

## Framework for Enterprise IT Investments

Revised August 30, 2007

### Introduction

This document outlines a standard process for prioritizing, approving, and funding enterprise-wide information technology projects. The process described herein provides the major information technology providers (Information Technology Central Services and Michigan Administrative Information Services) and others a process. The absence of a process limits the ability of the central IT providers to respond quickly to business needs of the University and inhibits University leadership from making judicious information technology investments to support the University's strategic objectives.

### Scope of Proposal

The University has several units that provide enterprise-wide information technology solutions and services. The Information Technology Central Services unit reports to the Provost and is charged with offering a broad range of academic computing, data networking, voice, and video services. ITCom, a unit of ITCS, provides telephone, video and network services to the University. ITCom operates as an auxiliary function and recharges for its services. ITCom projects will not be included in the proposed process.

Michigan Administrative Information Services (MAIS) reports to the Chief Financial Officer and designs, implements, and supports administrative information systems and processes. The systems include the M-Pathways systems -- Financial/Physical Resources System, Human Resources Management System, and Student Administration System -- as well as the Development/Alumni Constituency (DAC) System and numerous smaller systems that support various aspects of the University's business.

The IT Commons is a cross-campus initiative that works to identify and develop IT activities benefiting units across the University. The IT Commons leadership brings forward project proposals that are typically implemented by either ITCS or MAIS, although it is possible that unit-led activities could be proposed.

Finally, the Information Technology Security Services unit is responsible for improving the University's information technology security practices.

ITCS, MAIS, IT Commons, and ITSS will follow the standard process described in this document for approval and funding of IT projects.

### Maturity of Project Proposals

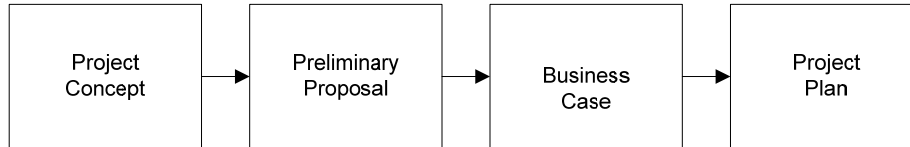
Most information technology projects start from a concept driven by a business need and evolve through different stages of detail and specificity. This evolution of detail is common in project-oriented work (e.g. buildings, roads, etc), but is even more complex in information technology projects because different technological solutions may exist to support a business need.

There are also many different types of IT projects. The type of project can also impact the speed of evolution of project proposals. For example, implementing a software package that is widely

used and requires simple configuration to meet the University needs is very different from developing a new application that is on the “cutting edge”. Some projects may need to complete a research and planning phase before enough detail exists to propose an implementation budget. The investment framework is designed to be flexible to accommodate different types of projects, yet provide University leadership with sufficient information to make wise investments.

Currently, University leadership receives project proposals and requests for funding at different stages of the project maturity and throughout the year. This occurs in part due to the lack of a standard process, but also because the requests are coming from several different organizations. This framework provides for a common process and consistent information about potential projects for University leadership to use in the review, prioritization, and approval of enterprise-wide IT projects. Figure 1 depicts four levels of maturity which will initially be used for the investment framework.

Figure 1



*Project Concept* – The beginning of the planning process for implementation of new technology to meet a business need. The project concept statement should include enough detail to understand the business need, potential scope of the project, and the value proposition.

*Preliminary Proposal* – An outline of basic information about the project that includes a description of the business need, potential costs and benefits associated with project, rough estimates of one-time costs and, if any, need for recurring funding. See Appendix I for the Preliminary Proposal form.

*Business Case* – A more detailed proposal that builds upon the information in the Preliminary Proposal and provides University leadership the necessary information to approve and prioritize the project. See Appendix II for the Business Case template.

*Project Plan* – A complete project proposal that includes a detailed project plan, resource effort estimates and schedule, and a budget request detailing one-time and recurring funding needs.

### Process

Each IT area will be responsible for contributing to a combined three-year plan of future and current projects. Review of the three-year project plan will occur every other month by the IT Projects Committee. The committee will review all projects as they progress through the review, approval and funding steps. The committee will also update the plan as projects progress through the process. For purposes of this process projects must require at least \$250,000 in one-time funding to be included.

The IT Projects Committee will be comprised of the following individuals:

John King, Associate Provost Academic Information Technology  
Barry MacDougall, Director of Finance and Planning, MAIS  
Brian Moynihan, Director of Financial Services, ITCS  
Laura Patterson, Associate Vice President, MAIS  
Associate Vice President, ITCS (position vacant – Amy Brooks is representing ITCS)

The IT Projects Committee will meet with the key finance officers every other month to review project proposals, project business cases, and project funding schedules. They will review and discuss updates to the three year plan.

The key finance officers are:

Tony Burger, Director Financial Analysis  
Phil Hanlon, Associate Provost for Academic and Budgetary Affairs  
Dave Morlock, CFO, University Health System  
Peggy Norgren, Associate Vice President for Finance  
Glenna Schweitzer, Assistant Provost for Budget and Administration

After project business cases have been reviewed by the key finance officers they are submitted quarterly to the executive vice presidents for project approval.

Once a project is approved the sponsor must develop and submit a detailed project plan and budget request for project funding. The IT Projects Committee and key finance officers will review the detail project plan and budget request. After approval by the IT Projects Committee the final budget request will be submitted to the executive vice-presidents for funding approval. Projects which result in new on-going costs for a unit must include the request for base-funding in the final budget request.

Some potential projects may have the necessary information to combine steps in the process.

#### Criteria for Review and Recommending Projects

1. Support of Strategic Priorities for the University
2. Cost Containment
3. Return on Investment

#### One-time Funding Sources

Investment into information technology projects is essential to the future of the University. Information technology is a necessary resource for achieving the University mission and operating the University. Investments in information technology are strategic and must be addressed similarly to investments in the physical infrastructure, fund raising, and new programs.

While the University has been fortunate to have made many strategic IT investments, the lack of

a planned approach to funding information technology projects produces a setting where key strategic activities may be delayed or missed due to wrangling over process and/or funding.

### On-Going Funding

Information technology organizations often find themselves in the undesirable position of having their hands out every time an expanded or new IT solution is needed by the organization. Appropriate allocations to the on-going costs of new solutions and services must be part of the investment decision. Without adjustments for new costs IT organizations redirect discretionary staff effort to production support activity. This reduces the capacity of the organization to deliver future projects. The erosion of discretionary effort makes IT organizations increasingly slow to respond to the University's needs and in a decentralized environment like the University can spawn replication and redundancy of the same solution being deployed in multiple units. This redundancy increases the cost of administration and reduces the spending of core mission activities – teaching, research, and patient care.

The University has a number of different and complex funding mechanisms to support its operations. These funding models are based, in part, on the different funding sources and corresponding regulatory requirements. However, the lack of consistency for funding IT operations combined with the numerous funding models can delay the approval and funding of projects.

A consistent and standardized approach for supporting incremental funding needs related to IT projects is needed. There are several different sources of recurring funding currently in practice:

*General Fund* – allocation from the Provost for services provided to the academic operations of the University (e.g. Basic Computing Package, M-Pathways Student Administration)

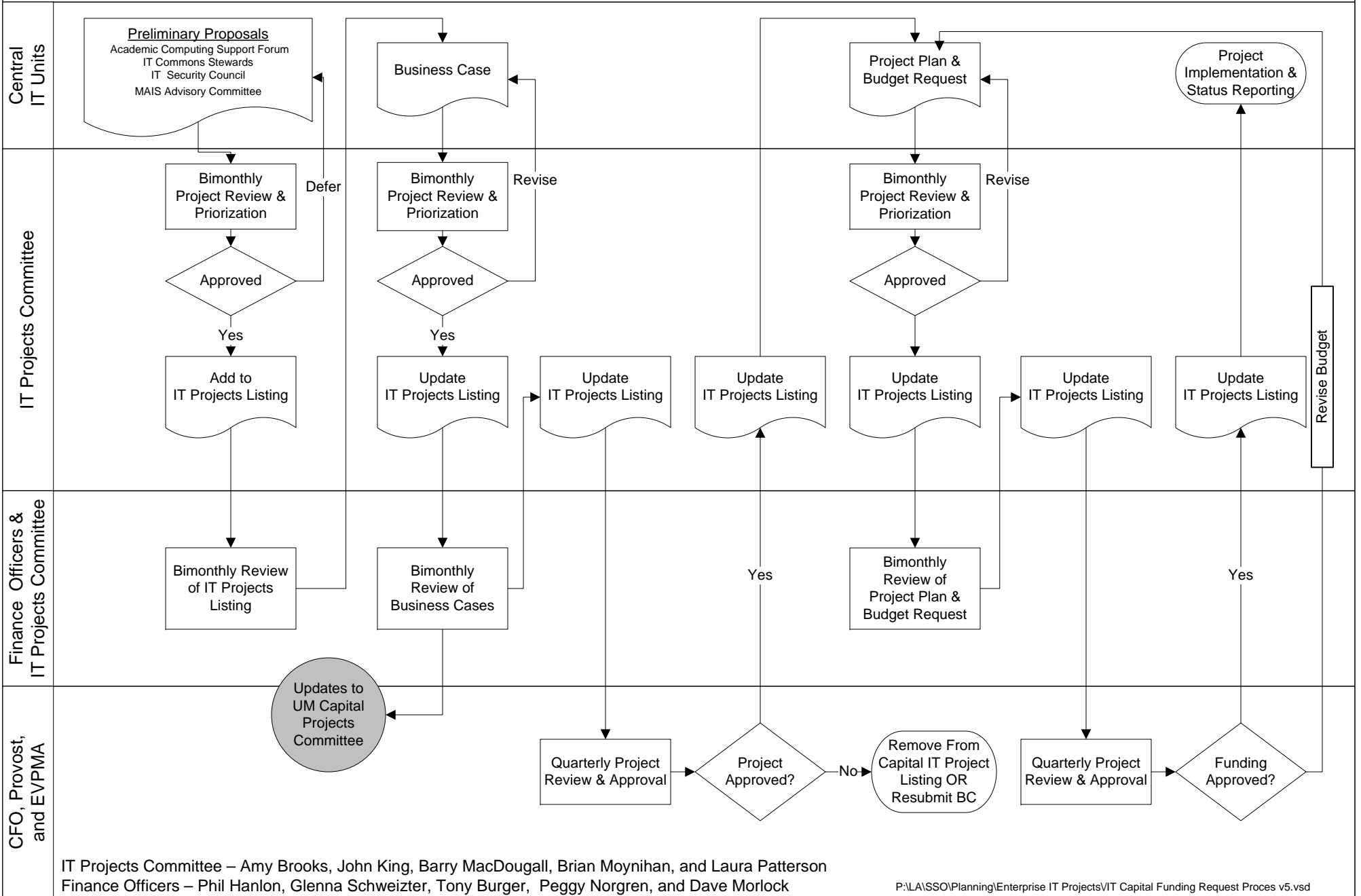
*Business Operations Recharge* – for services provided to auxiliary units by General Fund units. (e.g. General Ledger, Payroll)

*Benefits Recharge* – for services provided by the Benefits Office and MAIS support of the benefits information systems.

*Direct User Recharge* – fees charged directly to units for specific services (e.g. printing, BusinessObjects, Oracle)

The recurring costs to support new IT solutions should be passed onto the beneficiaries as directly as possible without creating excessive bureaucracy or inhibitors to use. When new projects are approved the agreement for increased operating costs must also be approved and recognized as the highest priority in the next budget cycle. On-going costs which occur prior to the next budget cycle must be included in the one-time costs for a project.

Finally, there are currently some different approaches in ITCS and MAIS to funding the on-going costs of technology solutions. These differences may present minor challenges in the process which may need to be addressed in the future.



IT Projects Committee – Amy Brooks, John King, Barry MacDougall, Brian Moynihan, and Laura Patterson  
Finance Officers – Phil Hanlon, Glenna Schweitzer, Tony Burger, Peggy Norgren, and Dave Morlock