Administrative Modernization Program

BACKGROUND

Oregon State University's digital ecosystem is 30 years old and increasingly incapable of meeting the expectations of faculty, staff, students, and other stakeholders. Those expectations are growing with advances in users' digital/online experience in other domains: shopping, communications, general and social media, travel, banking and finance, fitness, health care, and elsewhere. Users' expectations are for real-time seamless online communication and engagement across various platforms and delivered in ways that feel relevant, contemporary and personalized.

The Administrative Modernization Program (AMP) will position OSU to meet current demands and rising expectations. The program will increase institutional agility and adaptability. It will provide personalized, user-friendly digitally enabled experiences for students, faculty, staff, and other stakeholders. After the conceptualization and design period, the AMP effort will operationalize a key action in SP4.0 and a current element of the IT strategic plan, which call for integrating and simplifying technology systems, data practices, and policies to increase the university's organizational agility.

AMP is a five-year program consisting of multiple individual projects that will run concurrently to replace the university's core administrative systems for human resources and finance, including those that impact the student experience. This IT administrative core is made up of approximately 20 systems, several of which involve manual procedures, and includes systems for processing time reporting, hiring, financial accounts payable and receivable, monthly payroll, etc.

In addition to enhancing online interactions with the university, AMP improvements to data quality, automation, and efficiency of core administrative processes will free up human and financial resources that can be redirected to OSU's mission — teaching, research, outreach, and engagement. As an additional benefit and aligned with OSU's outreach mission and leadership role as Oregon's statewide university, documentation of the process will be shared to provide a guide for institutions in Oregon and beyond that may seek similar transformative efforts.

COSTS AND RETURNS

The Administrative Modernization Program is neither a single project nor a set of traditional software and equipment acquisitions. Rather, it is a linked set of systemic revisions in business processes and technology systems carried out over five years and resulting in recurring cost savings and increased efficiencies.

The current estimated total cost of the effort is $50M, which includes two major categories of expenditures: 1) acquisition of cloud-native software and 2) contracts with consultancies that will provide project management expertise, staff augmentation contracts, change management services, support in the redesign of business processes, and expertise in software implementation.

INVESTMENT *per year* / SAVINGS *per year*

$50M INITIAL INVESTMENT

INVESTMENT	Year	SAVINGS
$9.3M	FY23	$0.6M
$6.3M	FY24	$1.7M
$16.4M	FY25	$2.7M
$12.1M	FY26	$6.1M
$6.2M	FY27	$10.8M

Once the new capabilities are in place, OSU's administrative costs are anticipated to fall by approximately $10 million annually by FY28. Savings are primarily driven by substantially reduced need for patching and upkeep of increasingly obsolete systems, along with streamlined business processes that will reduce administrative burdens on managers, staff, and faculty. Annual savings can be reallocated to support OSU's mission, helping to keep tuition costs down and reducing future digital infrastructure spending requirements.

VISION AND PLAN FOR SUCCESS

Digital transformation projects of this scope and scale are increasingly common across higher education. Many universities adopted common software systems and related business processes several decades ago. The same Universities are now either planning for or in the midst of implementing their own transformations. Therefore, there is extensive experience to draw upon to avoid pitfalls and ensure success. Among the key lessons are that such projects must engage the entire community — and especially management and staff across the organization — deliberately and strategically. This is not a software/systems replacement project as much as a business process/practice improvement program that is enabled by state-of-the-art software and technology systems. Porting old processes and practices to new systems will fail to realize the benefits of this effort.

AMP Management and Governance
On point for the effort is the Division of University Information and Technology (UIT), led by Vice Provost for Information Technology and CIO Andrea Ballinger. An AMP Steering Committee, part of OSU's new IT governance structure and charged by Provost and Executive Vice President Ed Feser and Vice President for Finance and Administration Mike Green, will oversee and guide the AMP program. The steering committee will monitor the success of all activities to

completion, including individual projects, the organizational change management program, and expenditures and realized savings.

University Leadership

The program team will engage leaders across OSU to provide a collective understanding of the scope of the effort, the importance of adherence to a shared vision, the resources required, and returns expected, and the risks involved. Recognizing that technology systems are complex and understanding the link between process/practice redesign and system capabilities is limited, UIT is prioritizing extensive communications and education programming. For example, in the new year, UIT will launch a podcast series that will introduce the foundational steps involved in the replacement of core administrative systems, and the division will host an AMP leadership bootcamp in the late spring or early summer term to outline the critical steps OSU will take on its path to digital and business process transformation. The intent is to put critical information in the hands of leaders and managers in forms that are convenient and easily digestible, supporting alignment around goals and necessary actions.

OSU Community

Another key part of the program is engaging the university community in the redesign of the university's digital experience and administrative business processes. Direct user experience and ideas will inform such redesign. Targeted training will help prepare the community for upcoming changes and better position users to effectively employ new tools and processes.

External Consultants

OSU will not take on this ambitious work alone. We will need significant help with organizational change management. OSU will collaborate with consulting partners that specialize in higher education digital transformations to deliver on the AMP vision. We will seek a partner to help us cultivate collaboration from across and outside the university and find equitable solutions for a broad and diverse collection of customers and stakeholders.

Managing and Mitigating Risk

Experiences among other universities suggest there are three major risks associated with wholly retooling institutions' digital ecosystems.

Risk	Mitigation
Archaic and inefficient practices and processes will be "lifted and shifted" to state-of-the-art technology systems.	Set strong principles and expectations with university leaders and managers regarding the need to upgrade practices and processes concurrently, look to business process best practices with peers and vendors to inform redesign efforts with teams, and use metrics that track changes to support redesign.
Resources are inadequate to properly staff the work.	Work within UIT and in partnership with functional partners across the university to engage in proactive resource management, including identifying skills and planning for dedicated staffing as appropriate for the program, and augment internal capabilities with external expertise (consultants, contract support) in partnership with procurement team.

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Failure to execute deliberate change management.	Utilize external experts and consultants in change management to guide the effort, and work from a common framework and language, planning for a program that provides change champions across the university to identify methods, communication, and activities that engage the full community and generate support and excitement while transparently addressing concerns and challenges.
Distributed return on central investments is not visible or captured.	Expert consultants will assist with quantifying and documenting savings realized through automation, employee time and reduction of duplicate tools. That documentation will be made visible through AMP program governance.

Measuring and Reporting

We will take a comprehensive approach to measuring progress. Consistent metrics for return on investment (ROI) will be defined in collaboration with the AMP steering committee and project teams to help identify when a course correction is needed. Metrics will create visibility and increased transparency during business process redesign for stakeholders.

An overall marketing and communications plan in support of AMP and the change management effort will share successes, risks, and risk mitigation throughout the program, including feedback from and engagement with the university community.

Program status reports will be shared at regular intervals with the Cabinet, Faculty Senate, and Board of Trustees.

Next Steps

Staff will present plans for funding this five-year program at future board meetings. After the AMP is approved, regular updates will be provided to the board.

Estimated Investment

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Software and Implementation Consulting Services	$ 5,491,543	$ 4,073,597	$ 11,073,177	$ 8,446,984	$ 3,776,286	$ 32,861,587
Business Process Redesign Consulting Services	$ 1,110,000	$ 511,500	$ 3,007,500	$ 1,684,500	$ 361,500	$ 6,675,000
Change Management Partner	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 5,000,000
Staff Augmentation	$ 1,755,764	$ 784,458	$ 814,258	$ 1,034,656	$ 1,074,276	$ 5,463,412
Total	$ 9,357,307	$ 6,369,555	$ 15,894,935	$ 12,166,140	$ 6,212,062	$ 50,000,000

Estimated Savings

Category	Year 1	Year 2	Year 3	Year 4	Year 5
Software	$ (340,000)	$ (570,700)	$ (590,675)	$ (611,348)	$ (632,745)
IT Effort	$ (97,549)	$ (260,098)	$ (487,646)	$ (780,195)	$ (1,443,852)
HR Effort	$ (122,729)	$ (754,749)	$ (1,392,620)	$ (2,735,497)	$ (4,865,064)
Finance Effort	$ -	$ (130,000)	$ (195,000)	$ (1,950,000)	$ (3,900,000)
Total	$ (560,278)	$ (1,715,547)	$ (2,665,941)	$ (6,077,040)	$ (10,841,662)