University of Central Florida

*IT Shared Services Assessment*

ITRCC – March 20, 2015

Experience the Power of Being Understood.
Agenda

Agenda:

• Introductions
• Questions to the Audience
• About our Engagement
• Key Findings and Impact
• Industry Practices & Lessons Learned
• Vision for IT at UCF
• Recommended Path Forward
Introductions

McGladrey has been a trusted advisor to UCF, engaged to assist the University with reviewing administrative functions and their organizational structures, operations, and processes.

About McGladrey
McGladrey is a leading provider of tax, audit and consulting services, backed by a strong network of national and global professionals.

About Our Team

**Jeff Britton**
- 13 years in IT and Advisory
- Key Experience in IT Service Management, IT Strategy and Operations

**Craig Finley**
- Over 20 years total experience in education
- Specific areas of focus include governance, technology and change management
McGladrey Assistance to the University

McGladrey has been a trusted advisor to UCF, engaged to assist the University with reviewing *administrative functions* and their organizational structures, operations, and processes.

**UCF Improvement Goals**

1. Increase effectiveness
2. Enhance service levels
3. Optimize administrative resources and service delivery

*... While effectively supporting the academic mission.*
If we surveyed a mix of 100 people at UCF with the following questions...

Whom do you contact for technology support and how is that contact made?

What criteria are used to determine what technology projects are executed at UCF?

How much does UCF spend on technology and resources every year?

Would everyone answer the same way?
About our Engagement with UCF

McGladrey was engaged in October, 2014 to perform an evaluation around the state of adoption of IT Shared Services across the University – and provide a path forward for enhancing that adoption.

- Understand your environment
  - 50+ interviews with key stakeholders at UCF
  - Site visits
  - Operational testing
  - Vendor engagements

- Analyze findings and results
  - Calculate total spend on IT at UCF
  - Compare findings against leading practices and benchmarks
  - Deep-dive review into similar industry models and projects

- Develop a recommended path forward
  - Leverage lessons learned from similar efforts at large Universities
  - Maintain respect for individual needs
  - Provide a path forward that can help achieve long-term goals for IT at UCF
Engaged Stakeholders

The success of any project is built upon the foundation of getting the support and input from key stakeholders early and often.

Our thanks to the many members of the UCF community who provided their insights and suggestions throughout this assessment.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Campuses</td>
<td>J. Jeffrey Jones</td>
</tr>
<tr>
<td></td>
<td>Aaron Misiano</td>
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<td></td>
<td>Jason Mayer</td>
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<td></td>
<td>Kimberly Hardy</td>
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<td></td>
<td>Calston Llewellyn</td>
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<tr>
<td>Burnett Honors College</td>
<td>Marty Dupris</td>
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<tr>
<td>College of Medicine</td>
<td>Jerry Aubert</td>
</tr>
<tr>
<td>College of Sciences</td>
<td>Michael Jones</td>
</tr>
<tr>
<td>College of Engineering</td>
<td>Charles Reilly</td>
</tr>
<tr>
<td>English Faculty</td>
<td>Mark Kamrath</td>
</tr>
<tr>
<td>Philosophy Chairperson</td>
<td>Bruce Janz</td>
</tr>
<tr>
<td>College of Arts and Humanities</td>
<td>Rudy McDaniel</td>
</tr>
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<td></td>
<td>John Lazar</td>
</tr>
<tr>
<td>College of Education</td>
<td>Allison Jefferson</td>
</tr>
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<td></td>
<td>Larry Jaffee</td>
</tr>
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<td></td>
<td>Kelly Hogan</td>
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<td>Christopher Tellez</td>
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<thead>
<tr>
<th>Organization</th>
<th>Faculty</th>
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<tbody>
<tr>
<td>College of Health and Public Affairs</td>
<td>Ross Wolf</td>
</tr>
<tr>
<td>College of Business Administration</td>
<td>Paul Jarley</td>
</tr>
<tr>
<td>College of Graduate Studies</td>
<td>Jana Jasinski</td>
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<tr>
<td>Student Development &amp; Enrollment Services</td>
<td>Maribeth Ehasz</td>
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<td></td>
<td>David Pavlonis</td>
</tr>
<tr>
<td>University Libraries</td>
<td>Barry Baker</td>
</tr>
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<td>Center for Distributed Learning</td>
<td>Tom Cavanagh</td>
</tr>
<tr>
<td>Office of Instructional Resources</td>
<td>Don Merritt</td>
</tr>
<tr>
<td>Facilities, Public Safety, and Parking &amp; Transportation</td>
<td>Andrew O’Mara</td>
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<tr>
<th>Organization</th>
<th>Faculty</th>
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<tbody>
<tr>
<td>Computer Services &amp; Telecommunications</td>
<td>Robert Yanckello</td>
</tr>
<tr>
<td></td>
<td>Aaron Streimish</td>
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<tr>
<td></td>
<td>Joe Alcala</td>
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<td></td>
<td>Andy Hulsley</td>
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<tr>
<td></td>
<td>Elizabeth Hale</td>
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<td></td>
<td>Jim Ennis</td>
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<td></td>
<td>Chris Vakhordjian</td>
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<tr>
<td></td>
<td>Vicki Vitale</td>
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<td></td>
<td>John-Paul Estes</td>
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<td></td>
<td>Tim Larson</td>
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<td></td>
<td>Bob Mello</td>
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<td></td>
<td>Mike Scruggs</td>
</tr>
<tr>
<td></td>
<td>Ruben Lopez</td>
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<td></td>
<td>Casey Hill</td>
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Shared Services for IT is an industry-accepted practice that marries the benefits of Centralized and Decentralized IT delivery; however, this “hybrid” model must be carefully managed to avoid adverse impact to the organization.

Universities are more commonly using a Hybrid delivery model approach for IT, but must recognize that a defined balance between models must be established to achieve the desired results.

### Decentralized
**Challenges**
- Disparate processes
- Multiple standards
- Duplication of effort
- Varying levels of control
- Higher costs and increased difficulty managing costs
- Not scalable

**Benefits**
- Responsive to business needs
- Business and operations control decisions
- Customized solutions to meet specific needs

### Shared Services
**Benefits**
- Customer focused
- Accountability driven
- Flexible delivery
- Improved transparency

### Centralized
**Challenges**
- Remote from business
- Less flexibility
- Less visibility into efforts
- Viewed as central overhead
- Prevalence of shadow operations

**Benefits**
- Common systems and support
- Consistent standards and control
- Improved control over costs and spend
- Economies of scale
Current State Observations

- IT is primarily delivered and managed through a decentralized (localized) model, where colleges and departments are individually responsible for hiring IT staff and pursuing priorities.
- Smaller presence of a centralized IT function (accounting for only 29% of total IT staff).
- Limited University wide policy or standards that establish a common understanding on “who is doing what” in the realm of IT (default to local responsibility).
- CS&T Shared Services was launched to achieve improved cost and performance efficiencies through economies of scale.
- Limited success in gaining adoption of Shared Services, which has prevented the University from realizing those efficiencies.

[Division of IT Staff at UCF diagram]

- 71% CS&T IT Staff
- 29% Non-CS&T IT Staff
UCF IT Staffing—By the Numbers

Current State By the Numbers:
- **Fully Functioning IT Departments:** 5 (Medicine, College of Sciences, CS&T, Office of Research and Communications, SDES)
- **Service Catalogs:** 2 (CS&T, College of Science and Engineering)
- **CS&T Total IT Personnel Spend:** 34.8% ($14.4 Million of $41.4 Million)
- Director level heads of IT: 27
- Employees:
  - IT Service Desk, App Support, and End User Support – CS&T: 35 Others: 230
  - Data Network – CS&T: 26 Others: 7
  - Data Center – CS&T: 24 Others: 22
**UCF Shared Services Adoption Status**

UCF is challenged in realizing the benefits of IT Shared Services, due to the lack of overall adoption.

<table>
<thead>
<tr>
<th>Human Resources</th>
<th>Interdisciplinary Studies</th>
<th>Instructional Resources</th>
<th>College of Arts &amp; Humanities</th>
<th>College of Health &amp; Public Affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance &amp; Accounting</td>
<td>International Services Center</td>
<td>Administration &amp; Finance</td>
<td>Burnett Honors College</td>
<td>College of Medicine</td>
</tr>
<tr>
<td>ITR</td>
<td>UCF Library</td>
<td>Business Services</td>
<td>College of Business Administration</td>
<td>College of Nursing</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>Student Development &amp; Enrollment Services</td>
<td>Presidents Office</td>
<td>College of Education &amp; Human Performance</td>
<td>College of Optics and Photonics</td>
</tr>
<tr>
<td>International Services Center</td>
<td>Regional Campuses</td>
<td>Education</td>
<td>College of Engineering &amp; Computer Science</td>
<td>Rosen College of Hospitality Management</td>
</tr>
<tr>
<td>Academic Faculty &amp; International Affairs</td>
<td>CREOL</td>
<td>International Services Center</td>
<td>College of Graduate Studies</td>
<td>College of Sciences</td>
</tr>
<tr>
<td>International Studies</td>
<td>UCF Marketing &amp; Communication</td>
<td>Research &amp; Commercialization</td>
<td>Burnett School of Biomedical</td>
<td>UCF Foundation</td>
</tr>
<tr>
<td>Multilingual/ Multicultural</td>
<td>Nano-sciences</td>
<td>University Police</td>
<td>Others</td>
<td>Others</td>
</tr>
</tbody>
</table>

**Adopted Shared Services**

**In Transition**

**No Adoption**
The Cost of Technology at UCF

**FY 14 Total IT Spend**
- **$84 M**

**IT Spend**
- **$41 M** People
- **$18 M** Hardware
- **$15 M** Software
- **$8 M** Tech-Fee Spend
- **$2 M** CS&T Spend

**Key Points:**
- Benchmarks should not be used to make any final conclusions, but point you in a direction to investigate further.
- Decentralized IT models are typically more expensive than alternatives, and present challenges to manage costs and risk.
- The difference between Gartner benchmarks and UCF actuals for IT Spend as a Percent of Budget is $13.5M.
- Total UCF IT spend can only be managed if it is actively visible.

**IT Spend as a % of Budget**
- **Gartner**
  - $13.5 M
  - 5.6%
- **UCF**
  - $13.5 M
  - 4.7%
Potential Opportunities for Savings

### Optimizing IT Projects & Spend

Many of the colleges and departments with the highest percentage of Cap-Ex IT spend are currently not using Shared Services.

#### IT Spend: Op-Ex vs. Cap-Ex

| Graph showing the percentage distribution of IT spend between Cap-Ex and Op-Ex for Gartner and UCF. |

<table>
<thead>
<tr>
<th>College/Department</th>
<th>% Cap-Ex Spend</th>
<th>Shared Services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rosen Hospitality</td>
<td>79%</td>
<td>Not Adopted</td>
</tr>
<tr>
<td>Burnett Honors Colleges</td>
<td>76%</td>
<td>Not Adopted</td>
</tr>
<tr>
<td>Office of Research and Commercialization</td>
<td>76%</td>
<td>Not Adopted</td>
</tr>
<tr>
<td>College of Arts and Humanities</td>
<td>68%</td>
<td>In Transition</td>
</tr>
<tr>
<td>College of Sciences</td>
<td>67%</td>
<td>In Transition</td>
</tr>
<tr>
<td>College of Engineering and Computer Science</td>
<td>67%</td>
<td>Not Adopted</td>
</tr>
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</table>

### Optimizing IT Roles and Alignment

<table>
<thead>
<tr>
<th>Function/Job Type</th>
<th>FTE Count</th>
<th>Total Ann. Cost (incl. Ben.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application System Analysis</td>
<td>53</td>
<td>$5.3 M</td>
</tr>
<tr>
<td>IT Managers</td>
<td>38</td>
<td>$4.0 M</td>
</tr>
<tr>
<td>Systems Administrators</td>
<td>36</td>
<td>$3.4 M</td>
</tr>
<tr>
<td>Web Design/Development</td>
<td>36</td>
<td>$2.8 M</td>
</tr>
<tr>
<td>Database Ops &amp; Management</td>
<td>19</td>
<td>$1.9 M</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>182</strong></td>
<td><strong>$17.4 M</strong></td>
</tr>
</tbody>
</table>

### Optimizing Hardware & Software Spend

- **Gartner**: $5.8 M
  - **Software**: 13%
  - **Hardware**: 18%
- **UCF**: $5.8 M
  - **Software**: 17%
  - **Hardware**: 21%
Core Issue #1: Lack of Consistency in IT

UCF does not define or enforce a consistent standard for how IT is managed and delivered

Observed Impacts:

- Lack of consistency across practices, tools, and levels of service, and job titles
- Duplication and redundancy in responsibilities, efforts and staff
- High potential for excess spending, with decreased ability to manage IT costs
- Additional exposure to security risks and vulnerabilities
- Technology projects are not evaluated against a common set of criteria that allows prioritization to University needs
Core Issue #2: IT Shared Services Will Not Scale

The IT Shared Services organization is currently not capable of providing IT services University-wide.

- Some adopters of Shared Services have offloaded work, however IT staffing models remained static
- The costs of Shared Services are comparable to those of external providers
- Current customers are pleased with Shared Services offerings

**IT Shared Services Assessment Results**

<table>
<thead>
<tr>
<th>Services</th>
<th>Cost</th>
<th>Organization</th>
<th>Operations</th>
<th>Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 out of 5</td>
<td>3 out of 5</td>
<td>2 out of 5</td>
<td>2 out of 5</td>
<td>2 out of 5</td>
</tr>
<tr>
<td>Adequate</td>
<td>Adequate</td>
<td>Unsustainable</td>
<td>Unsustainable</td>
<td>Unsustainable</td>
</tr>
</tbody>
</table>

**Key Concerns:**
- **Services:**
  - Quality of service
  - Service flexibility
- **Cost:**
  - Subsidized to maintain
  - Priced for adoption
- **Organization:**
  - Staffing
  - Organizational model
  - Skills with key tools
- **Operations:**
  - Internal tools
  - Undefined processes
- **Alignment:**
  - Governance

**Maturity Assessment Scale**

1. Deficient
2. Unsustainable
3. Adequate
4. Managed
5. Optimized
Industry Practices & Lessons Learned

Key Points:

- Other large Universities have successfully leveraged a hybrid delivery model for IT services (using a combination of Centralized, Decentralized and Shared Service structures)
- Most notable failures in similar University efforts have stemmed from a lack of including key stakeholders in the decision-making process

<table>
<thead>
<tr>
<th>University</th>
<th>Enrollment</th>
<th>Primary Delivery Model</th>
<th>Shared Services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona State University</td>
<td>76,771</td>
<td>Centralized</td>
<td>No</td>
</tr>
<tr>
<td>University of Central Florida</td>
<td>60,821</td>
<td>Decentralized</td>
<td>Yes</td>
</tr>
<tr>
<td>Ohio State University</td>
<td>57,446</td>
<td>Hybrid</td>
<td>Yes</td>
</tr>
<tr>
<td>Florida International University</td>
<td>52,980</td>
<td>Hybrid</td>
<td>No</td>
</tr>
<tr>
<td>Texas A&amp;M University</td>
<td>52,449</td>
<td>Hybrid</td>
<td>Yes</td>
</tr>
<tr>
<td>University of Texas at Austin</td>
<td>51,145</td>
<td>Decentralized</td>
<td>Attempted</td>
</tr>
<tr>
<td>Michigan State University</td>
<td>49,300</td>
<td>Hybrid</td>
<td>Yes</td>
</tr>
<tr>
<td>University of Florida</td>
<td>49,042</td>
<td>Hybrid</td>
<td>Yes</td>
</tr>
<tr>
<td>University of Minnesota</td>
<td>48,308</td>
<td>Shared Services</td>
<td>In Transition</td>
</tr>
<tr>
<td>Indiana University</td>
<td>46,817</td>
<td>Hybrid</td>
<td>No</td>
</tr>
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</table>

Key Lesson Learned:

Keep Stakeholders Engaged

Each of these Universities have experienced significant challenges transitioning to or adopting IT Shared Services because they did not engage key stakeholders in the decision-making and transition process.

A “Hybrid” delivery model is defined as using a combination of Centralized, Decentralized and sometimes Shared Services models to deliver IT services.
Developing a Priority-Aligned Vision

**Capability**
Continue to deliver the tools and technologies that enable success throughout the UCF community.

**Efficiency**
Deliver commodity IT services in a cost efficient manner, without sacrificing individual needs.

**Security**
Deliver a secure computing environment for students, faculty and staff.

**How – Our Guiding Principles**
- **Governance & Collaboration**: Work with the UCF community to develop comprehensive decisions around IT, and provide greater visibility into projects and operations going forward.
- **Quality**: Improve the quality and flexibility of services to better accommodate needs.
- **Standardization**: Create an environment that reduces redundancy, and provides a better ability for management.
- **Communication & Transparency**: Keep the University community engaged and aware of efforts and initiatives.
Proposed 3-Year Strategy & Key Initiatives

**Phase 1 Build the Foundation**
- Build UCF Strategic Governance Committee
- Define UCF IT Policies
- Stand-up University IT Project Management forum
- Enhance IT Service Desk & support services
- Re-organize CS&T

**Phase 2 Plan & Prepare**
- Develop and finalize IT staff resource plan
- Create inventory of hardware, software and applications
- Finalize IT costing and funding model
- Develop transition plan and timeline

**Phase 3 Execute Transition**
- Transition IT staff resources and funds
- Implement IT costing and funding model
- Establish IT Shared Services Governance Committee
- Migrate systems/services (as dictated by Phase 1 outcomes)

**Phase 4 Optimize**
- Standardize IT roles and job descriptions
- Optimize and align staff resources
- Cost and capacity reduction review

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Project & Change Management
IT Strategic Governance

Immediate Core Goals:
- Collaboratively define institutional standards for IT
- Define staffing plan and costing model for IT services
- Stand-up Project Management forum

IT Strategic Governance Committee
Proposed 12 Member Board:
- UCF CIO
- Academic Arts/Health/Hospitality
- Academic Business/Ed/Graduate/Honors
- Academic Medicine/Nursing
- Academic Eng/Optics/Sciences
- SDES
- Office of Research & Commercialization
- CFO/AVP of Finance
- Regional Campuses Dean Rep #1
- Faculty Senate Rep #1
- HR Rep
- Finance Rep
- Others based upon need

Sample Criteria:
- • Standardized, but flexible
  • Managed through governance
  • Cost-managed consumption

Sample Criteria:
- • Unique needs
  • Preferred localized attention
  • Individually managed and maintained

Sample Criteria:
- • Heavily standardized
  • Centrally visible and managed
  • Minimized cost
Getting Started & Immediate Next Steps

UCF Executive Leadership has committed to providing the support and resources to execute on the proposed plan.

Gain Executive buy-in and commitment

Presentation to key stakeholders to build support

Begin Phase 1 execution

Stand-up governance committees

Collaboratively build UCF Project Management process

Operational improvements to IT Service Desk

UCF Executive Leadership

CS&T

Commits to improving and aligning their services to better meet customer needs.

University Community

Commits to playing an active role in shaping how IT is delivered at UCF, and commits to adoption.