November 24, 2009

Kevin Morooney  
Vice Provost for Information Technology  
The Pennsylvania State University  
University Park, PA

Dear Kevin:

Thank you for the opportunity to assist the University to document, review and optimize the balance between centralized and dispersed IT services. This initiative will create baseline information that describes PSU’s current division of services and the resources that are invested to support it. The analysis will frame and inform PSU’s consideration of the questions and issues inherent in strategy 6.3 of the University plan which calls for “re-balancing centralized and dispersed services for greater efficiency and effectiveness”. The data and the analysis and conversation it facilitates will help the University consider how to better structure IT investment decisions to provide the best alignment with institutional strategic priorities.

Through our conversations to date, we have determined that the best starting point for the rebalancing discussion is to create a set of data that describes the current balance of services. Like most large institutions, PSU does not have much visibility into total technology spending. Further, most dispersed IT units likely lack a detailed understanding of how their investment in technology is allocated by service, goal or function. By first analyzing the institution’s aggregate and unit level investment in technology, PSU can leverage the results to create a rationale for eventual rebalancing of services and identify areas in which change would be beneficial. Ultimately, the goal of this exercise is not to reduce the University’s investment in technology or reduce the numbers of IT staff at the University. Rather, it is to focus central and dispersed IT resources on the activities for which they are best suited and thereby optimize the return the University receives for its technology investment.

It should be noted that while this effort is described as balancing centrally provided and dispersed IT services, the issue is more complex than deciding who or where an IT service should be delivered. At its core it involves deciding what IT services should be commonly provided in a fairly consistent manner to all parts of the University and which IT services must be allowed to vary by area in order to meet unique, strategic needs. It also involves determining where the authority should reside in the organization for determining how varied “local” services can become and who should be responsible for providing them.

The remainder of this letter describes the scope of the consultancy, its key deliverables and professional arrangements.
Objectives and Outcomes

You seek a consultancy to meet four objectives:

• Document the current division of responsibilities for services between central and dispersed IT units.

• Develop a reasonable estimate of the University’s total annual investment in technology by organizational unit and major activity.

• Engage academic, administrative and IT leaders from across the University in an examination of the data to identify opportunities to re-balance services to maximize effectiveness.

• Build consensus for a framework that will help the University make future decisions regarding the best method (local, central or hybrid) for organizing and operating a technology or service.

Working in conjunction with University staff, this consultancy will produce the following deliverables:

• Templates to facilitate data collection.

• A report presenting the results of the baseline analysis of the University’s current IT investments by area and activity.

• A decision–making framework that establishes the attributes of technologies or services that are best provided centrally and those that are best provided locally (dispersed).

• Recommendations for implementing short–term and long–term actions to facilitate rebalancing services including how technology funding models, governance, metrics and service level agreements should be adapted to facilitate change.

To facilitate the project, it is assumed that you will establish a core project team and an advisory committee of dispersed IT leaders. The core project team would work closely with me throughout the analysis. Their role would be to help devise and execute data collection strategies and to help create the baseline analysis. The advisory committee should include IT directors and managers from campuses, schools and administrative departments. The committee will help to shape the project by advising the core team on its data collection strategy, assisting with the interpretation and analysis of the data and the development of recommendations. The committee
will also help establish that this is a University-wide analysis of IT services, not an analysis of the dispersed units by the central IT group.

To provide executive guidance and sponsorship for the project, an Executive Oversight Committee will be formed by you and the Provost. The Executive Committee will help to refine the project objectives, approve the analytical methodology and discuss the recommendations that emerge from the study.

**Workplan**

Until work begins with the core team and the advisory committee, it is difficult to predict with certainty the optimal data collection strategy. Therefore, the workplan may change as the project is planned in greater detail. Described below are the basic contours of the project plan. As detailed planning is completed, any necessary updates will be made to the plan. In addition, I will seek your approval before altering the project approach in any manner that would increase the professional fees for the project. Once the project is underway, I will keep you regularly informed of its status.

I will conduct formal checkpoint meetings with you at the end of each major activity to evaluate the results of the analysis to date and to make any necessary adjustments to the remainder of the project.

1. **Pre-project planning.** To confirm the project objectives and inform its design, I will conduct interviews with senior University leaders. Interviewees should include the Provost, Senior Vice President for Business, vice presidents, deans and faculty leaders. Interviewees should also include all members of the Executive Oversight Committee for the project. The interviews will gather perspectives on the range of issues and questions this analysis should inform and collect perspectives on the effectiveness of the current division of responsibilities for technology. I will summarize the major themes and insights that emerge from these conversations and highlight for you any issues that might alter the design of the project.

   At the conclusion of this step, I will help to facilitate a meeting of the Executive Committee to confirm the project scope and objectives.

2. **Design analysis.** I will work with the core team to devise a data collection strategy. I will also assist you with the development of written communications (memos or presentations) that can be used to brief University executives, IT leaders and staff on the purpose of the analysis and its expected outcomes. Specific tasks include:
   
   • **Developing and implementing a communication strategy.** Providing the right context and articulation of the objectives for this project will be critical to secure participation and allay fears. I will work with you and your colleagues to develop formal and informal communications (memos, presentations, talking points) that explain the reasons behind the project and proactively address the
inevitable concerns that it will raise (budget cuts, move to centralization, loss of jobs, etc.).

• **Devise a data collection strategy.** The central focus of the project is to use costing and staffing data to portray to senior leadership a sense of the level and allocation of the University’s current investment in IT. There are multiple ways in which this type of data can be collected and analyzed. These include detailed work distribution surveys (activity based costing), analysis of HR, budget and financial data, and surveys of distributed IT units. I will work with the core team and the advisory committee to devise a data collection strategy that strikes an appropriate balance between the effort required to gather the data and its utility to the overall goals of the project. I will help develop data collection templates, activity dictionaries and other materials to facilitate the collection of comparable data from all parts of the institution.

• **Brief Advisory Committee.** I will help facilitate one or two preliminary meetings of the advisory committee. The purpose of the meetings will be to establish the role of the committee, review the project objectives, and to engage committee members in refining the data collection strategy.

2. **Gather quantitative and qualitative data.** The collection of data will rely on individual units to complete data collection templates prepared in Activity 1. During this activity, it is assumed that the core team will lead the data collection effort and provide primary support to the departments as they respond to data requests. I will focus on advising the core team and collecting complementary qualitative data. Specific tasks include:

• **Monitor data collection efforts.** I will hold regular meetings and/or conference calls with members of the core team to review the status of the data collection efforts. I will be available to advise on questions that arise and to identify solutions to any significant obstacles that become apparent.

• **Gather qualitative input.** I recommend supplementing the quantitative analysis with qualitative information gained through interviews and focus groups. I suggest that interviews be conducted with administrative and academic leaders and managers of distributed IT units. The interviews would engage them in discussion about the current division of responsibilities for IT, gauge their receptivity to rebalancing and develop an understanding of the unmet needs for technology support that local IT staffs are trying to meet but finding it difficult to accomplish due to constraints in skill sets or resources. The interviews will yield anecdotal evidence to supplement the quantitative analysis that will help to portray the benefits of rebalancing. It will also serve to begin the process of engaging key stakeholders to develop a point of view regarding the attributes that should define a local vs. enterprise service.
3. **Prepare and present results of the as–is analysis.** I will work with the core team and you to review the results of the quantitative and qualitative data and prepare a report for senior stakeholders. The goal of the report will be to respond to the overall framing questions for the project including:

- How and how much does the University invest in technology today?
- Is there evidence to suggest that by rebalancing services the University could use its investment in technology more optimally?
- What decision–making framework could the University use to guide its rebalancing of services?
- What functions or services should be focused on in the near term?

Specific tasks include:

- **Analyze data and develop a set of key findings.** I will facilitate a day–long meeting with the core team to review the results of the collection. You and/or members of your leadership team may want to attend all or part of this meeting. I will prepare a set of summary data charts to facilitate discussion.

- **Review preliminary results with advisory committee.** Based on the outcome of the core team review of the data, I will prepare a summary presentation of findings for the advisory committee. I will work with the core team and you to plan a productive interaction that enables the committee to review the data, discuss the preliminary findings and brainstorm strategies for re–balancing.

- **Review preliminary analysis with Executive Oversight Committee.** I will prepare for and help facilitate discussions of the preliminary analysis with the Executive Oversight Committee and additional stakeholder groups.. These sessions will help develop conclusions and lay the groundwork for future changes. The briefings would present the aggregated data and ask for feedback on preliminary conclusions about gaps, overlaps and potential inefficiencies in the current division of responsibilities. Attendees at the review sessions would also be engaged in discussion about the attributes of technologies and services that lend themselves to being common (centrally provisioned) and those that must vary by area (locally provisioned).

4. **Implementation planning.** Based on the results to this juncture, I will work with you to develop an implementation strategy that begins to position PSU to rebalance IT services. While the exact content of the implementation plan is difficult to predict, it will likely include a combination of near–term actions to take to rebalance services, a framework for decision–making that can be used to facilitate long–term re–balancing and recommendations to strengthen other enables of IT decision–making including
governance, funding practices, metrics and service level agreements. Specific tasks include:

- **Draft recommendations.** I will prepare an executive level presentation that conveys the key recommendations that emerge from the analysis. I will review the draft with you and members of your leadership team to refine the ideas and tailor the presentation to maximize its effectiveness.

- **Present recommendations.** I will be available to participate in discussions of the recommendations with the Executive Oversight Committee and other key stakeholders in order to refine the final recommendations and to build momentum towards implementation.

I look forward to meeting with you this Wednesday to review the proposed scope of work. I am committed to work with you to arrive at an approach that meets your objectives. In the interim, please contact me at 203–583–6070 if you have any questions.

Sincerely,

Phil Goldstein
Goldstein & Associates