

MIGRATING TO THE CLOUD CAN BE TRANSFORMATIONAL

SELECTING THE RIGHT STRATEGIC PARTNER CAN MAKE ALL THE DIFFERENCE

Adopting cloud-based systems is an imperative for higher education institutions seeking to remain competitive on every level. Today's applications have the capacity to transform your institution, improving the student and faculty experience while delivering critical operational efficiencies for staff. It's essential that leaders have access to insights that can affect the success of an initiative of this scale.

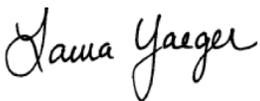
Huron partnered with Ovum to develop this paper, **Cloud Migration Provides the Spark for Institutional Transformation**. The attached document outlines the nuanced approach of implementing cloud-based solutions within higher education, uncovers benefits that are often overlooked along with noting obstacles encountered during multi-phase, multi-year deployments.

Our seasoned professionals have years of experience implementing complex systems, an unmatched grasp of the evolving higher education landscape, and a deep working knowledge of both past, present and future solutions. We work closely with clients to develop tailored approaches that deliver sustainable results, as well as value beyond simply changing deployment models.

Be sure your strategic partner has the following qualities and experience:

- Deep understanding of cloud applications and solid deployment experience
- Proven expertise in higher education and commitment to enhancing its future
- Active change leadership, including knowledge of IT best practices and change management processes
- Hands-on work with today's enterprise solutions, including ERP and CRM

We are excited to share our perspective and know you will find the content and data useful and compelling. We hope you will reach out to Huron's extensive team of higher education experts when you are ready to advance your cloud strategy.



Laura Jaeger

Executive Vice President and Managing Director
Huron Higher Education

Cloud Migration Provides the Spark for Institutional Transformation

The right partner helps institutions realize value beyond simply changing deployment models

Publication Date: 2 October 2017

Nicole Engelbert



Summary

Catalyst

Powerful market forces are driving the need for differentiation and efficiency, and thus colleges and universities are reconsidering how they deliver education services, support research activities, and provide core business functions. In tandem, investments in enterprise applications and cloud deployment models continue to grow, and even accelerate, over the short term. However, realizing the full value of these investments will depend, at least in part, on the extent to which institutions can transform key functions and use technology in new, innovative ways. The selection of the right implementation partner deeply influences whether this is achieved. Consequently, this report seeks to offer guidance and recommendations on how to position cloud migration as a strategic event and identify the characteristics of a partner that will guide institutions to success on this journey.

Ovum view

Profound disruption in the higher education industry is creating the will and need to transform operations and the delivery of core services. Institutions that seize this opportunity more proactively will find themselves better positioned to survive and even thrive in a dramatically altered higher education landscape in the future. Investing in new technology solutions and embracing cloud delivery models will be a fundamental part of doing this successfully. Growth trajectories for investments in enterprise applications and cloud suggest that many institutions already recognize this requirement.

Ovum believes, however, that while cloud offers the ability to garner important solution administration or maintenance efficiencies, the greater value from its usage will come from leveraging the process of migration to spark meaningful conversations about what functions differentiate the institution and which are purely commodities. These conversations represent an important first step toward meaningful change.

The right implementation partner can take the spark thrown off by cloud migration to fuel the fire of true institutional transformation. Colleges and universities must seek out partners that balance horizontal firepower with industry specificity. The most effective firms will bring robust methodologies for improving cloud readiness and change management to the table. Similarly, selection criteria should include a deep understanding of the unique processes and nuances of the institutional environment and the specific technology solutions used to support them. When these factors are combined, Ovum believes that there is a much higher likelihood that substantive progress with institutional transformation can be achieved.

Key messages

- Higher education stands on the precipice of profound change.
- Cloud migration opens the door for more strategic ambitions.
- The right partner fuels the fire for institutional transformation.

Recommendations for institutions

- **Recognize that it is not about the technology but how the institution uses it:**
Realizing the full return on investment (ROI) from migrating core technology solutions

is less about access to new features and functionality and more about transforming how educational services are delivered and back-office functions are supported. Using shiny new technology to manage the student lifecycle, recruit new faculty, or support budgeting and planning in the same way that it has always been done will deliver only limited, incremental value. Instead, institutions must take the time to work through the change management elements associated with a new solution to realize its full potential. It is possible to transform functions such as transfer credit allocation or financial aid packaging through the creation of dynamic, digital workflows that provide not only efficiency but also improved service delivery. Migrating to the cloud is an opportunity to transform key services and the strategic orientation of the institution.

- **Find your institution's own path to the cloud:** While the institutional benefits are clear, migrating enterprise applications to the cloud is a daunting journey. The most effective journeys are those that consider a college or university's unique context and requirements. Some institutions may choose to move rapidly, migrating core enterprise applications in quick succession, while others may take small, incremental steps guided by a longer-term plan. Factors such as strategic goals, cloud readiness, institutional buy-in, executive sponsorship, and capacity for change management, among others, should shape the timeline and approach to cloud migration. In the end, the value of any approach to cloud migration should be determined by the extent to which the institution realizes true value from it.
- **Secure a strong executive sponsor and implementation team:** Leveraging cloud migration as a prompt for institutional transformation requires commitment and capacity. The most successful institutions on this journey have strong executive sponsorship. By demonstrating this level of visible support, it is easier for the initiative to marshal resources, navigate contentious decision-making, and build buy-in. But it is not just about executive sponsorship; institutions must also help their leadership find the capacity to shepherd these projects. This may take the form of a formal secondment from regular duties on a temporary basis or the hiring of additional staff to support his or her regular work. Without the ability to focus more exclusively on cloud migration, few leaders will be able to capture the transformative potential of these initiatives.
- **Seek out an implementation partner that delivers far more than "lights on:"** While it would be impudent to suggest that implementing a cloud solution is easier than an on-premises one, it is fair to assert that it is a different undertaking. How long the process takes and the required effort to do it successfully depends on many factors, including institutional cloud readiness, pre-implementation planning, and executive sponsorship. However, a key factor that is often undervalued is the selection of an implementation partner that can support each stage of the journey, including pre-RFP planning, change management, solution selection, implementation, capacity building, and even ongoing iteration. The right partner will bring not only experience with higher education-specific applications and processes but also expertise in change management and horizontal technologies. As a result,

the partner has the ability to support the entire journey, from conceptualization through institutional transformation.

Cloud migration creates an opportunity for institutional transformation

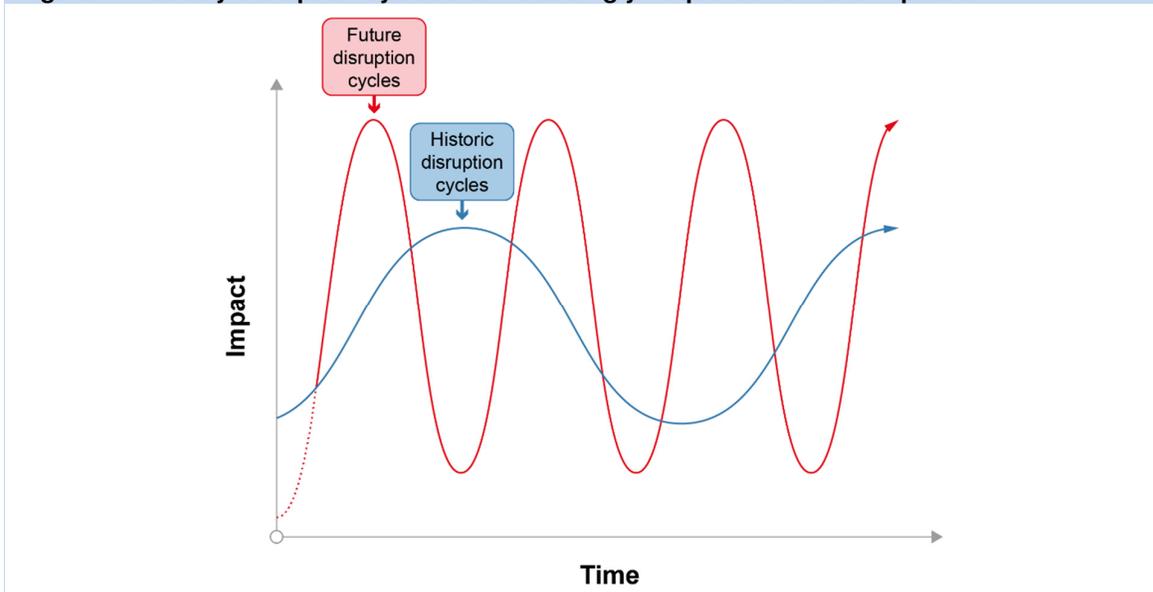
Higher education stands on the precipice of profound change

The higher education industry is experiencing a period of profound change. Long-held beliefs about the role of colleges and universities and the way in which research, teaching, and learning are delivered and supported are being called into question. New entrants and changing student expectations are putting enormous pressure on established business models. Thriving (or even just surviving) in this environment will require institutions to become more agile, flexible, and innovative in their approaches to delivering education services and more efficient in supporting commodity functions.

Industry disruption puts everything on the table

The landscape of the higher education industry has changed dramatically in the past decade, impacted by changing market realities such as the rising cost of tuition, declining public sector support, and growing reservations about the value of a traditional degree model. New delivery models are further disrupting the market by presenting alternatives to classroom-based courses, such as massive open online courses (MOOCs) and blended learning programs. The student body has changed as well, becoming more diverse and global and with nontraditional needs, such as the demand for competency-based education (CBE), which can optimize time to degree and focus on topics that directly relate to the job market. Universities are faced with the challenge of making their course offerings diverse, cost-effective, and beneficial for the widest range of constituents possible.

Figure 1: Industry disruption cycles are increasingly frequent and more impactful



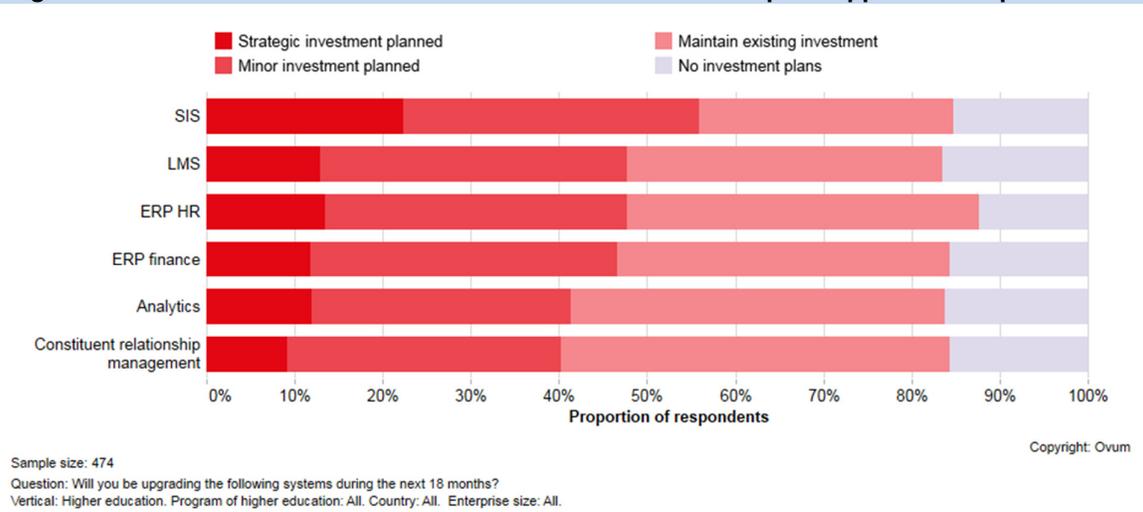
Source: Ovum

Given how rapidly these forces are impacting higher education, as well as other industries, and the unpredictable nature of the outcomes, Ovum anticipates that industry disruption is no longer cyclical but a more constant state. Disruption will happen more frequently, and its impact will be more pervasive. Consequently, planning for change will prove ineffective, and institutions must instead build capacity for it.

Technology will be a critical part of the path forward

There is widespread acknowledgement that technology has an important role in helping institutions navigate change more successfully. Ovum's recent ICT Enterprise Insights survey found that across each enterprise application category, 40–50% of institutions planned to make an investment over the next 18 months. This finding clearly signals an industry-wide belief in the ability of core solutions to improve institutional agility, flexibility, and innovation with the delivery of education services and the more efficient provision of back-office ones.

Figure 2: The next 18 months will see marked increases in enterprise applications spend



Source: Ovum, 2016/17 ICT Enterprise Insights survey

It is important to remember that technology is not a panacea to the challenges facing most colleges and universities. In fact, higher education has a long history of embracing enterprise applications to support key transactions such as registration, financial aid, and even online learning. Yet the implementation and delivery models, and the costs associated with supporting them, have pushed many institutional budgets to breaking point and created a scenario where technology serves as an impediment rather than a driver of change.

Capturing the full value and potential of this next wave of investment in technology solutions depends, at least in part, on leveraging new approaches and strategies to ensure greater long-term flexibility and reduce the burden, resource-wise, from administering them.

Cloud migration opens the door for more strategic ambitions

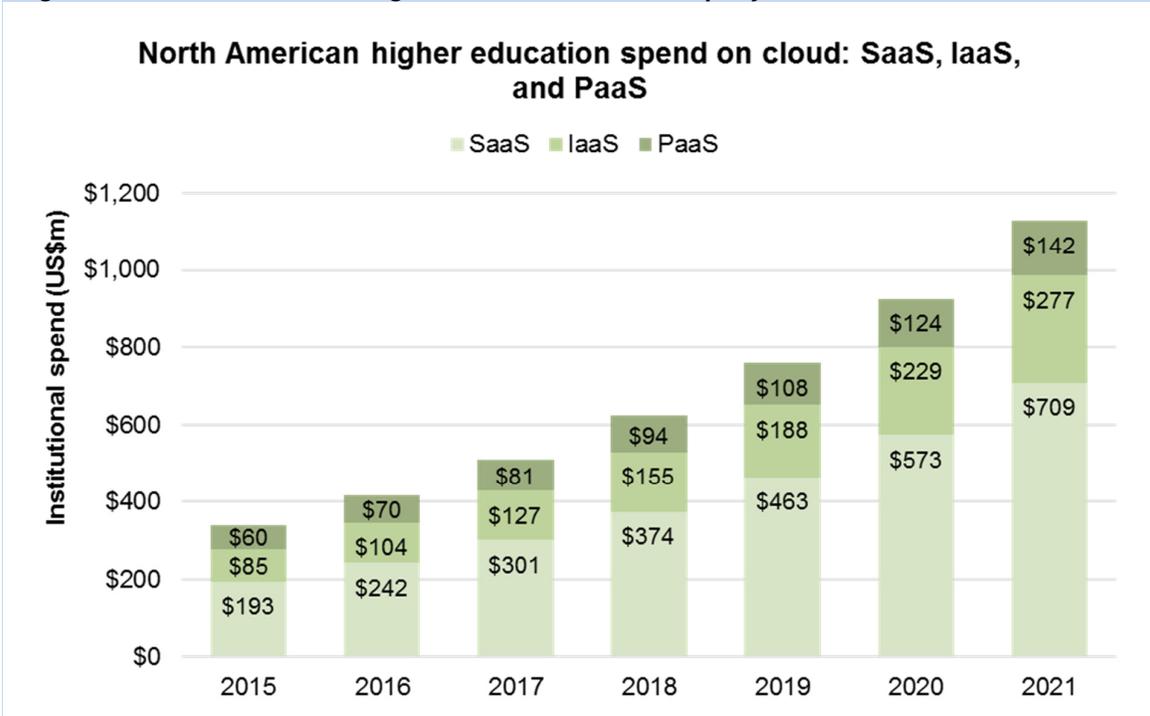
Shifting from an on-premises to an on-demand model is an effective way for institutions to contend with the need to reduce the resource demands of administering core enterprise applications. Given projected growth in spend for cloud, across IaaS, PaaS, and SaaS, institutions are clearly interested

in realizing this potential. Yet capturing administrative efficiency gains is only the first chapter of the value cloud brings to higher education. When positioned as a strategic event and implemented properly, cloud builds an institution's capacity for flexibility, agility, and innovation, thereby opening the door for more transformative initiatives, ultimately leading to improved long-term sustainability and success.

It is no longer a question of "if" but "when" for cloud adoption

The tenor of the conversation, even just five years ago, surrounding cloud was alarmist in higher education. Concerns about security, the ability to support the unique needs of higher education, and even solution performance and reliability were commonly raised and cited as a reason not to adopt cloud technology. Yet, more recently, the combination of increasing budgetary pressure, requirements for improved flexibility, and constituent demands for consumer market-grade technology have changed the industry conversation substantially. Cloud-first strategies have become far more commonplace, and most institutions report plans to shift growing percentages of their IT landscape to the cloud. Ovum forecasts that overall cloud spend – across IaaS, PaaS, and SaaS – will grow from \$509m in 2017 to nearly \$1.13bn in 2021. One of the most dramatic elements is the more than doubling of spend on SaaS subscriptions, from \$301m to \$709m, during the same period.

Figure 3: Institutions are set to grow cloud investments rapidly over the short term



Source: Ovum, Global Higher Education Technology Spending Through 2021

However, such large and rapidly growing investments beg the question as to whether they will deliver a suitable ROI. Ovum believes that the answer depends on the extent to which institutions exploit cloud migration as a strategic event rather than a tactical one.

Cloud migration is an opportunity to shift the 80:20 paradigm

Sit down with an institutional CIO and ask him or her what keeps them up at night, and often, at some point in the conversation, it will turn to how they are spending 80% of their resources merely to keep pace – or even lose ground – with the ongoing administration and maintenance of their enterprise applications. Maintaining legacy customizations and brittle point-to-point integrations in a context of flat or declining budgets and persistent challenges recruiting and retaining skilled staff has become unsustainable. Simply keeping up to date with the current version has become a "stretch goal" for too many institutions. Consequently, leveraging solutions such as the ERP or SIS to drive innovation feels like an impossible dream.

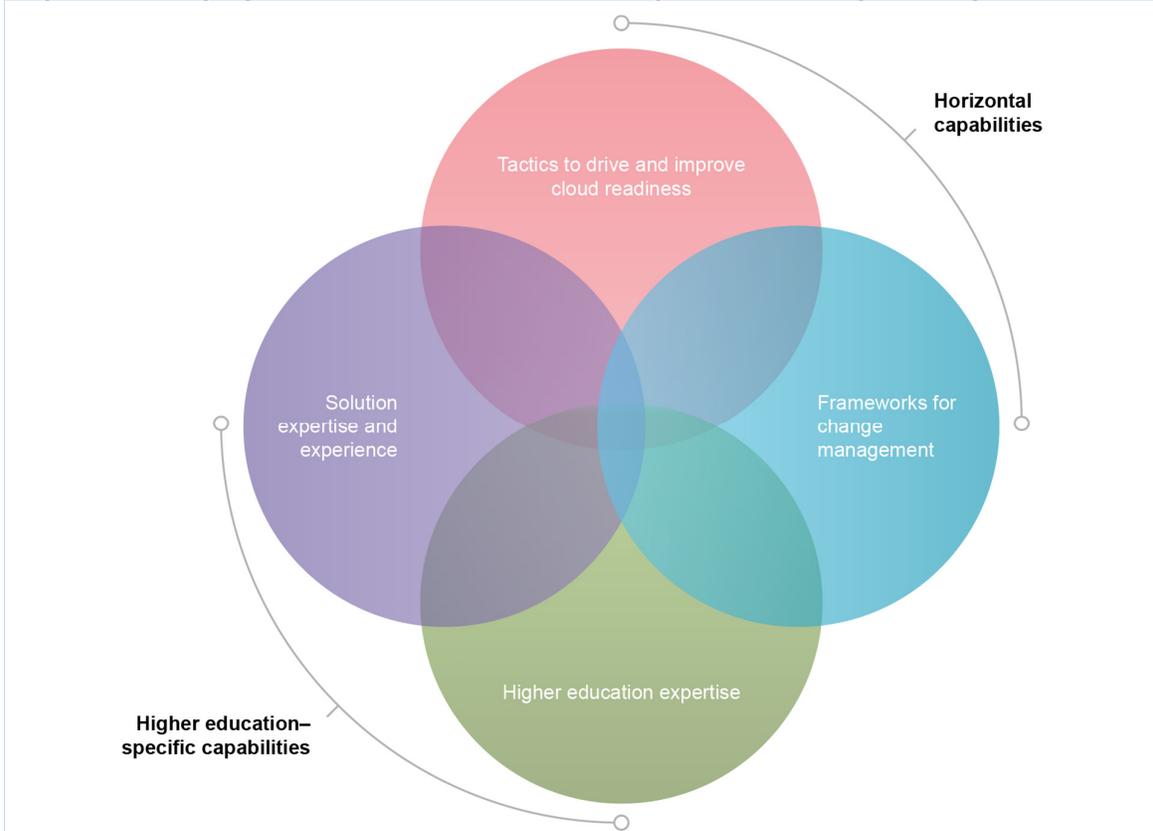
The allure of cloud migration is breaking this cycle and offering a pathway to flip the 80:20 paradigm, where 80% of institutional resources are spent on IT-led innovation and only 20% on maintenance. It is the proverbial promised land, but there is more to reaching this state than switching deployment models. Colleges and universities must put into place effective governance practices to ensure that implementation and usage choices are justified from an institutional value perspective and do not compromise long-term solution flexibility and sustainability. For example, when a department requests a customization, there is an established process for assessing whether the customization is worthwhile, which might be a function of whether it supports a differentiating or commodity function, how much the initial and ongoing maintenance of the customization will cost, or others. While accessing support materials for good IT governance and selecting a model is relatively easy, sustained adherence to a methodology is far more difficult as it requires addressing institutional cultural and political realities.

Nevertheless, Ovum believes that it is just these types of exercises that help put institutions on a path to transformation. Good governance helps realize efficiency gains from cloud more rapidly but also develops an institution's capacity to leverage technology more strategically.

The right partner fuels the fire for institutional transformation

Given the complexities and challenges associated with migrating enterprise applications to the cloud and leveraging that process as a prompt for more profound institutional change, selecting an implementation partner takes on added importance. The right partner brings expertise and support that will fuel institutional transformation efforts rather than just getting to "lights on" successfully. Ovum advises institutions to evaluate potential partners across both vertical and horizontal capabilities to ensure their ability to manage both the technical and change management aspects of a more strategic approach to cloud migration.

Figure 4: The right partner balances horizontal and higher education–specific capabilities



Source: Ovum

A deep understanding of cloud readiness lays the foundation

It is far easier to hang a "cloud first" banner than to cultivate the characteristics of a "cloud ready" institution. A myriad of factors contributes to an institution's cloud readiness, including the structure and status of the IT function, the orientation of line-of-business leadership, and the underlying business need to be supported by the cloud application. Assessing these factors candidly and investing in measures to address them will have a marked impact on the likely overall success of the initiative. It may require re-skilling IT staff, working through procurement hurdles, or even re-shaping the business case for making the change in the first place. In some ways, it is about ensuring that the foundation is strong enough to support the cloud migration.

Ovum, therefore, advises institutions to seek out implementation partners that recognize the unique requirements of supporting cloud deployment models and have invested in the cultivation of subject-matter expertise to support them. These partners will be able to provide valuable guidance on how to strengthen an institution's cloud readiness.

Expertise with change management provides considerable value

Throughout this paper, the argument has been made that without evolving the processes, transactions, and interactions that comprise the delivery of education services and back-office operations, institutions will realize only limited value from their cloud initiatives because they will simply be using new technology to do the same thing. It is an understatement to suggest that this type

of change can be exceptionally challenging. However, a best-in-class implementation partner will have considerable experience helping other institutions navigate these challenges successfully and will have used that experience to develop methodologies and frameworks to ease the way for others. This might take the form, for example, of a published, step-by-step guide for achieving good governance practices or a series of templates to build communication plans and stakeholder buy-in.

While some aspects of change management can be handled internally, others require a third party to depoliticize potentially contentious due diligence or decision-making. Returning to the good governance example, establishing a rubric to determine what is a commodity function and what is a differentiating function will undoubtedly create perceived winners and losers. An implementation partner with change management expertise will know how to defuse such situations. Moreover, Ovum believes that the right implementation partner will build an institution's capability for change such that future endeavors will be easier.

When selecting a partner, deep industry expertise is a *sine qua non*

Horizontal change management frameworks are a necessary but insufficient selection criterion, as that expertise must exist in a context of the implementation partner having deep higher education expertise and experience. The ideal partner has a deep bench of consultants with practical experience in areas such as grants management, academic affairs, student enrollment management, financial aid, business affairs, and even executive leadership. Substantive change is required for any transformation exercise, but the change should be informed by subject-matter expertise in specific higher education processes. It helps mitigate the risk of making changes to core functions without understanding the potential cascading implications. For example, a partner without higher education experience may recommend building course registration capabilities based exclusively on e-commerce practices without understanding the financial aid implications of taking less than a full-time course load. Moreover, industry expertise and experience offers access to valuable best-practice insights that help to avoid wasting precious resources "reinventing the wheel." The best implementation partners will know how other institutions adopted more frictionless registration processes without compromising compliance with federal financial aid policies. Consequently, Ovum advises institutions to put an established commitment to higher education at the top of list when selecting an implementation partner.

Solution expertise offers a powerful "peek around the corner" with implementation

The selection process for any partner nearly always includes queries about the experience of consultants with the solution being implemented. Some institutions go so far as to request the curricula vitae (CVs) of the staff potentially working on the project. While micromanaging a partner is not advisable, paying attention to its direct experience with specific solutions is established best practice. Experience enables partners to anticipate potential challenges and offer guidance about how to avoid them. For example, deep understanding of specific solutions' data models enables a partner to know if difficulties are likely to emerge during migration and thus to plan for and address them before derailing implementation timetables. As many of the cloud solutions built for higher education are relatively new to the market, the bench of experienced consultants is somewhat constrained. Consequently, Ovum advises institutions to consider the overall experience of a partner and the degree to which it has invested in a formal methodology and structure for knowledge sharing.

Appendix

Methodology

This report was produced through a combination of primary and secondary research. Primary research included discussions with colleges and universities, as well as ongoing briefings from software, hardware, networking, and services vendors serving the higher education industry. The author also drew on Ovum's annual primary research conducted with IT decision-makers.

Secondary sources of information included company reports and websites, international organization statistics, national and international industry associations, SEC filings, broker and analyst reports, and business information libraries and databases.

Further reading

Global Higher Education Technology Spending Through 2021, IT0008-000310 (April 2017)

"An incremental journey to the cloud for mission-critical applications provides better institutional value," IT0008-000313 (May 2017)

"It might still be winter, but the great cloud migration is already underway in higher education," IT0008-000304 (March 2017)

2017 Trends to Watch: Higher Education, IT0008-000285 (November 2016)

Author

Nicole Engelbert, Director of Research & Analysis, Ovum Technology

nicole.engelbert@ovum.com

Joyce Kim, Analyst, Higher Education Technology

joyce.kim@ovum.com

Copyright notice and disclaimer

The contents of this product are protected by international copyright laws, database rights and other intellectual property rights. The owner of these rights is Informa Telecoms and Media Limited, our affiliates or other third party licensors. All product and company names and logos contained within or appearing on this product are the trademarks, service marks or trading names of their respective owners, including Informa Telecoms and Media Limited. This product may not be copied, reproduced, distributed or transmitted in any form or by any means without the prior permission of Informa Telecoms and Media Limited.

Whilst reasonable efforts have been made to ensure that the information and content of this product was correct as at the date of first publication, neither Informa Telecoms and Media Limited nor any person engaged or employed by Informa Telecoms and Media Limited accepts any liability for any errors, omissions or other inaccuracies. Readers should independently verify any facts and figures as no liability can be accepted in this regard - readers assume full responsibility and risk accordingly for their use of such information and content.

Any views and/or opinions expressed in this product by individual authors or contributors are their personal views and/or opinions and do not necessarily reflect the views and/or opinions of Informa Telecoms and Media Limited.

CONTACT US

www.ovum.com

askananalyst@ovum.com

INTERNATIONAL OFFICES

Beijing

Dubai

Hong Kong

Hyderabad

Johannesburg

London

Melbourne

New York

San Francisco

Sao Paulo

Tokyo

