 outsourcing is a word rarely used in higher education. And by outsourcing I don’t mean the notion of sending faculty and students to India, although some might think this isn’t a bad idea. Rather, I’m talking about the manner in which higher-education IT departments provide basic IT services. I contend that these institutions should stop hiding behind not-invented-here excuses for keeping all of their IT services in-house. Instead, they should examine the real cost of internally providing IT services and consider alternative practices for serving their academic “customers.”

Open competition would reduce the cost of enterprise-wide IT systems for higher-education institutions.

example, colleges and universities that are part of publicly funded statewide systems often neglect to capitalize on their collective size to negotiate more favorable contracts with IT vendors. Unlike bottom-line-driven companies, academic institutions—other than private schools—have no equivalent economic forcing function.

For publicly funded colleges and universities, the day of reckoning is coming. In California, the day of reckoning is probably already here. The state has told education administrators to plan for at least a 15-percent reduction in their 2004-2005 operating budgets, and if taxpayers reject the new governor’s proposed $15 billion bond issue, administrators will long for the days when the reduction was only 15 percent. And all you California haters should be aware that budget cutting in higher education is a national phenomenon, one that is certain to affect not only all aspiring college students, but also the quality of every graduate entering the workforce.

INSTITUTIONAL IT NEEDS: NOT SO UNIQUE

So where does outsourcing enter into all of this? Colleges and universities should stop claiming that only their locally-supported IT services and staff are capable of addressing their institutions’ unique IT needs. If there is, as they claim, really that much “uniqueness” in how these institutions operate, considering the relative homogeneity of their products—the graduates—perhaps some reengineering of their organizations is called for. Even without reengineering, a serious analysis of administrative processes at these institutions would reveal that they have far more in common than they admit. Understanding that functional commonality would bring the opportunity to deploy proven industry-standard enterprise-wide IT application systems. And once revealed, those functions should go out for competitive bid. Anyone, including the institution itself, should be able to compete to provide them.

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