbent vendor loses the account.⁶ The press seems eager to find stories linked to problems with outsourcing contracts, and these stories often focus on those campus leaders responsible for sponsoring or negotiating the deal. As a result, problems with outsourcing contracts aren't likely to be shared outside the institution, and sometimes aren't openly discussed even inside the institution.

Another reason that IT outsourcing isn't discussed openly is that outsourcing possesses its own "code." Significant cultural, political, and labor relations images are associated with outsourcing. To many, outsourcing represents corporate hegemony, callous campus administrators, and unfair labor practices. Many IT leaders view outsourcing as code for ineffective IT leadership.

Paul Gianini, president of Valencia Community College, addressed the code issue in a recent editorial opinion posted in the *Chronicle of Higher Education*:

Yes, the results are mixed with outsourcing, just as they are with the use of internal information-

technology departments, because the strength of our plans, our ability to measure outcomes, and our capacity to develop contracts that express clearly the relationship that we want vary from one institution to another.⁷

IT leaders remain quiet about outsourcing for another reason: some outsourcing providers practice "selling high" to campus presidents and chief financial officers. This practice can often politicize the outsourcing dialog. Moreover, once an executive-level dialog has started, anyone on a lower level may find it difficult to deflect or control. The situation becomes more challenging if the dialog is catalyzed by discussions between executives and their incumbent external accounting and audit firms. Many of these firms have services to sell in the IT area. Because their representatives usually interact with senior financial staff and often with the president, IT leaders may find themselves bypassed in the early stages of discussion.

Outsourcing — Yes or No?

Outsourcing is one of many tools to improve IT services, but a decision to outsource must strike a balance between the potential advantages and some very real disadvantages they might arise. Outsourcing can support campus strategic objectives by improving organizational focus, accelerating process improvement benefits, accessing world-class capabilities, or freeing resources for more strategic initiatives. Negative outcomes, however, can also result from an outsourcing program, including loss of internal intellectual capital, loss of control over the IT planning agenda, and failure of the contract.

Areas of Concern

- Cost
- Service levels
- Human resources and cultural issues
- Political issues

The balancing act of outsourcing can be split into four areas: cost; service levels; human resources and cultural issues; and political issues. As in any management decision, political and human resources issues often override quantitative analysis, so it is important to consider each of these areas.

Outsourcing can help reduce or control costs by reducing the number of supported technology platforms, removing capital budget components, or replacing personnel costs with service charges. Explicitly linking new IT services to additional charges from an outsourcing provider can help campus leaders understand the linkage between institutional objectives and IT investments. Outsourcing might, on the other hand, result in cost increases due to vendor overhead, additional network bandwidth, required conversion to vendor-supported systems, or unexpected price increases resulting from poor baseline service level measures or utilization projections.

To negotiate realistic prices with outsourcing vendors, campus leaders must understand today's total cost of providing IT services — including staffing, hardware and software, telecommunications, space, utilities, supplies, administrative costs, overhead, end-user support, and training. In a distributed campus environment where IT is supported by many providers using complex subsidy arrangements, determining the real cost of IT services can be a formidable task.

Improving service levels is often a major tactical focus of outsourcing initiatives. Outsourcing has the potential to improve system reliability and availability, provide better customer service, institute formal planning and forecasting models, and provide specialized IT services. On the other hand, decreases in service levels can occur if user requirements are poorly defined, if service levels are based on current needs without considering future demands, and if the vendor defaults on service level commitments.

The human resources, cultural, and political issues surrounding outsourcing are often downplayed. While outsourcing can help improve service levels without adding IT staff, a campus might lose IT staff members who possess critical knowledge of campus business processes. One advantage of outsourcing is increased budget flexibility, allowing IT leaders to reallocate funding among services rather than among staff positions. As positions are eliminated, however, the ability to retrain and reassign staff members is lost.

Restaffing the campus IT organization once an outsourcing relationship ends is another major challenge. Staff morale can be affected by outsourcing some, but not all, IT services — staff members remaining at the institution may feel like second-class citizens, while staff now working for the outsourcing provider may feel conflicting loyalties or even resentment toward their former employer.

The decision to outsource IT services will have political advantages and disadvantages as well. Successfully implementing an outsourcing arrangement can focus investment on core competencies, improve service levels, and lead to a better understanding of campus IT costs. However, the campus may react negatively to changes in historic employment practices, establishment of new funding or chargeback policies, or unanticipated contractual disagreements. Campus leaders must also consider how they will regain control at the end of the outsourcing agreement, as well as how they will handle political fallout from a failed venture where either the provider or the campus defaults on the contract.

What Have We Learned So Far?

Many higher education institutions already outsource some campus services, including components of the IT service portfolio. Commonly outsourced campus services include bookstores, food services, transportation, health services, energy, policing, and

building maintenance. Some institutions outsource more sensitive areas such as benefits administration, financial aid processing, internal audit, legal services, student recruitment, remedial education, and even alumni operations.⁸

In the IT arena, most current outsourcing focuses on application systems, data center operations, maintenance and repair, networking and telephone services, Web services, and learning management systems. Most of these arrangements can be termed selective sourcing or micro-sourcing, as they don't represent a complete IT outsourcing solution⁹ and are often administered by existing campus IT organizations.

Factors of Success — or Failure

- Cost and "uplift"
- Negotiation and administration skills
- Culture and human resources issues
- Inventory of IT capabilities, costs, and needs

The literature identifies key factors that contribute to the success or failure of outsourcing ventures.¹⁰ Successful ventures seek to outsource specific functions unrelated to the core business and already efficiently administered (more on this seemingly counterintuitive statement later). Success results from carefully assessing current and desired capabilities, developing alternative approaches to delivering those capabilities, thoroughly searching the marketplace for qualified providers, and using experts to help select vendors and negotiate contacts. Successful ventures are characterized by tight and carefully crafted contracts that match the capabilities of the provider with the unique needs of the customer, and that focus on sharing both risks and benefits of the relationship.¹¹ They use good base

contracts that consider service level measures, contract renegotiation, and contract termination.¹²

On the other hand, unsuccessful outsourcing ventures are characterized by the dominance of short-term objectives. Unsuccessful ventures often focus heavily on financial terms rather than on service levels. The customer might not undertake the due diligence to identify prequalified vendors — a vendor experienced in yesterday's technologies may be woefully incapable of delivering high-quality services using new technologies.¹³ Finally, unsuccessful outsourcing relationships are characterized by loose contracts that don't consider service measures, financial penalties for non-performance, contract renegotiation, or contract termination. These poor contracts sometimes result from relying on staff members or legal counsel with little experience in either IT or outsourcing.

Let's jump straight to the issue of cost. Many institutions approach outsourcing as a way to save money. But simply put, an outsourcing provider is generally more expensive than a campus provider for the same type and level of service. Commercial firms have to make a profit for their shareholders, reflected in the "uplift" built into all outsourcing contracts. A close examination of outsourcing services and costs will show that vendors use different uplift factors for different services — one rate for hardware provisioning, another rate for help desk services, another rate for application development, another rate for administration — to reflect their staffing costs and the uncertainty associated with the service.

Uplift is a fact of life and should not surprise campus leaders. It has practical consequences, however: an external firm may be more capable and efficient than a campus provider at delivering a specific IT service, but if their uplift exceeds their capability advantage, the campus will either pay more or receive less service by outsourcing. Hence, campuses that nego-

tiate outsourcing costs without a complete understanding of their existing service levels and costs place themselves at a significant disadvantage.

Internal management of outsourcing contracts is crucial because these relationships often involve third-party vendor providers. The need to "pay for management more than once" by building a high-level campus safety net does not come cheaply — private sector examples show that between five and ten percent of the cost of the outsourcing contract should be reserved for internal administration expenses. Adding these administrative costs to the uplift factor further reduces the prospect of saving money by outsourcing.

In contract negotiation and administration, the literature clearly supports the need for skilled attorneys, contract negotiators, and contract administrators. If you question whether you need this talent, consider that outsourcing providers will certainly bring highly skilled attorneys, negotiators, and administrators to the table — people who negotiate and administer contacts every day. Companies who have successfully outsourced generally place talented senior staff in charge of the relationship, and companies who have had unsuccessful outsourcing ventures generally point to the lack of internal management capability as a key contributor to failure.

Cultural and human resources issues also play significant roles in the success of outsourcing ventures. Several higher education examples demonstrate how cultural clashes — between administrators, faculty members, students, labor unions, and the community — can contribute to the failure or underperformance of a seemingly logical outsourcing agreement. In some instances outsourcing help desk services resulted in users feeling disenfranchised. Successful customers retain a small but talented IT staff to maintain a thorough understanding of the evolving IT environment.

Finally, successful customers under-

stand their IT capabilities, costs, and needs very well before undertaking an outsourcing venture. Customers who have invested in making their internal IT units as efficient and effective as possible have a better chance of succeeding with outsourcing. This statement may seem counterintuitive to some decision-makers, who may look to outsourcing based on perceived poor performance or perceived high cost of the internal provider. But why would you negotiate about any area for which you do not understand your current costs? Outsourcing providers understand their costs very well because they need to make a profit. And why would you choose to outsource a service that you believed was inefficient? In this scenario, an outsourcing provider would have to work hard to *avoid* improving your current service levels — couldn't you improve your internal operations for less money?

Understanding the linked issues of IT capabilities, costs, and needs underscores the need for attentive and committed campus leadership. If your campus does not now understand its IT capabilities, costs, or needs, merely entering into an outsourcing contract will not improve that level of understanding — unless you build those services into the contract and pay for them. But more often, ongoing inattention to IT capabilities, costs, and needs may result in a repeat of past poor performance, but now with a potential for litigation.

In summary, institutions that wish to succeed in IT outsourcing should focus on their current IT capabilities and costs, desired IT services and service levels, and desired characteristics of potential provider partners. They need to carefully consider the service objectives, start-up needs, management requirements, and termination arrangements for the outsourcing relationship. Finally, they should be prepared to commit significant ongoing management talent to negotiate the contract, administer the contract, and maintain the institution-provider relationship.

What Campus Myths Get in the Way?

Another set of challenges faces campuses in preparing for an objective dialog about outsourcing — campus myths about IT, funding, and outsourcing. These are inward-looking tendencies that constrain the institution's thinking. In his classic *CAUSE/EFFECT* article, John Oberlin exposed a set of myths that constrain institutional thinking about IT financial issues.¹⁴ Let's examine a few campus myths that constrain the outsourcing dialog:

■ *Higher education processes differ considerably from those found in the private sector, and my institution is markedly different from all other institutions.*

In reality, all campuses share fairly common accounting rules, financial aid rules, sponsored research rules, and payroll rules. All campuses use TCP/IP networks, and most use LDAP directories. Most campuses use ERP systems based on relational database technology. And some campus services are very similar to those found in the private sector, including telephony, networking, e-mail and Web services, accounts payable, and so forth. Campus processes sometimes appear different due to long-standing campus practices and personalities, but the underlying IT infrastructure is fairly standard.

■ *Campuses need to remain self-sufficient.*

In days gone by, campuses often existed in relative isolation from urban areas and from qualified private-sector providers. But consider the many areas where campuses still retain self-sufficiency — transportation, housing, food services, energy services, policing, entertainment, health services, technology, building maintenance, even elevator repair. These services are widely available from the private sector. The assumption that the campus can retain both a cost and service advantage simultaneously in all of these areas is suspect.

■ *We can't outsource IT because it is strategic.*

In reality, not much is truly strategic technology on our campuses today. As José-Marie Griffiths, former chief information officer of the University of Michigan, recently pointed out,

Almost every institution now is networked. Nearly every institution has one port per pillow, or a network connection for each student living in a dormitory. These technologies are no longer differentiators. Every technology that doesn't differentiate your institution — that has become part of the infrastructure — could potentially be outsourced.¹⁵

■ *If we believe that a function is not performing well, we should outsource it.*

John Fry of the University of Pennsylvania remarked, "The approach is usually, 'This is really screwed up. Let's outsource it. Let's make it someone else's problem.' Nine times out of ten, that will fail."¹⁶ Why? Because outsourcing alone does not solve structural or management problems.

■ *Outsourcing IT will improve our competitiveness in distance education.*

The literature indicates a low success rate for effective distance learning programs. This should tell the campus that distance education competitiveness should focus more on academic leadership and markets, and less on technology.

■ *Campus IT costs are low because everyone pays on the margin.*

While it looks like everyone pays for services on the margin, ultimately someone must pay the bills. This myth implies that these campuses do not understand the real costs of their IT services.

■ *IT budgets must operate within traditional fiscal-year boundaries.*

An outsourcing contract will always span fiscal-year boundaries, in much the same way as do building construction and maintenance costs or sponsored research projects. An outsourcing provider will respond to a "fiscal funding out" contract clause

with higher prices to minimize the risk.

■ *We can save the most money by paring down the largest budget lines.*

This myth assumes that large budget lines must hide waste and inefficiency. Many campuses have highly distributed IT environments whose costs aren't easily aggregated. A common mistake is to assume that the few large identifiable IT units represent the sum of campus IT spending.

■ *We will identify the low-cost bidder, then negotiate to lower their price even further because they should be a good citizen and support higher education.*

This negotiation strategy, commonly used in higher education, might backfire. Vendor costs and risks don't decline because the customer is a higher education institution. Given this negotiating posture, qualified vendors may choose to withdraw from consideration, leaving less-qualified vendors who might not be able to deliver high-quality services.

How Should We Structure the Dialog?

Understanding the uses of outsourcing, its potential advantages and disadvantages, its accompanying "code," and the campus myths that impede rational decision-making, what now? How do we design a constructive dialog about outsourcing IT services on our campuses?

First, we should talk generally about the potential for outsourcing a wide range of campus services, as the underlying principles are the same. At the root of this dialog is the need to

Structuring the Dialog

- Generalize the discussion
- Learn to discuss infrastructure
- Discuss at multiple levels
- Make internal improvements
- Focus on human resources issues

re-examine the long-held concept of the “campus city-state” and its relationships with the surrounding community. Entering into a general dialog about the institution’s posture toward outsourcing broadens the focus of the dialog to include services other than IT.

Second, we should realize that when we talk about IT outsourcing, we are generally talking about infrastructure. Infrastructure is invisible and often not exciting — it succeeds best when users don’t complain about network response time or system availability. We need to discuss IT infrastructure in ways that clarify the service and financial concepts without expecting others to have a deep understanding of the underlying technology.¹⁷

Third, the outsourcing question should be debated within the broad context of overall campus academic and administrative objectives. The dialog should cascade throughout the institution, from the executive offices to the technologists’ cubicles. This will take time and must be done with great sensitivity to campus needs and fears. Campus leaders charged with facilitating the outsourcing dialog should receive adequate political cover. In particular, IT leaders charged with facilitating the dialog should not be viewed as abrogating their responsibilities, but rather as responsibly seeking better ways to serve the institution.

Fourth, campus IT organizations must become as efficient and effective as possible. There are several reasons for doing this, the most compelling one being that it is simply the right thing to do! IT organizations — and their customers — need to ask themselves hard questions about their current service levels, current costs, future service needs, the ability to adopt best practices, and meaningful measures. Campuses should consider evolving their IT organizations to what Gartner calls “internal external service providers” (IESPs)¹⁸ — internal organizations that have adopted the best practices of leading external service providers, with the financial and management skills to match. By

improving the efficiency and effectiveness of campus IT organizations, campuses can make outsourcing decisions from a position of strength.

While pursuing these goals, we should pay attention to the professional development and status needs of campus IT professionals. Staff members will benefit from learning the new skills needed to be a member of an IESP organization, while at the same time identifying those tasks that can best be outsourced. IT administrators need to develop new skills as well, focusing as much effort on contract administration and relationship management as has historically gone into managing campus IT staff. Campuses should consider extending the responsibilities of the CIO or CTO to include those of a Chief Resource Officer (CRO), who has overall responsibility for building the portfolio of internal and external service providers, services, and investments.

What Trends Should We Track?

The IT outsourcing industry is moving from the wholesale outsourcing common in the early 1990s to a micro-sourcing marketplace with many service offerings. Application service providers (ASPs) have emerged to offer Internet-based integrated environments for IT infrastructure services, ERP systems, e-mail and directory services, and other services. Many campuses outsourced facilities management in the 1970s and 1980s, with the new twist of ASPs able to provision services remotely using high-speed private networks.¹⁹

Many ASPs have folded in the recent dot-com shakeout, and analysts expect that larger players may now move into this market space. The recent Collegis/Eduprise merger underscores the need for providers to “size up.” ASP service offerings will likely focus on larger customers with vanilla applications, so campuses need to make decisions about which campus flavors of infrastructure services they choose to provide.

Specific service areas to monitor in

the outsourcing marketplace include operations management, network management, e-mail and directory services, Web portals, Web-based learning services, co-location and hosting services, storage management services, and security services. There is also some movement toward outsourcing campus business processes such as purchasing, accounting, benefits administration, and even financial operations.²⁰ Business process outsourcing will be driven in large part by standardization of software platforms and the evolution of advanced networking.

What about exploring the market for future services by looking at our customers most comfortable with using IT services — our students? Even if student behavior conflicts with traditional views of how IT services are provided and used, students can provide valuable insight into how future IT services and markets may unfold.

Increasingly, our students live in a miniaturized wireless world where the digital cellular phone and personal digital assistant (PDA) reign supreme. While we worry about constructing large-scale Ethernet wireless infrastructures, students are using commercial wireless and pager services. Students change service providers frequently and don’t want to be “forced” to use any particular technology service that impinges on their ability to use the technology as they wish. Students also believe that their basic productivity services are free and rarely use for-fee services even if free services are less reliable or robust.

Students seem to care most about access to course materials, access to academic records, and access to student services. But students tend to change their interfaces and services depending on what their friends currently use, so attempting to lock students in to a perceived monolithic environment — even a highly functional one — probably won’t succeed. Institutions want to standardize, while students want to personalize, even if their personalization is based

on the evolving technology consumer market.

Moving Ahead

The bottom-line message about outsourcing IT services is that campuses should develop more private-sector-like thinking and skills in order to partner with — and compete with — external service providers. With these new efficiencies in place, institutions can explore outsourcing opportunities that will yield internal benefits while providing realistic profit margins to private-sector partners. If such exploration results in a decision not to outsource, institutions still leave the dialog in a stronger position than when they began.

Recommended Agenda

- Understand campus driving factors
- Establish rational decision points
- Understand costs and benefits
- Identify qualified vendors
- Prepare comprehensive RFP
- Carefully negotiate the contract
- Assign senior talent to administer the contract

If a campus decides to move forward with outsourcing, the next steps include a further analysis of services to be provided, development of a detailed request for proposal (RFP), and thorough evaluation of qualified vendors and their proposals. Outsourcing contracts should be carefully negotiated with the help of experienced attorneys and IT leaders, and should include clear definitions of service levels, costs, measures, and dispute resolution procedures.

Managing an outsourcing contract requires a closer and different kind of scrutiny than that needed to manage an internal organization. Campus leaders need to develop a comprehensive transition plan that includes contingencies for possible problem areas.

A management team, including a senior campus contract administrator, should administer the outsourcing contract, monitor costs, track service levels, and project future needs.

Regularly scheduled service level and contract reviews should be conducted to ensure the appropriate level of management oversight. Constant monitoring of the outsourcing agreement should include evaluations solicited from the campus community, and periodic reports on outsourcing performance should be issued to the campus. Anticipated changes based on user demand, market forces, and new technologies should be documented so that the contract can be amended as needed.

IT is key to the success of our campuses, but it's not necessarily a campus core competency. Our campuses deserve a thoughtful and objective dialog about outsourcing in general, and about IT outsourcing in particular. Campus academic and IT leaders can view IT outsourcing as either an opportunity or a threat, but they should be prepared to use outsourcing as one of many techniques to provide the highest quality IT services to the campus. With the knowledge we have at hand, with the skill and commitment of our IT leaders and private sector partners, and with the adoption of private-sector skills by our campus IT units, this dialog can yield significant long-term benefits to our institutions. *e*

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