

Big Man On Campus

Money-making lessons from Drexel University's John Bielec.

By Julia King
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[Drexel University](#) CIO John Bielec may work for a not-for-profit institution, yet the man is a consummate entrepreneur, a person who clearly thrives on making or saving tens of thousands of dollars in the course of doing his job.

Consider the deal Bielec has going with software giant SAP AG, from which Drexel collects an estimated \$100,000 per year in subsidies in exchange for hosting SAP software that other colleges and high schools tap into for teaching purposes.

Add to this the estimated \$1 million-plus that Drexel receives for providing outsourced computing and networking services to nearby [MCP Hahnemann University](#) in Philadelphia, [Cabrini College](#) in Radnor, Pa., and [Neumann College](#) in Aston, Pa., and the total amount of incoming dollars easily stretches into seven figures.

Just don't call it revenue. Instead, Bielec prefers to quantify the incoming dollars in terms of the additional benefits and services they enable Drexel to offer its own user community of 20,000 students, faculty and administrators.

High-Capacity College

"It turns out that Drexel's computing environment is significantly more robust today because of these arrangements," Bielec says. For example, Drexel boasts more than 50 high-capacity IBM and Sun Microsystems Inc. servers and an 8TB storage-area network. Its 62-acre urban campus was the nation's first 100% wireless university.



John Bielec, CIO at Drexel University in Philadelphia

Additionally, all software upgrades and changes are conducted automatically over the network, and all students and faculty members have access to a broad array of IT-enabled capabilities, including high-speed Web connections - 100M bit/sec. service to each and every outlet on campus - and a private-label online bank. Everybody on campus uses the Web for everything, from registering for courses and paying tuition to filing term papers, taking tests and checking grades.

"We never would have been able to have these investments without these arrangements," Bielec notes, although he declines to disclose the university's annual IT budget or to quantify how much its various money-making deals bring in each year.

"As you're able to invest more dollars, your win comes from capacity, which increases exponentially," he explains. "The IT business isn't a one-for-one relationship. There's a doubling, even a quadrupling of capacity [for every dollar invested]."

Any new capabilities or services that Drexel is able to develop with the additional money are in turn extended to its "customers."

Cabrini College, for example, now offers about a dozen online classes. It will be a 100% wireless campus, like Drexel, by next year.

We couldn't have done that on our own," says Nancy Santos Gainer, a spokeswoman for the 2,100-student liberal arts school. Cabrini's marketing plan includes attracting new students with its high-tech campus.

Moreover, "when we go completely wireless, there will be no need for PCs in our computer labs [since students will use their own laptops]," she says. "We're trying to get out of the hardware business by swapping assets for access [to Drexel's IT facilities]."

'Salami Tactics'

It's a switchover that Bielec will accomplish using what he calls "salami tactics." This entails "slicing away" all noncritical hardware, software and other IT assets that are physically located at the Cabrini campus "while providing access to equal or better service than they had before," he says.

Cabrini, like all of Drexel's outsourcing customers, has access to the same suite of Web-based services, ranging from financial and accounting to human resources and student administrative applications. All of these services run on commercial software packages hosted on Drexel's computers. It's then up to the customers to use what they want from the uniform menu of services Drexel offers under a basic application service provider model.

"Rather than customize any system to empower users, we give users access to customized tools, which they can use to develop queries," Bielec explains.

Looking ahead, Bielec says he foresees using this same architecture and business model to offer a broad range of additional services to even more midsize universities and high schools. These could include online procurement of books, office furniture and laboratory supplies through affinity relationships that Drexel establishes with retailers that sell those types of products.

"If Cabrini wanted a CabriniBank.com, for example, it would be very simple for them to have that," Bielec says. That's because of a relationship Drexel has with Dallas-based Paymentech LLC, the vendor behind its own A.J. Drexel Bank.

"I'm basically an incrementalist," Bielec says. "I can see the possibilities, but I don't want to get sucked into the big picture."

At least one outside expert is skeptical about the viability of Bielec's vision.

"Drexel may want to spend money putting an [online] bank in, but others may not want to. The danger or the risk is of unaligned services," says Peter Bendor-Samuel, president of Everest Group Inc., a Dallas-based outsourcing consultancy.

"What we've found is that the not-for-profit shared services group simply fails," Bendor-Samuel says. "There's a necessity for ongoing investment, and the problem becomes everyone seeking to pass the buck and have someone else invest in it."

But Albert Nekimken, an outsourcing analyst at Input, a Chantilly, Va.-based market research firm, has a different take. "The lesson to be learned here is the rule of the Internet Age - that you can't predict where your competition will come from," Nekimken says. "To many IT outsourcers, it has never occurred that the university down the road would become a

competitor."

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