



The Next Open Source Movement

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While the open source movement has taken off in course management systems, with Moodle and Sakai as alternatives to the dominant Blackboard, the administrative side of the house has been almost entirely corporate. While some colleges use home-grown systems, the norm has been to use any of a number of vendors for systems that allow colleges to manage and report on budgets, billing and many other functions crucial to running a college. These administrative software systems cost millions of dollars to install and manage, and any malfunctions can be hugely frustrating to institutions.

Last week, in a move that could lead to a shake-up of the industry, Colorado State University and San Joaquin Delta College both went live with the first large-scale installations of full financial systems produced by the Kuali Foundation, a consortium of colleges that have pooled resources to create open source systems that could compete with corporate offerings. The University of Arizona is well on its way to following, as is Michigan State University. Cornell University is planning for a likely conversion. Indiana University has been involved from the beginning and has tested many modules, which are expected to expand. The University of British Columbia is also expected to be using Kuali soon.

The colleges involved say they have the potential to achieve millions in savings while gaining more control over technology systems that are essential to the smooth functioning of their institutions. The fact that two institutions have now moved from the idea stage to actual use -- and a number of other prominent institutions are preparing to do so -- could enable Kuali to become a major force in administrative systems, say not only those behind the project but some other observers as well.

That's because many colleges are anxious for open source alternatives, but don't want to be the pioneers who are taking the potential risk of going first. "The early adopters are going to be watched very carefully, with people looking for where are there hiccups and where are there benefits, and what the colleges are saying publicly and privately," said Kenneth C. Green, director of the Campus Computing Project.

Green speculated that many colleges would want to see Kuali running for a year at a few campuses before starting such a shift themselves. And he noted that because it can easily take a year for a conversion from one system to another, this movement isn't about to spread overnight. But whereas Kuali has been an interesting idea for many up until now, he said, there is now real potential that the experiences of colleges using the systems will be "informative and perhaps reassuring" to others.

Larry Goldstein, president of the consulting firm Campus Strategies, said that he was "a naysayer" when Kualu started discussions about the concept a few years ago. But he now thinks it could have a major impact. "The thing Kualu has going for it is the caliber of the institutions participating and the really good people who are involved," he said. And the project reflects what a lot of academic leaders want right now.

"There's no doubt that institutions going the traditional route are spending a lot and are at the mercy of the vendor, and no one wants to be at the mercy of a vendor," he said. Kualu presents the alternative of spending less and being "at the mercy of your colleagues," which strikes a lot of people as a better place to be, he said.

The companies at risk of losing business to Kualu talk about the new player in a different way. Some say that Kualu is likely to have an impact only at a few large universities with large IT work forces. And some question whether the savings being projected are overstated. At least one company currently providing the kind of services Kualu is now offering -- SunGard Higher Education -- says that the arrival of open source as a major player is inevitable and a good thing, and that SunGard is going to go after business helping colleges use Kualu.

Kualu was founded as a nonprofit in 2004 -- the name is a Malaysian word for a small wok, consistent with the group's idea that it is creating tools that can be used for many purposes. The basic idea is applying open source to the administrative side of operating systems, with consortium members contributing their expertise and helping one another with the creation of tools, fixing problems, adding new applications and so forth. Participating colleges pay membership fees (with a sliding scale based on their annual budgets) with no individual fee topping \$25,000, which is a relatively modest amount when compared to the sums spent on major administrative computing systems, and then they pay costs of installing systems and training people to use them. Further, colleges pledge to help other members on projects, sharing expertise as appropriate.

The colleges that are moving to Kualu offer a combination of financial and philosophical reasons for switching from vendor-provided systems. Patrick Burns, vice president for information technology and professor of mechanical engineering at Colorado State, said that when he has e-mailed colleagues elsewhere that full installation costs for Kualu's financial systems and one other module next year will be \$3.8 million, he has received e-mail back asking if there was a decimal error and he really meant \$38 million.

But beyond saving "many millions" on installation, Burns said he believes that the service model is better as part of a community than working with companies. "If you want help from a vendor, you have to call and locate a resource through a project manager on a retainer, and they will help us after they discover a solution, and schedule the help for a month or two out, and we pay for their travel," he said. "With Kualu, if we have an issue, we put out an e-mail that says we have an issue, and within minutes, you get e-mails back of people saying 'we can help you.' "

The great idea about Kualu, Burns said, is that it has created a community where "people will help you without turning the meter on."

At San Joaquin Delta College, a California community college, officials mentioned issues of cost and customization -- and the uncertainties over the business strategies of vendors. Lee Belarmino, vice president for information technology at San Joaquin Delta (and a Kualu board member), said that his college doesn't want to "be dependent on some big monolithic vendor,"

and much prefers to share ideas with colleagues. "We can control our destiny without having to pay an arm and a leg," he said.

Jon C. Stephens, vice president for business services, said he worries about the "sustainability" of commercial operators. He noted that many customers of Angel were surprised this year to find themselves customers of Blackboard when that company purchased Angel. "I'm not saying Blackboard is bad, but the colleges didn't have a choice in it," he said. "If you like a company and it's merged, you are on your own again."

Financially, Stephens said that the college would have been looking at \$2 million to \$3 million in initial expenses for a corporate financial system, and significant annual expenses after that. With all costs, Stephens said the college will pay about \$150,000 to set up and maintain Kualii. "You can't beat the price and the concept makes too much sense," he said.

Stephens said that he's had inquiries from many California community colleges that want regular reports on how the project is going.

For corporations that currently provide these services, reaction was mixed on how significant the launch of Kualii systems will be. Jeanne Heston, product marketing manager at Jenzabar, said that she senses some interest in open source at larger universities, but that many of Jenzabar's clients are a little smaller than those involved in Kualii. She questioned as well whether it is "truly less expensive" than a vendor, given the size of IT staff needed and the outside companies that may also be involved. "A good vendor takes input from its customers and adds to the product" just like Kualii does, she said.

"I think Kualii is great if it helps schools see what's possible, but it's not a panacea and I don't think they are going to save a lot of money," she said.

Liz Murphy, chief client officer at Datatel, said Kualii's arrival is "not of concern to us" because "there are actually only a very small number of institutions that are in a position to leverage something like the Kualii financial system." They must have a very large IT staff, she said, and right now many colleges are cutting IT positions due to the economic downturn, she said.

Datatel uses open source technology in some of its services, and believes that in some cases, open source is the way to go, she said. But in terms of the market, Murphy said that Datatel finds itself competing with other companies when colleges are considering options, not with Kualii.

Jack Kramer, senior vice president of SunGard Higher Education, said he saw Kualii's arrival as significant. "Open source is made for higher education because collaboration is in higher education's DNA," he said.

Kramer predicted that while larger universities might gravitate to Kualii by themselves, many others would be attracted with support, and he said SunGard might try to position itself as the equivalent of the role Red Hat plays with Linux. While Kualii may compete with one of SunGard's traditional roles, he said the company can gain business by being the "helper" for colleges that want to embrace open source.

"I think it's going to be good for the industry," he said. "It's going to force vendors to understand that institutions don't like vendor lock-in. You can't talk to an institution that enjoys being locked in and this will force all of us in the industry to really understand that."

Indeed, other companies have already moved in that direction. rSmart works with colleges on a variety of open source services and was an early corporate backer of Quali. Chris Coppola, president of the company, said he continues to hear from colleges that want to see how the first installations go, but are interested in moving ahead. Colorado State and San Joaquin Delta's successful installations are likely to start a lot more conversations, he said. "It's now demonstrable that we've successfully built and deployed outstanding enterprise software as a community," he said. "I don't think we've seen an event with such transformative potential in a very long time."

Another company working with colleges on open source installations (both on course management and the administrative side) is Longsight, which is led by Scott E. Siddall, who formerly held top technology positions at Denison University and Kenyon College. Siddall said he is doing a Quali pilot now for one client, and is in discussions with several others about such pilots, which involve using Quali for just some administrative functions for a few months (while not abandoning prior systems).

Siddall said that there has been a clear shift in thinking by technology leaders in academe. He said that about 15 years ago, he proposed to a group of CIO's at colleges in Ohio that they share a single commercial platform, and that the idea was rejected immediately. Today, "things have really changed," he said, and collaboration is accepted. "There's going to be a lot of movement in this direction as soon as the fence-sitters realize that there is a community that they can count on." And finances are also going to drive the change, he said, because those who go open source "are going to spend about a tenth of the money that they would spend on a commercial platform."

Goldstein, of Campus Strategies, said that technology and finance administrators will approach possible shifts in slightly different ways, and that the technology leaders are the ones who will most need to get comfortable with the team Quali has built. "I don't think a CFO cares what the solution is as long as it is an effective solution, as long as things work. What you need is for the IT people to get comfortable with the idea that 'I don't have a vendor at the other end of the phone.' "

Green of the Campus Computing Project noted that "there are huge advantages to incumbency," and he noted that in his surveys only a minority of colleges currently say that they plan to migrate to open source for administrative functions in the next few years, with the strongest interest coming from public research universities and relatively little coming from private four-year colleges. But those surveys were done before anyone had actually made the move -- and that could change the dynamic, he said.

"I think these numbers will accelerate once others have gone there and seen it," he said, assuming the systems go well. (Both Colorado State and San Joaquin Delta reported that the two days they used the systems last week went well, and that means something because not every installation is smooth, but everyone involved said that you can't make real judgments on a few days of experience.)

The launch of Kuali systems, Green said, is far more significant than the arrival of a new corporate player. "This one is clearly different for colleges," he said. "It's about working with us as opposed to working with them."

— **Scott Jaschik**