IT Outsourcing Survey Questionnaire

I. Organization

1. Please describe how the IT function is organized at your university.
   1a ___ centralized for the entire institution
   1b ___ decentralized by school, or other administrative unit
   1c ___ mixed

2. Who decides which IT functions to outsource?

3. To what extent can schools and other units make IT outsourcing decisions independently? (Check one)
   3a Not at all
   3b To some extent
   3c To a great extent
   3d Complete authority

4. To what extent does state government influence decisions about IT outsourcing? (Check one)
   4a Not at all
   4b Moderately
   4c Completely

5. To what extent do collective bargaining units influence IT outsourcing decisions? (Check one)
   5a Not at all
   5b Moderately
   5c Completely

6. Please describe how the IT function is organized at your university
   Comment:

7. Who organizes the RFP, bidding and selection processes?

8. Who authorizes procurement?

9. Are you part of a consortium, or other technical shared-services arrangement with other colleges or universities? (check one)
   9a Yes_______________
   9b No_______________
   9c Comment:___________________________________________________________________________

II. Experience with Commercial IT Outsourcing and/or Consortial Shared Services

10. Are you currently outsourcing any IT functions?
    - If no, please proceed to Question 28 [SKIP].
    - If yes, indicate your experience below with a checkmark in the appropriate box in the table below:

<table>
<thead>
<tr>
<th>Q #</th>
<th>Type of Function</th>
<th>Vendor Category</th>
<th>Name of Vendor</th>
<th>Name of Consortium</th>
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<td>Systems</td>
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<td>10c</td>
<td>Application Services</td>
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<td>10d</td>
<td>Distributed Systems (including desktop and wireless)</td>
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<td>10g</td>
<td>Processing Services (utility transaction processing; financial, HR, registration, scheduling, other)</td>
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<td>10h</td>
<td>E-Learning, distance-learning services</td>
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<tr>
<td>10i</td>
<td>Other</td>
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</tbody>
</table>

10j. Comment:___________________________________________________________________________
11. At what level do you outsource? (check one)
11a Enterprise [universitywide]_______________
11b School or department_______________
11c Specific program_______________
11d Comment:___________________________________________________________________________

III. Vendor Selection and Evaluation
12. How were your current vendors selected?_______________
12a sole-sourced?_______________
12b selected through a competitive bidding process?_______________

13. On a 1-5 scale, with 5 being “very important,” please rank the criteria that you used to select your most important outsourcing vendor?
13a Demonstrated prior experience in outsourcing overall_______________
13b Specific prior experience in higher education_______________
13c Price_______________
13d Capabilities_______________
13e Reputation_______________
13f Other_______________(please specify)_______________

14. How satisfied are you with your current outsourcing vendor? (Please rate the vendor on a scale of 1-5, 1=highly dissatisfied; 5=highly satisfied)_______________
14a Comment:___________________________________________________________________________

15. What problems, issues, set-backs, or unexpected developments (if any) have you encountered with your outsourcing experience? (Please check all those that apply)
15a ____ Project went overbudget.
15b ____ Project implementation took substantially longer than anticipated.
15c ____ Vendors didn’t fulfill their promises.
15d ____ Resistance from collective bargaining units.
15e ____ Technical problems made it impossible to meet our performance expectations.
15f ____ Vendor was insufficiently familiar with the specialized needs of higher education.
15g ____ Our process for outsourcing contract bidding, selection and evaluation was flawed.
15h ____ Lack of cooperation among internal organizational units compromised the achievement of our initial goals.

16a. Do you anticipate switching outsourcing vendors? Yes/No
16b. Do you anticipate in-sourcing any functions currently being outsourced? Yes/No
16c. Do you anticipate outsourcing additional functions to the current vendor? Yes/No
16d. Do you anticipate outsourcing additional functions to other vendors? Yes/No

17 What are the primary reasons why you outsource?
17a Cost-savings_______________
17b Operating efficiencies_______________
17c Lack of in-house skills and/or technology_______________
17d Access to innovative services_______________
17e Other (please describe)_______________
17f Comment:___________________________________________________________________________
18. At what levels do you outsource? Comment:_____________________________________

19. Please rank the reasons for your satisfaction/dissatisfaction (1=highly dissatisfied; 5=highly satisfied)
19a _____ Cost
19b _____ Reliability
19c _____ Customer service and project management skills
19d _____ Performance against negotiated SLA
19e _____ Integration with back-office system
19f _____ Flexibility
19g _____ Security
19h _____ Other_______________
19i Comment:_____________________________________________________________________

IV. Spending on Outsourcing

20. Please describe (by type and term) the contract values of projects already negotiated and allocate your spending according to the following categories. Rough estimates in thousands of dollars, or percentage allocations of your total spending, are sufficient. (Alternatively, you may refer us to a colleague who is better able to answer these questions fully:

20a Name: _______________________________________________________________________
20b Tel: _________________________________________________________________________

21. Has there been additional spending on IT outsourcing-related professional services (special consultants employed on a time & materials basis to customize, integrate, or solve other special IT problems)? Please specify:

21a. Type of service)________________________________________________________________
21b. Estimated amount spent annually ($K)___________________________________________
21c No additional spending.___________________________________________________________
21d Comment:_____________________________________________________________________

22. Please indicate how much your university spent on the following outsourcing services in 2001.

<table>
<thead>
<tr>
<th>Function</th>
<th>Approx. $K Spent in 2001, or % Allocation of Total Spend for IT Outsourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>22a. IT Infrastructure</td>
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<td>22b. Application Mgmt</td>
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<td>22c. Distributed Systems (including desktop and wireless)</td>
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<td>22e. Business Process Outsourcing</td>
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<td>22f. Processing Services [utility transaction processing; financial, HR, registration, scheduling, other]</td>
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<td>22g. E-Learning, distance-learning services</td>
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<td>22h. Other</td>
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<tr>
<td>22i. Application Services</td>
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<tr>
<td><strong>Total $K, or 100%</strong></td>
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</tbody>
</table>
V. Issues and Trends
23. If you are not currently outsourcing, please identify the primary reason:
23a. Brought the function in-house
23b. Discontinued function
23c. Problems or dissatisfaction with outsourcing vendor
23d. In-house staff has been adequate to cover our requirements
23e. Collective bargaining agreements
23f. Poor cost/benefit ratio
23g. Inability to find vendor with sufficient experience in higher education
23h. Other
23i. Comment:

24a. How long did the transition/implementation take (including staff/equip transfer)?
   - _____ Less than three months
   - _____ 3-6 months
   - _____ 6-12 months
   - _____ Over 12 months
   - _____ Implementation is still not complete.
24b. What was the process? (Please check all those that apply)
   - _____ We used a consultant to assist with project implementation.
   - _____ We transferred staff and/or equipment to the outsourcers under the agreement.
   - _____ We changed the Service Level Agreement frequently after the contract was signed.

25. What obstacles, or problems, did you encounter?
25a. _____ Collective bargaining units
25b. _____ Budget overruns
25c. _____ Employee concerns
25d. _____ Insufficient planning prior to putting the project out to bid
25e. Comment:

26. For one outsourcing project, please describe your implementation process:

   ____________________________________________________________

VI. Perceptions of Outsourcing
27. Where do you see the most significant benefits from IT outsourcing to your institution?
27a. _____ Cost-savings
27b. _____ IT staff reduction or redeployment
27c. _____ Streamlined operations
27d. _____ Lower risk from technology obsolescence, skills shortages and related problems
27e. _____ Better functionality
27f. _____ Access to superior technical solutions
28. How familiar are you with ASP vendors and their capabilities? *(Please refer to definitions provided at the beginning of this survey questionnaire.)*

28a ____ Very familiar
28b ____ Moderately familiar
28c ____ Not familiar at all

29. Please check all of the following that apply to your experience:

29a ____ We did NOT sign a contract with an ASP because we were not familiar with the model.
29b ____ We did NOT sign a contract with an ASP, even though we were familiar with the model.
29c ____ We DID sign a contract with an ASP.

30. If you are familiar, please describe your ASP experience. *(Check all those that apply.)*

30a ____ Better than expected
30b ____ As expected
30c ____ Worse than expected
30d ____ In retrospect, we shouldn’t have used an ASP.
30e ____ In retrospect, using an ASP was appropriate, but we chose the wrong vendor.
30f ____ The ASP solution was too limiting.
30g ____ The ASP solution was too ill-defined to be effective.
30h ____ In the end, we needed much more customization than we had expected.
30i ____ If we could start over, we would use a full-service outsourcing vendor.
30j ____ Other: ____________________________________________________________
30k ____ Comment: _________________________________________________________

31. In your opinion, what functions are most suitable for outsourcing in higher education? *(Check all those that apply.)*

31a ____ Help desk
31b ____ Network operations
31c ____ Applications development and/or management
31d ____ Infrastructure (data center) operations
31e ____ Distributed Systems (desktop, wireless devices, other portable)
31f ____ Network Services
31f ____ Business Process Operations
31g ____ Processing Services (e.g., transaction processing for data, credit card, scheduling, registration, other financial, etc.)
31h ____ E-learning and distance learning programs

32. If possible, please identify other significant IT outsourcing projects in higher education and key contacts for these initiatives:

32a Successful__________________________________ 30b Contact _________________
32c Attempted__________________________________ 30d Contact _________________
32e Innovative__________________________________ 30f Contact _________________
32g Others:___________________________________________________________________________

33. Please indicate below if you are willing to be interviewed about your own IT outsourcing experiences, or are willing to refer INPUT to colleagues at your institution who might be able to provide detailed information about these projects/contracts—including the individuals names above.

33a ____ You may contact me (yes/no) ________________
34. Please indicate if you are part of a consortium, or use a vendor to deliver the following services.

<table>
<thead>
<tr>
<th>Function</th>
<th>Vendor</th>
<th>Consortium</th>
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<tbody>
<tr>
<td>34a. IT Infrastructure</td>
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<td>34h. Other</td>
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<td>34i. Application Services</td>
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</table>

35. Please indicate how much you spent on the following outsourcing services between 1999-2000, and before 1999.

<table>
<thead>
<tr>
<th>Function</th>
<th>$K Spent, 1999-2000, or % Allocation of Total Spend for IT Outsourcing</th>
<th>Approx. Cumulative $K Spent, or % Allocation, Before 1999</th>
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<tbody>
<tr>
<td>35a. IT Infrastructure</td>
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<tr>
<td>Total $K, or 100%</td>
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</table>
36. Approximately how much do you expect to spend on IT outsourcing over the next twelve months, and over the next five years?

<table>
<thead>
<tr>
<th>Function</th>
<th>Over the next twelve months ($K)</th>
<th>Over the next five years ($K)</th>
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<tbody>
<tr>
<td>36a. IT Infrastructure</td>
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<td>36b. Application Management</td>
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<td>36i. Application Services</td>
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36j Comment:___________________________________________________________________________

37a. How much do you expect to spend on outsourcing total? _______________
37b. Comment:_________________________________________________________________________

38. Please indicate the service/function outsourced _______________

39. Please indicate whether your answers are in dollars or percent _______________

Again, thank you for your time and consideration. As promised, at the completion of this survey research, we will send you an Executive Summary of our research findings.
Survey Respondent Identification

Organization
1. Please describe your company (check all items that apply):
   1a ___ Private
   1b ___ Public
   1c ___ For profit
   1d ___ Nonprofit
   1e ___ Small (under 100 employees)
   1f ___ Medium size (100-9,999 employees)
   1g ___ Large (10,000 + employees)
   1h ___ International
   1i ___ National
   1j ___ Regional

I. Outsourcing Experience
2. For how many years have you been active in providing IT outsourcing services?
   2a ___ less than five years
   2b ___ more than five years
   2c ___ more than ten years

3. In which vertical industries are you most active? (Please check all those that apply)
   3a Banking & Finance
   3b Business Services
   3c Discrete Manufacturing
   3d Education
   3e Federal Government
   3f Health Services
   3g Insurance
   3h Miscellaneous Industries
   3i Process Manufacturing
   3j Retail Distribution
   3k State & Local Government
3i Telecommunications____
3m Transportation____
3n Utilities____
3o Wholesale Distribution____

4. Are you active in outsourcing to the higher education market?
   If yes, for how many years?
   4a ____ less than five years
   4b ____ more than five years
   4c ____ more than ten years
   4d If no, why not?_____________________________________________
   If your organization is not an active outsourcer to the higher education market, skip to Question #21

5. In which geographical markets do you offer outsourcing?
   5a U.S. market (yes/no)
   5a-1 If yes, are you active in the government market (federal or state & local)? (yes/no)
   5b Canadian market (yes/no)
   5b-1 If yes, are you active in the government market (federal or state & local)? (yes/no)
   5c International markets (yes/no)
   5c-1 If yes, are you active in the government market (national or local)? (yes/no)

6. What type of outsourcing services do you provide? (Please check each category that apply in the grid below.)

<table>
<thead>
<tr>
<th>Q #</th>
<th>Type of Function</th>
<th>Vendor Category</th>
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<tbody>
<tr>
<td></td>
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<td>Systems Integrator</td>
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<td>6a</td>
<td>IT Infrastructure</td>
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<td>6b</td>
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<td>6i</td>
<td>Other</td>
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</table>

7. Which companies in the following categories do you consider to be your major competitors in the higher education outsourcing market?
II. Revenues

8. What were your total revenues in the last calendar or fiscal year?
8a CA 2000 _______________
8b FY 2001 _______________

9. What portion of your total annual revenues is generated by outsourcing?
9a Less than 5%____
9b From 6-25%____
9c From 26-50%____
9d From 51-75%____
9e More than 75%____

10. What proportion of your total revenue represents outsourcing to higher education in the U.S. and/or Canada?
10a Less than 5%____
10b From 6-25%____
10c From 26-50%____
10d From 51-75%____
10e More than 75%____
10f Of your total revenues from the North American market from outsourcing to higher education, what percentage does Canada represent? _______________

11. What percentage of your total revenues do you expect to earn from each of the following types of outsourcing services over the next five years?

<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage Distribution of Total Revenues</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>At year-end 2001</td>
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<tr>
<td>11a</td>
<td>IT Infrastructure</td>
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<td>11b</td>
<td>Application Mgmt</td>
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</table>
III. Experience With Higher Education

12. Have most of your outsourcing contracts to higher education been sole-sourced or won competitive bidding?
   12a ____ Sole-sourced (yes/no)
   12b ____ Competitive bidding? (yes/no)

13. What problems, issues, setbacks, or unexpected developments (if any) have you encountered in your experience of providing outsourcing services to higher education institutions? (Please check all those that apply)
   13a ____ Project went overbudget.
   13b ____ Project implementation took substantially longer than anticipated.
   13c ____ Client didn’t fulfill its promises for cooperation.
   13d ____ Resistance from collective bargaining units was unexpectedly stiff.
   13e ____ Technical problems made it impossible to meet our performance expectations.
   13f ____ Client was insufficiently familiar with the technical aspects of IT outsourcing.
   13g ____ Client’s process for outsourcing contract bidding, selection and evaluation was flawed.
   13h ____ Lack of cooperation among internal client organizational units compromised the achievement of our initial goals.
   13i ____ Resistance from collective bargaining units

14. Please identify particularly important, successful or otherwise significant outsourcing projects in higher education and, if possible, locations and key contacts for them:
   14a Successful_____________________________________
   14b Contact name____________________________________
   14c Location?________________________________________
   14d Contact telephone number___________________________
   14e Contact e-mail address______________________________
   14f Unsuccessful_______________________________________
   14g Contact name______________________________________
   14h Location?_________________________________________
   14i Contact telephone number____________________________
   14j Contact e-mail address______________________________
   14k Innovative________________________________________
   14l Contact name______________________________________
   14m Location?_________________________________________
   14n Contact telephone number____________________________
   14o Contact e-mail address______________________________

15. In your view, what are the primary reasons that motivate universities to outsource? Please rank these criteria on a 1-5 scale (1=Very important; 5=Unimportant)
   15a Cost-savings____
   15b Operating efficiencies____
   15c Lack of in-house skills and/or technology____
   15d Access to innovative services____
   15e Other (please describe)____
   15f Comment:_________________________________________
16. In your opinion, how important are the following concerns to universities about outsourcing? Please rank these criteria on a 1-5 scale (1=Very important; 5=Unimportant).

16a Loss of control____
16b Internal political/organizational issues____
16c Cost____
16d Vendor performance____
16e Unfamiliarity of vendors with the specific needs of universities____
16f Collective bargaining units____
16g Other____

17. On a 1-5 scale, with 5 being “very important,” please rank the criteria that universities typically use to select an outsourcing vendor?

17a Demonstrated prior experience in outsourcing overall____
17b Specific prior experience in higher education____
17c Price____
17d Capabilities____
17e Reputation____
17f Other____ (please specify)________________________

18. In your experience, which criteria do universities apply most commonly in the evaluation of an outsourcing vendor’s performance. Please rank these criteria on a 1-5 scale (1=always applied; 5=almost never applied).

18a ____ Cost control
18b ____ Reliability
18c ____ Customer service and project management skills
18d ____ Performance against negotiated SLA
18e ____ Integration with back-office system
18f ____ Flexibility
18g ____ Security
18h ____ Financial viability
18i ____Other________________________

19. Please describe your experience in implementing outsourcing contracts for clients in higher education:

19a How long does the transition/implementation usually take?________________________
19b What is the typical implementation process?

_____________________________________________________________________
_____________________________________________________________________

19c What obstacles, or problems, are you most likely to encounter? (e.g., budget overruns, organizational, staffing, other)________________________

20. To what extent do collective bargaining units influence outsourcing decisions? (check one)

20a Not at all____
20b Moderately____
20c Completely____
IV. Perceptions of the Higher Education Outsourcing Market

21. Where do you see as the most significant benefits from IT outsourcing to higher education? (Please rank on a 1-5 scale, 5=Very significant; 1=Insignificant)
   21a Lower costs____
   21b Lower headcount____
   21c Supply technical skills that are otherwise unavailable____
   21d Supply functions that are unavailable from internal resources____
   21e Greater flexibility in terms of operations, planning and budgeting____
   21f Lower technology risk____

22. How quickly are universities adopting outsourcing? (check two from the list below)
   22a Much less rapidly than commercial clients____
   22b Much less rapidly than government clients____
   22c About as rapidly as commercial clients____
   22d About as rapidly as government clients____
   22e More rapidly than commercial clients____
   22f More rapidly than government clients____
   22g Much more rapidly than commercial clients____
   22h Much more rapidly than government clients____

23. Is the higher education market more, or less, attractive to you than other industries, or industry segments? (Check one)
   23a More attractive____
   23b Less attractive____
   23c Of equal attractiveness____

24. How do outsourcing decision-makers compare to those in government, or other vertical industries? (yes/no)
   24a They are less technically sophisticated. ____
   24b They are more technically sophisticated. ____
   24c They are easier to do business with. ____
   24d They are more difficult to do business with. ____
   24e They tend to lengthen the sales cycle. ____
   24f They tend to shorten the sales cycle. ____
   24g They often lack sufficient authority to close a deal in a timely way. ____
   24h Typically, they do have sufficient authority to close a deal in a timely way. ____
25. In your opinion, which of the following functions are most suitable for outsourcing in higher education? Please rank each category on a 1-5 scale, 5=Very suitable; 1=Very unsuitable.

<table>
<thead>
<tr>
<th>Function</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>25a IT Infrastructure</td>
<td></td>
</tr>
<tr>
<td>25b Application Mgmt</td>
<td></td>
</tr>
<tr>
<td>25c Application Services</td>
<td></td>
</tr>
<tr>
<td>25d Distributed Systems (including desktop and wireless)</td>
<td></td>
</tr>
<tr>
<td>25e Network Services</td>
<td></td>
</tr>
<tr>
<td>25f Business Process Outsourcing</td>
<td></td>
</tr>
<tr>
<td>25g Processing Services [utility transaction processing; financial, HR, registration, scheduling, other]</td>
<td></td>
</tr>
<tr>
<td>25h E-Learning, distance-learning services</td>
<td></td>
</tr>
<tr>
<td>25i Other</td>
<td></td>
</tr>
</tbody>
</table>

V. Outlook for the Future

26. What are the most significant obstacles to the further expansion of outsourcing in higher education? (Please rank on 1-5 scale, 5=Very significant; 1=Insignificant)

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>26a Lack of understanding of the benefits of outsourcing</td>
<td></td>
</tr>
<tr>
<td>26b Sufficient capability in-house to handle current IT workload</td>
<td></td>
</tr>
<tr>
<td>26c Inability of vendors to meet the specialized requirements of the higher education market</td>
<td></td>
</tr>
<tr>
<td>26d Organizational obstacles at universities</td>
<td></td>
</tr>
<tr>
<td>26e Insufficient cost/benefit ratios from the point of view of universities</td>
<td></td>
</tr>
<tr>
<td>26f Insufficient cost/benefit ratio from the point of view of outsourcing vendors</td>
<td></td>
</tr>
<tr>
<td>26g Influence of collective bargaining units</td>
<td></td>
</tr>
<tr>
<td>26h Comment</td>
<td></td>
</tr>
</tbody>
</table>

27. Over the next five years, what level of penetration by outsourcing in some form do you foresee in this market? (Check one)

<table>
<thead>
<tr>
<th>Level</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>27a Less than 10% of all institutions</td>
<td></td>
</tr>
<tr>
<td>27b From 11-25% of all institutions</td>
<td></td>
</tr>
<tr>
<td>27c From 26-50% of all institutions</td>
<td></td>
</tr>
<tr>
<td>27d Over 50% of all institutions</td>
<td></td>
</tr>
</tbody>
</table>

28. Do you expect universities to find the ASP model more, or less, attractive over the next five years? (Check one)

<table>
<thead>
<tr>
<th>Attractive</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>28a More attractive</td>
<td></td>
</tr>
<tr>
<td>28b Less attractive</td>
<td></td>
</tr>
</tbody>
</table>
29. What are the most significant obstacles to the further expansion of the ASP model in higher education? (Please rank on 1-5 scale, 5=Very significant; 1=Insignificant)
   29a Lack of understanding of the benefits of the ASP alternative._______________
   29b Fears regarding the ability of the ASP to fulfill its commitments._______________
   29c Fears regarding the financial viability of the ASP._______________
   29d Inability of ASPs to meet the specialized requirements of the higher education market._______________
   29e Organizational obstacles at universities._______________
   29f Insufficient cost/benefit ratio from the point of view of universities._______________
   29g Insufficient profitability from the point of view of outsourcing vendors._______________
   29h Other_______________
   29i Comment___________________________________________________________________________

30. Do you anticipate offering additional outsourcing services to institutions involved in higher education? (yes/no)_______________
   30a If yes, please describe these new services and their launch timing.

   _________________________________________________________________________________
   30b If no, please indicate the obstacles that are preventing you from expanding your service offer.

   _________________________________________________________________________________

Again, thank you for your time and consideration. We will send you a copy of the Executive Summary of the final report based on this survey.