



A&M EDUCATION

Higher Education Chief Information Officers Face Persistent Pressure to Control Costs

Cost Control for Higher Education Chief Information Officers

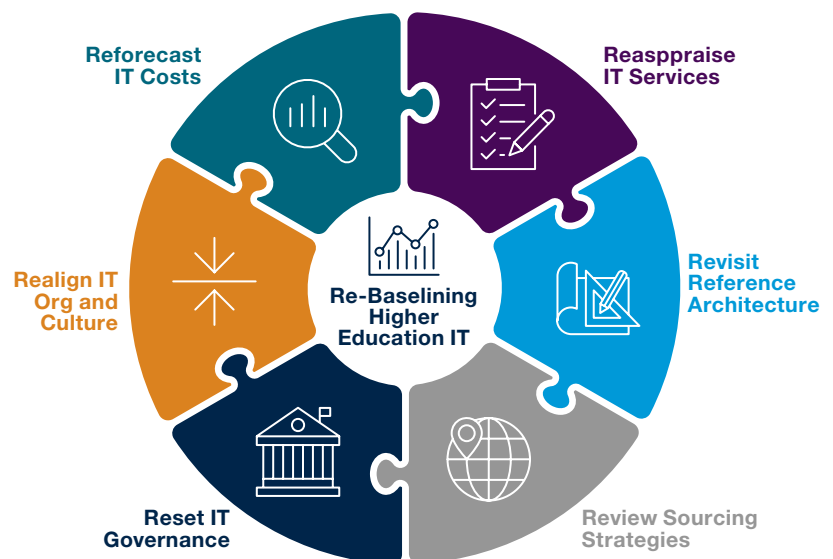
Higher education CIOs are under pressure. Although a cliché, “do more with less” is an economic reality with respect to higher education technology organizations. Information technology operating costs naturally increase based on factors every year (e.g., salaries, benefits and technology price escalation), often before taking into account institutional growth and operational change. Even with diverse demands for new capabilities, ranging from nifty application features to transformative next generation technology, many CIOs are still asked to “hold the line” on enterprise IT operating costs. A&M is poised to assist CIOs in “threading the needle” to successfully deliver innovative solutions and quality services, while responding to institutional pressure to control costs.

Financial Jigsaw Puzzle

Not all IT leaders have access to decipherable, let alone insightful, reports and analytics. Typical complications include inaccurate categorization of IT costs; distributed IT spend across the institution; intricate formulas for calculating/allocating costs; inconsistent application of capitalization rules; and/or lack of year-over-year comparability due to reorganization. A&M’s sweet-spot is untangling financial data to create clarity and support analysis. Our practitioners work with CIO’s and their teams to establish a clear picture of spend, including costs incurred centrally versus in departments, salary and non-salary trends, operating and capital, allocations, project accounting and other areas of potential opacity.

Re-Baselining IT

A&M’s higher education team is made up of C-level operators with decades of IT leadership experience. We have worked with hundreds of IT leaders to align services with new realities with an eye towards cost control. Our team is poised to work side-by-side with CIOs to re-baseline IT strategies and operations from the ground-up. Although daunting on the surface, re-baselining serves multiple purposes and sets the stage for ongoing, shared fiscal accountability across IT, administration and even mission-side operations. Since re-baselining will inherently drive change, we will outline a staff-oriented roadmap and translate practical plans into resonant stories to support communications to the central and distributed IT stakeholders. And, having re-baselined, A&M works with our clients to reforecast and develop projections to tell the IT story to stakeholders at the executive and board level.



Re-Baselining Components



Key areas of focus for higher education CIOs include:



Reappraise IT services – What services does the institution require to thrive? Are there services missing? Services which are no longer required? Services that do not belong in IT?



Revisit reference architecture – Has IT made the most of next generation technology (e.g., SaaS, cloud, etc.)? Has the institution duplicated (triplicated) technology solutions and services? Is it time to rationalize past and future decisions?



Review sourcing strategies – Are the costs of services in line with benchmarks? What services should IT provide internally? Externally?



Reset IT governance – Are leaders collaborating and prioritizing decisions which require/are focused on IT? Are all the costs associated considered when making investment decisions? Does IT have a seat at the table?



Realign IT organization and culture – Is the current organization structured for efficiency and effectiveness? Is IT culture focused on efficiency? Is the CIO empowered to make organizational decisions?



Reforecast IT operating costs – Based on re-baselining, what are the revised financial projections for central IT? Enterprise IT?

Team Sport

Our approach to IT cost-control depends on the adoption of an efficiency mindset for technology stakeholders across the institution. To that end, we recommend that CIOs engage their peers in their efforts to reduce IT operating costs. The Chief Financial Officer and Chief Human Resources Officer are key partners to the CIO and should co-sponsor transformational work. The higher education CIO will also need support in driving shared IT governance and decision-making. Collectively, institutional leadership can “hold the line,” preserving operating and capital funds for ongoing mission purposes and periodic transformational initiatives.

Conviction and Commitment – How is A&M Different?

A&M is neither a traditional strategy consulting firm nor a technology solution integrator. Our culture stems from decades of support for complex, urgent, “make or break” deals, transactions and projects. The higher education practice is driven by the intensity in our DNA to provide a differentiated, focused set of services in higher education. The core services A&M provides to the sector are:

| Higher Education Offerings | |
|-------------------------------|--|
| Institutional Resilience | Student Experience Transformation |
| Mergers and Acquisitions | Administrative Operations Transformation |
| Restructuring and Recovery | Finance/CFO Advisory |
| Investigations and Compliance | IT/CIO Advisory |
| Interim CFO CIO CHRO+ | |

A&M Higher Education Offerings

We partner with institutional leaders according to A&M’s intensive collaboration model, providing end-to-end hands-on support in project planning, problem-solving, implementation and governance. A&M’s practitioners have pioneered transformational changes with large and small, traditional and online, public and private, “rich and poor” institutions as both higher education executives and management consultants.

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ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 10,000 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M’s restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what’s really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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