University of Central Florida

IT Shared Services Assessment

Experience the Power of Being Understood.
Agenda:

- Introductions
- Question to the Audience
- About our Engagement
- Key Findings and Impact
- Industry Practices & Lessons Learned
- Vision for IT at UCF
- Recommended Path Forward
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.
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
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
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](chart.png)
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

<table>
<thead>
<tr>
<th>Top 10 (of 96) UCF IT Position Titles by Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position Title</td>
</tr>
<tr>
<td>Appl Syst Analy Programmer</td>
</tr>
<tr>
<td>Systems Administrator</td>
</tr>
<tr>
<td>Senior Computer Specialist</td>
</tr>
<tr>
<td>Computer Specialist</td>
</tr>
<tr>
<td>Systems Administrator Senior</td>
</tr>
<tr>
<td>Department IT Manager</td>
</tr>
<tr>
<td>Appl Syst Analy Program Lea</td>
</tr>
<tr>
<td>College IT Manager</td>
</tr>
<tr>
<td>End User Computing Specialist</td>
</tr>
<tr>
<td>Web Designer</td>
</tr>
</tbody>
</table>
UCF is challenged in realizing the benefits of IT Shared Services, due to the lack of overall adoption.

<table>
<thead>
<tr>
<th>Adopted Shared Services</th>
<th>In Transition</th>
<th>No Adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>Interdisciplinary Studies</td>
<td>Instructional Resources</td>
</tr>
<tr>
<td>Finance &amp; Accounting</td>
<td>International Services Center</td>
<td>Administration &amp; Finance</td>
</tr>
<tr>
<td>ITR</td>
<td>UCF Library</td>
<td>Business Services</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>Student Development &amp; Enrollment Services</td>
<td>Presidents Office</td>
</tr>
<tr>
<td>International Services Center</td>
<td>Regional Campuses</td>
<td>Education</td>
</tr>
<tr>
<td>Academic Faculty &amp; International Affairs</td>
<td>CREOL</td>
<td>International Services Center</td>
</tr>
<tr>
<td>International Studies</td>
<td>UCF Marketing &amp; Communication</td>
<td>Research &amp; Commercialization</td>
</tr>
<tr>
<td>Multilingual/ Multicultural</td>
<td>Nano-sciences</td>
<td>University Police</td>
</tr>
</tbody>
</table>

Others

DRAFT - FOR DISCUSSION PURPOSES ONLY
The Cost of Technology at UCF

**FY 14 Total 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

<table>
<thead>
<tr>
<th>IT Spend as a % of Budget</th>
<th>Gartner</th>
<th>UCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>$13.5 M</td>
<td>5.6%</td>
</tr>
<tr>
<td>4%</td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.

<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>
</tbody>
</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>Totals</td>
<td>182</td>
<td>$17.4 M</td>
</tr>
</tbody>
</table>

Optimizing Hardware & Software Spend

- **Gartner**
  - Hardware: 18%
  - Software: 13%
  - Total: 31%

- **UCF**
  - Hardware: 21%
  - Software: 17%
  - Total: 38%

Gartner UCF Hardware & Software Spend: $5.8 M
Through our engagements with stakeholders across campus, the primary reasons behind the lack of adoption were around services and cost.

Key Points:
- The services delivered by IT Shared Services would meet most needs across campus, but there are concerns around service quality and flexibility (primarily driven by internal factors)
- In most cases, the costs of IT Shared Services are comparable to external service providers

<table>
<thead>
<tr>
<th>Service Provider</th>
<th>COHPA</th>
<th>Burnett Honors</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCF</td>
<td>$15,503.10</td>
<td>$2,225.00</td>
</tr>
<tr>
<td>Amazon (AWS)</td>
<td>$14,627.54</td>
<td>$1,147.00</td>
</tr>
<tr>
<td>Azure</td>
<td>$15,168.80</td>
<td>$1,109.00</td>
</tr>
</tbody>
</table>
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, but kept their IT staff
- 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:
- Quality of service
- Service flexibility
- Subsidized to maintain
- Priced for adoption
- Staffing
- Organizational model
- Skills with key tools
- Internal tools
- Undefined processes
- 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>
</tbody>
</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 Strategy for UCF IT

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

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

UCF Executive Leadership

CS&T

University Community

- Commits to improving and aligning their services to better meet customer needs.
- Commits to playing an active role in shaping how IT is delivered at UCF, and commits to adoption.

Getting Started & Immediate Next Steps

- 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