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**Tech Departments With Business Savvy****Drexel U. is among colleges selling IT services to other academic institutions**

By DAN CARNEVALE

Philadelphia

[Printer friendly](#)[E-mail article](#)[Subscribe](#)[Order reprints](#)Constantine N. Papadakis,  
president of Drexel

University, likens himself to a corporate boss rather than the head of a nonprofit higher-education institution.

And when it comes to technology, Mr. Papadakis has led the university to actually serve as a business, selling support services to dozens of other colleges to help offset Drexel's own technology costs.

"My official title is president, but I'm the chief executive officer here," Mr. Papadakis says. "I came from industry. I know the power of the bottom line."

Drexel sells technology services to about 40 institutions, many of which have fewer than 2,000 students. The colleges often cannot afford sophisticated technology. So they pay Drexel to do such things as operate their e-mail services, manage their online-course technology, and run their business and financial systems.

Many of the institutions Drexel serves are in Philadelphia or the surrounding areas. But Drexel is also working with colleges as far north as Buffalo, N.Y., and as far south as Nashville.

At least one other college, Lansing Community College, in Michigan, has started selling technology services to other institutions, and officials at other colleges say their institutions are considering getting into the game.

The arrangement is a twist on technology consortia that some colleges have set up to share hardware and software costs. Such consortia have been around for years. But only recently have colleges tried selling technology services to each other.

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While the institutions do not make profits the way commercial entities would, officials at Drexel and Lansing say the proceeds do offset their own technology costs, which is important in a time of tight budgets. Mr. Papadakis says Drexel cut its costs by at least \$2-million per year, helping the university hold down tuition rates for students. Drexel and the other colleges would not reveal exactly how much they make or spend in their business partnerships.

Colleges working with Drexel and Lansing say they like the idea of working with another college rather than a commercial firm because colleges better understand their needs. The colleges receiving the services, however, often have to adjust their policies to match the host institution's and are unable to customize much of the technology for themselves.

"We are trying to become fiscally aggressive," Mr. Papadakis says. "We operate more in a business manner. Universities are not famous for their agility."

### **Going the Distance**

Drexel's relationship with its clients varies based on each institution's needs. Some buy only one service, such as a course-management system to help professors conduct their classes, while others let Drexel revamp their entire information-technology systems.

At two institutions, Cabrini College and Medaille College, Drexel installed and maintains e-mail systems, business software, and course-management systems. Some of the colleges' data are even stored on computer servers at Drexel.

And Drexel also employs IT administrators who are based on the campuses. They work at the colleges, but their paychecks come from Drexel. The university's IT staff is also on call to go to the colleges whenever a problem arises. And faculty members from the colleges visit Drexel for training on how to use the course-management system.

Sending staff members to Cabrini is not too difficult because Drexel is only 20 miles away. But it can get expensive to fly frequently to Medaille, which is about 400 miles away, in Buffalo.

Still, John A. Bielec, vice president for information

resources and technology at Drexel, says the university could do business with colleges all over the country. There are more than 1,000 small colleges that cannot afford to enhance their technology on their own, he says, giving Drexel's business plenty of room to expand.

Mr. Papadakis first began discussing the business model in the early 1990s, shortly after he became president of Drexel. But his first priority was to fix Drexel's finances, which were in shambles. Since he started, he has increased student enrollment, quadrupled the endowment from \$90-million to \$435-million, and increased research money from \$14-million to \$85-million.

The first test of whether the university could be a successful technology-service provider came unexpectedly when Drexel took over Allegheny University of the Health Sciences in 1998. That institution was running outdated software from an old mainframe computer, and it took Drexel officials six months to modernize the systems. Eventually, Allegheny became Drexel's School of Public Health, and Drexel officials decided they could provide the same technology services to other colleges.

Cabrini College, a nearby Roman Catholic institution, later approached Mr. Bielec, who had once worked as an independent consultant to Cabrini, about how to revamp the college's technology. Drexel offered to help Cabrini at first just by lending the college the time of a few staff members. As their relationship grew, Cabrini decided to outsource much of its technology services to Drexel.

"You put your foot in the water before you put your whole body in -- you do it gradually," says Antoinette Iadarola, president of Cabrini. "It would have been very costly to do it on our own."

Eventually, Drexel helped Cabrini make its campus wireless, provided a link to the high-speed computer network run by Internet2, put more of the college's services and courses online, and installed a new package of business-and-finance software.

Stephen Lightcap, vice president for finance at Cabrini, says the college could not have afforded to do all that on its own, not only because the hardware and software are expensive, but because keeping enough IT staff around is too costly.

Before Drexel came into the picture, Cabrini had only enough money to hire entry-level technology professionals, who usually left for better jobs after gaining a few years of experience. "We had considerable and constant turnover of IT personnel, which is typical of small colleges," Mr. Lightcap says.

In fact, Drexel's chief information officer makes more than the presidents of some of the colleges he provides services for. For example, Ms. Iadarola, president of Cabrini, earned a \$163,800 salary in 2003. Mr. Bielec, Drexel's CIO, earned a salary of \$244,166 that same year.

Now when Cabrini needs help with its technology, Drexel's IT staff members are available to visit the campus, Mr. Bielec says. "We don't view Cabrini College any different than we view our own college of business" on the Drexel campus, he says.

### **Not Without Headaches**

Having another college run some of your technology operations can have far-reaching implications.

Cabrini had to adopt many of Drexel's business procedures in order to accommodate the new technology systems. While officials say the new system works better, getting a college to change business practices in a matter of months does not come without a few headaches. "What we looked at was adopting what Drexel does the way Drexel does it," Mr. Lightcap says. "We accept the way they do things."

Faculty members at Cabrini have felt the pain, too. While they no longer have to fumble with connecting computer equipment in their classrooms whenever they want to use technology in their teaching, having access to Drexel's IT staff has also meant some hardship. Drexel works on a quarter system, while Cabrini goes by semesters. During the past fall, Drexel updated much of its technology, and Cabrini's with it, less than two weeks before courses began at Cabrini. As a result, says Cathy Yungmann, associate professor of English and communication at Cabrini, faculty members at the college lost much of the work they had done in preparation for the semester and had to scramble to re-create their lectures and resources on WebCT course-management software. "There were faculty members on vacation," Ms. Yungmann says. "We knew where we had to go to get the answers, but the beginning of the

semester isn't the time to look for answers."

Still, says Ms. Yungmann, the good far outweighs the bad. "I can't tell you how much easier it is from a technology standpoint with having Drexel here," she says. "If we say we need this, they try to be accommodating."

Barbara G. Hornum, an associate professor of anthropology and chairwoman of the Drexel Faculty Senate, says some professors have bristled at the president's business style, but they largely recognize the good he has done for the university.

"Faculty tend to be more contemplative and want to really look thoroughly at situations before they get involved, and that is not Dr. Papadakis's style," Ms. Hornum says. "He moves a lot faster than a lot of the faculty."

While the arrangement has brought benefits to professors at Drexel, including newer technology and a larger pool of support-staff members to draw on, Ms. Hornum says, some faculty members are concerned that the university may eventually spread itself too thin.

"There's always a worry that if you're involved in a lot of external activities, things may fall through the cracks," Ms. Hornum says. "But we're in much better shape than we were when he came in."

### **Some Hesitation**

The faculty members were not the only people who were skeptical. Deborah Elias-Smith, vice president for SungardSCT's business-software program, Banner, says the company was a little hesitant to let Drexel go into business providing a package deal: Banner plus technical support. The company did not want Drexel to become its competition, she says. If Drexel did a poor job, she says, it would reflect poorly on the company.

"At the end of the day, all things Banner come back to us," Ms. Elias-Smith says. "We opened our minds and our ears, and we listened."

Drexel officials assured the company that the university would work only with colleges that could not afford Banner at SungardSCT's prices, she says. And the company eventually trusted Drexel to service the

technology well.

Drexel has become what people in the technology industry call an application service provider, or ASP. The university does not make any software that it supports, but instead offers specialized support of certain software packages made by other companies.

Lansing, the other college that offers technology services to other institutions, sells support for Oracle software products in a program it calls Oracle on Demand. Lansing helps about half a dozen other institutions with their technology, and the college hopes to expand its business to help some municipalities as well. In a year of operation, Lansing has cut \$350,000 from its technology costs, and it expects to save about \$1-million per year in the future.

Glenn R. Cerny, chief information officer at the college, says that not every college can succeed with the software-support-services model. "It's more than just the technology," he says. "It's also the strategies."

Some institutions do not see the need to turn their work with other colleges into a business arrangement, and instead they prefer to work together in equal partnerships or consortia.

For instance, the West Virginia Independent College Enterprise, a consortium, and the Centre for Education Information Standards and Services, in British Columbia, have both been sharing Datatel business software with several local institutions.

Conrad Bartels, executive director of the Centre for Education Information Standards and Services, says the consortium has helped make use of the software more affordable and more efficient for member colleges. "It is truly a collaborative environment," he says. "Those types of benefits that we gain as well, it's hard to put a dollar sign on it."

Instead of several colleges adopting one institution's business practices, members of the consortium make decisions as a group, he says. Colleges do not follow lockstep behind each other, he says, as they have the freedom to make choices. For example, although most members use Datatel software, he says, some use products made by SungardSCT.

John F. Speer, vice president of sales for Datatel, says the consortium model works better than an ASP one, because colleges in a consortium get to collaborate more. And he says a lot could go wrong when one college takes responsibility for another college's IT systems. "We believe that our model has worked the best," he says.

But Mr. Bielec, of Drexel, says the consortium model has some drawbacks as well. If the members do not agree with certain policies, then the whole thing can fall apart, he says. In the business model, though, colleges can pick and choose which services they want to purchase, he says.

"To me, consortia just don't work," Mr. Bielec says.

Michael Zastrocky, vice president for academic strategies at Gartner Inc., a technology-consulting firm, says few colleges are attempting to take on other colleges' IT problems because most institutions would not want the responsibility of maintaining other colleges' IT infrastructure.

Institutions that want to emulate Drexel and Lansing need to be careful not to bite off more than they can chew, he adds. "It's not the normal business of a college or university to serve as a support for another college," he says. "It's a little bit difficult."

Although Mr. Papadakis runs his operation like a business, he looks at it as a service to colleges.

"The key is to have satisfied customers," he says. "The best business is word of mouth. There's nothing you can substitute for the comments of a satisfied customer."

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