To: Kevin Morooney
From: Phil Goldstein
Date: 8/13/10
Re: Executive Interviews

To initiate the analysis of opportunities to rebalance IT in accordance with goal 6 of the strategic plan, I have conducted interviews with many deans, vice presidents and chancellors. These interviews served several purposes including communicating the project objectives and design, soliciting input to the key questions that should frame the analysis and engaging budget executives in conversations about the challenges and opportunities of creating an optimal distribution of responsibility for IT services. The majority of these interviews have been completed and the project is ready to move to the data collection phase. This memo captures some of the key themes that have emerged during conversations with budget executives.

Overarching Themes
Overall, the interviews have validated the three broad objectives for the project: taking a snapshot of how the University has organized its IT resources and services today, identifying immediate and long-range opportunities to rebalance services, and improving the IT governance structures and processes that are required to effectively manage technology.

1. There is widespread acknowledgement of the necessity to undertake this analysis.

Budget executives recognize that technology is an area of significant and growing expenditure for the University and are supportive of the goal 6 analysis. The review of IT is viewed as a logical companion to other conversations that are underway to review other services and initiatives for which there is a need to balance effective central coordination and economies with local innovation and autonomy. The University’s global strategy and its on-line learning strategy were the analogous examples that were most frequently cited.

In addition to the more effective use of existing resources, budget executives identified several other reasons to review the balance of IT services. Many are attuned to the growing importance and complexity of managing information security risks. The increased costs of an information security...
breach has made them more willing to consider discontinuing local responsibility for some services. In addition, several observed that internal forecasts of future technology needs for their units will require increased levels of investment. In light of the magnitude of future needs, they were open to thinking about ways to help their IT units free up capacity that could be reinvested in new priorities. Finally, some saw rebalancing as an opportunity to aid University efforts to reduce utility consumption.

2. Budget executives advised that any rebalancing of IT responsibilities must be designed to support future strategic priorities.

The executives advised that the rebalancing of IT services and governance that emerges from this project be judged in terms of its ability to further several institutional priorities with implications for technology. The strategic issues included the growing importance of the University’s global ties and activities, the on-going need to increase the level of research activity, expanding on-line learning, responding to the need to produce more data to measure outcomes and the requirement to achieve greater levels of operating efficiency. The implication of their observations is that the rationale for any proposed changes that result from this analysis must be drawn in part from its contribution to the University’s efforts to make progress on one or more of these important issues.

3. There is a version of the rebalancing conversation taking place in many of the budget executives’ areas.

Several colleges and administrative divisions are engaged or recently were engaged in analyzing the optimal way of balancing IT services within their units. The College of Science, the College of Earth and Mineral Sciences, Finance and Business, and the Altoona campus have all undertaken some form of an IT organizational review in recent months. These reviews have readied many parts of the University for the goal 6 review. Budget executives also want to be able to leverage the broader review to inform decision making about what services to aggregate at different levels within their own organizations.

4. The most significant barrier to rebalancing services is trust.

Several executives shared the history of how their local IT units came into being. While many had serendipitous beginnings, most have continued to grow because the local units believed that the central IT group (ITS) would not be nimble enough to respond quickly to their needs. Some of this stems from a general wariness of any service (IT or non-IT) that are not under the direct control of one’s own organization. Others prefer controlling their own IT services because they are skeptical that the departments, colleges and campuses of the University can agree to a common set of requirements for a
service. Too often, they fear that ITS is left to offer a service that meets the “least common denominator” of need because units can’t agree on their requirements. In addition, many colleges and campuses have local IT groups because leadership or faculty believed that any service designed to meet the needs of the whole University would be ill equipped to meet the unique market or discipline specific technology requirements.

There is of course an element of truth to these observations which is why we have framed this project from the outset as finding an optimum balance between continued local IT services and enhanced shared or central services. Penn State will always require elements of both. However, to achieve a sustainable rebalancing of IT services, the University will require improvements to a number of areas that help to build trust in shared or central IT services. They include:

• Clear and consistent process for setting technology priorities;

• Well defined mechanisms for holding central or shared IT service providers accountable for the quality and responsiveness of services;

• More willingness to agree to a common set of requirements for shared/central technology services where they make sense along with incentives or requirements to use the service once its created;

• Greater transparency about the cost of delivering IT services and the use of the budget allocations, student fees and charge backs; and

• Refined IT governance and advisory structures that engage stakeholders in decision-making.

The design of these structures and decision-making processes should be outcomes of the rebalancing assessment.

Next Steps
The feedback we have received validates the overall objectives for the project as well as its high level design. In the coming weeks, we will complete the executive interviews and launch the data collection phase of the project. As you know, we have been working on the data collection processes and tools with the work team. We are at a point in our work where it would be valuable to engage the executive committee and the advisory committee for the project. Their input to the data collection design and their sponsorship for the data collection effort will be very important. Once the data collection is underway, we can also engage these groups in conversations about improvements to the IT governance structures.
Please let me know if you have any questions about the observations raised in this summary of the executive interviews. I would be happy to provide a more detailed briefing for Rod, Al and you at your convenience. In the interim, I will continue to finalize the data collection approach and support efforts to convene the executive and advisory committees.
Budget Executives Interviewed to Date (in chronological order)
Gail Hurley
Nancy Eaton
Daniel Larson
Mary Beth Williams
Rod Kirsch
Rob Pangborn
Karen Schultz
Henry Foley
David Wormley
Lori Bechtel Wherry
Bill Easterling
Yaw Agawu Kakraba
Craig Weidemann
Jeff Smith
Joe Doncsecz
Michael Adewumi
Mukund Kulkarni
Karen Wiley Sandler
Al Horvath
John Romano
Bruce McPheron
Susan Welch
Harold Paz
David Monk
Kyle Peck
Emily Martell
Jerry Henry