EDUCAUSE BOARD MEETING MINUTES

JUNE 6, 2012—LOUISVILLE, COLORADO

ATTENDING:

• Board Members: David Lassner (Chair), Diana Oblinger (President and CEO), Debra Allison (Treasurer), Joel Cooper, Ted Dodds (remotely), Kara Freeman, Susan Metros, Richard Northam (Secretary), Pattie Orr, Vernon Smith, Randy Stiles, Brian Voss, Brad Wheeler (Vice Chair).
• Staff: Joanne Dehoney, Susan Grajek, Greg Jackson (remotely), Garth Jordan, Julie Little, Michelle McIrvin (for financial and business plan discussions)
• Guest: David Smahlen (remotely for the Nominations Committee report).

CALL TO ORDER

• Lassner called the meeting to order at 8:00 a.m. Mountain Time (MT) and asked for comments on the consent agenda, including the February 2012 board meeting minutes.
• The minutes were approved by unanimous consent at 8:05 a.m. MT.

PRESIDENT’S REPORT

ANNUAL CONFERENCE

• Little reviewed updates to the EDUCAUSE 2012 Annual Conference (E2012). Changes include:
  ▪ The party will occur in the exhibit area on Wednesday,
  ▪ Longer breaks, enabled by starting slightly earlier in the day, will facilitate networking,
  ▪ More rooms are set up with round tables,
  ▪ Twenty-four sessions were selected competitively to capitalize on two highly interactive flexible spaces,
  ▪ The exhibit hall includes a learning theatre and, expanding on the success of Innovation Alley at the 2011 conference, three additional “alleys” will be added for 2012: NGLC, start-ups, and market research,
  ▪ The online conference has 20% more content and two online-only session spaces; the online-only session rooms have allowed us to invite 25 additional proposers with exceptional scores who were not accepted for the face-to-face program,
  ▪ The online conference will demonstrate accessibility, which both models good practice and improves indexing of the sessions,
  ▪ Online poster sessions will occur in a gallery format,
  ▪ We will provide three hours of 1:1 instructional design consultation for online-only presenters; members of the online learning advisory committee will provide consultation services to augment staff capacity.
• Oblinger noted the general growth of online conferences, for example, the recent successful online conference for security professionals.

**EDUCAUSE LEARNING INITIATIVE (ELI)**

• Oblinger reported on two ELI activities:
  - New ELI short courses (in pilot).
  - The ELI Seeking Evidence of Impact case studies series, which includes an inaugural case from Carleton College.

**OTHER UPDATES**

• Oblinger reported that the new e-book, Game Changers, was released on May 10 and is seeing excellent uptake. She acknowledged Ellucian’s support for the book, which helped offset EDUCAUSE production costs. In response to a question from Voss, she suggested that it was useful for Ellucian for visibility as they had just changed their name.

• Oblinger shared the names of the Leadership and Rising Star award winners. The Recognition Committee is discussing adding another award for long-term community service, which should clarify the confusion over whether leadership is for “big ideas” or service. Wheeler advised caution against returning to the model of a nominal award for insiders who are retiring.

• Oblinger updated the board on the Frye Leadership Institute, which is currently in session. She described the class as particularly strong and the session as going quite well, suggesting that we may be able to continue the current delivery model in the revised future offering for developing leaders. Oblinger reported that the transition path has been smoothed with Billy Frye, and that communications to membership about the future of the program will begin in the fall. Orr supported the idea of a reception honoring Frye at the annual conference. Metrox asked if, for future programming, EDUCAUSE would continue to partner with CLIR. Oblinger replied that we have plans for collaboration with CLIR in the works.

• Oblinger reported on updates to leadership at the Bill & Melinda Gates Foundation (BMGF) that are likely to affect future directions for NGLC. Wheeler commented on the strong choice in selecting Dan Greenstein as the new director of post-secondary division at BMGF. Oblinger suggested that the focus of the portfolio is shifting from grants to value-add, rapid turn-around on results and content and synthesis allowing EDUCAUSE to leverage its existing channels for content distribution. Oblinger reported on the status of the Wave III finalists. In response to a question from Wheeler about the “end game” for NGLC, Oblinger said that the future isn’t clear at this point.

• Oblinger reported on progress in the NGLC website redesign, noting the synergies with the EDUCAUSE website.

• Oblinger provided an overview of staff briefings to occur during the facility tour, including the new EDUCAUSE brand visual design, the website project, and the new flagship publication, *EDUCAUSE Review Online*.

• Oblinger presented the 2013 meeting dates: February 19, June 4, and October 14.

**FINANCIAL REPORT**
AUDIT REPORT

• Allison reported on behalf of the audit committee that the auditors provided a clean report. She mentioned that the auditors were complimentary of the process. Stiles' motion to approve the report was seconded by Voss. The report was approved by unanimous consent.

FORM 990

• McIrvin provided an overview of the Form 990. Lassner reminded the board that careful review of the Form 990 is one of the board’s most important fiduciary responsibilities. In response to a question from Wheeler McIrvin explained that the form contains the same information in the same format as past forms. Voss motioned to approve; Wheeler seconded. The motion passed with unanimous consent.

FINANCIAL STATUS UPDATE

• McIrvin reviewed the association's current financial position, noting that we are tracking positively relative to budget. Cooper asked how the investment advisors are doing given the transition to Wells Fargo. McIrvin confirmed that the transition has raised no issues.

INVESTMENT POLICY STATEMENT

• Oblinger reminded that board that we review the investment policy annually. McIrvin explained that we have a moderately conservative investment policy. She reported that benchmarking undertaken this trimester confirms that the EDUCAUSE policy is similar to other non-profit member organizations. Oblinger asked for discussion. Wheeler asked whether any auditors or financial advisors had provided feedback on the policy indicating that it may be too conservative. Oblinger and McIrvin replied that they had never received this feedback. The board agreed to retain the policy for another year.

BUSINESS MEETING

NOMINATIONS COMMITTEE DISCUSSION

• David Smallen joined the meeting by telephone.
• Lassner provided an introduction to the board’s process for reviewing board slate candidates and asked the group to observe strict confidentiality. Smallen described nomination committee process, describing the pool as strong and the final list of nominees as representative of the pool. Lassner thanked Smallen for his efforts and work. Wheeler concurred. Smallen acknowledged and thanked EDUCAUSE for their structure and committee support.
• The board selected Colin Currie (Princeton University), Joy Hatch (Virginia Community College System), Kay Rhodes (Texas Tech University), and Justin Sipher (Skidmore College), to form the 2012 election slate.
• The board nominated Bruce Maas, University of Wisconsin as the appointed board member, subject to his consent. Allison moved to approve the appointment. Cooper seconded the motion. The motion passed by unanimous consent.
NEW OFFICE TOUR AND OPERATIONS UPDATES

- Lassner thanked the staff for their efforts and how well they represent EDUCAUSE and serve members.
- The board toured the new office, mingled with staff, and visited three stations providing updates on Core Data Service, the Web Redesign project, EDUCAUSE Review Online, and revisions to the visual design of the EDUCAUSE brand.

RESERVES POLICY UPDATE

- Oblinger overviewed a proposal to merge two current categories in the reserves, the “Strategic Initiatives Reserve” and the “Leadership Reserve,” into a single category to be called, the Strategic Initiatives Reserve. She described the rationale: to simplify management and eliminate confusion about the purpose of the funds. Wheeler suggested that having passive sitting capital might not be excellent stewardship. Allison commented that the proposed simplification is straightforward and makes sense and further suggested that in future conversations it would be useful to show how the reserve has been spent. Voss motioned to approve the merger; Smith seconded. The board unanimously approved the motion to merge two categories in the strategic reserve into a single category called the Strategic Initiatives Reserve.

E2012 ALLEYS

- Oblinger opened a conversation about the new, programmable, “Learning Theater” space in the exhibit hall at EDUCAUSE 2012 Annual Conference.
- Little framed the conversation by noting that the in the exhibit hall we have a strong corporate presence and now, with start-up alley, young entrepreneurs, but have traditionally had no comparable venue for highlighting community development effort.
- Little asked the board to consider the value of pulling slots from the conference program that are community-sourced, “game changing” activities, and using the exhibit hall learning theatre to feature them.
- Allison suggested shared services, as a game changer that would interest the community; Wheeler concurred. Wheeler mentioned hearing that EDUCAUSE was considering an open source alley. In the past if community or open source projects wanted a space in the exhibit hall, they had to buy a space. Wheeler supported Little’s suggestion, observing that we now have two groups on the exhibit floor, firms that pay and those newcomers we subsidize, but not a space for relevant community efforts and suggesting that this will help close the gap.
- Stiles nominated the NGLC-sponsored blended learning initiative among CLAC schools for inclusion in the new area. Jordan noted that we are developing an NGLC alley.
- Wheeler cited the example of a new cost model for a publisher based on student outcomes. Orr concurred and suggested that we need strong guidelines for determining what sessions to elevate to the space. Smith suggested that a TED talk model is relevant. Wheeler observed that this approach is also a “game changer” for programming the conference.
- Metros suggested that the session selection could be crowd-sourced. Orr responded that it might be preferable to incorporate community feedback as one selection factor among others. Wheeler suggested capturing the sessions. Cooper noted the ties to DRA’s efforts to identify hot topics for research and study. Allison suggested that the term “game changer” might be a relevant
organizer on the EDUCAUSE website. Little added that it could be a theme on the conference site. Smith suggested asking for TED-style talks on the Game Changer book chapters.

**DATA RESEARCH AND ANALYTICS BUSINESS PLAN**

- Oblinger opened the discussion of the Data, Research, and Analytics (DRA) business plan by describing the purpose of the project: to develop a business plan for DRA that includes ECAR and the Core Data Service (CDS). She indicated that the current investment in ECAR is $1.7 million and for CDS, about $400,000 annually. She posed three questions to the board, asking whether or not:
  - The investment is warranted,
  - The proposed model is accurate, and
  - We are willing to forgo other lost opportunities with this investment.

- Grajek reviewed the background research with EDUCAUSE member institutions for the business plan. Findings included:
  - Institutions want benchmarking data
  - They want to know what others have done successfully
  - They are interested in what is happening and coming in higher education
  - There is a lack of awareness of CDS representing a market opportunity
  - Affordability is a concern
  - The current CDS “serve-yourself” model is insufficient; institutions want analysis in multiple formats.

- Wheeler commented that if the community perceives the service as a luxury good, it's a problem. It is preferable that it be perceived as like WIFI- expensive but necessary. Grajek responded by noting that part of the product strategy is to identify what products institutions actually need.

- Grajek explained that the new model would move some currently free products behind the pay wall.

- In response to a question about competitors, Grajek responded that while Gartner may appear to be an example, in fact there are no direct corollaries and that the major differentiator is the member data. A difference between the proposed service and Gartner is that our costs will be lower and the data reflects higher education knowledge.

- Jordan revisited Wheeler's comment, noting that by positioning the data as the gold standard we will be able to grow the market. Stiles agreed, citing the Council of Independent Colleges as a comparable example of this strategy.

- Allison reported an Accenture engagement at her institution where they investigated several benchmarking options including Gartner, and ultimately selected EDUCAUSE data. Orr noted that third parties are trying to enter the space, citing an example of an assessment at her institution in which a third party’s methodology was so poorly matched to the reality of the higher education sector that it was unusable.

- Metros reflected on what would make the material a necessity and provided two examples: salary comparisons, and data that would fit directly into various accreditation processes. Northam reported that CAUDIT has been collaborating with accreditors successfully and that when accreditors understood what data resources CAUDIT could provide, they incorporated that knowledge into their processes. Smith concurred on the value of accreditation-linked data.
Grajek reported on the results of interviews with corporate partners, noting that:

- Most are interested in market share data and institutions' future plans,
- They are currently purchasing data about institutional patterns and trends in IT,
- Most of the acquired data comes in the form of subscriptions, but they would rather have it via some form of bundled access,
- Institutions stress that corporate member access to data must be handled appropriately.

Grajek outlined the proposed products which along with the traditional research products include data licensing, technology reviews, annual strategic report customized to institutions, access to the CDS tool, and in the future, custom services.

Jordan explained the pricing model, noting three themes: keep it simple, drive CDS participation, and encourage membership through pricing. In response to a question from Metros as to whether services will be the same, Grajek said that the content will continue evolve and improve, but will be based on the same product lines; the new model would add to current products. Grajek said that the ECAR symposium may be sunset after 2013, to which Metros responded that this might be a problem for her and for others given the loss of the free registrations.

Wheeler asked if we had ever created one price for all EDUCAUSE subscriptions. Oblinger responded that we explored this option in last summer’s membership survey, and that the results did not support the move. Stiles asked how pricing for the plan was established. Jordan responded that it was not quantitative at this point.

Smith noted that CDS is a good deal for institutions when compared to the cost staff time to try to do comparable analysis.

Lassner asked why non-participants are welcome at all; Jordan responded that they are still an important constituency because we want to have the opportunity to convert non-members to members.

Wheeler asked about the role of corporations; Jordan noted that today corporate participation is extremely low. He also suggested that the proposed pricing for corporate membership was significantly under-market and should be revisited. Lassner agreed that the corporate price seems low given access to CDS would be part of the bundle.

Dodds commented that the business case is compelling, thorough, and balanced, noting that a key success factor will be whether the financial model is accurate. He asked how confident Grajek and Jordan are in the model. Grajek responded by saying that she is confident in the CDS base, the trend toward greater need for data, and lack of competitors. Her concern is in not understanding price tolerances and the driving value for members. Jordan responded that his confidence is about 50/50, noting that the major risk is execution of the plan.

Smith suggested the need for strong case studies and examples demonstrating the value of CDS. Smith suggested that an aggressive marketing campaign will be necessary; Metros concurred. Wheeler noted that taking the service to market is the actual test and that prices can be tweaked. Wheeler cautioned against retracting too quickly should the market not grow at the anticipated rate and suggested the need for a targeted staff person to drive the build-out. He noted that if responsibility for starting up the program is grafted on to ongoing work, it might be a failure. He further suggested that it might be less risky to accelerate the rollout, as a longer timeline gives potential competitors more opportunity to enter the market.

Stiles responded to the previous luxury-necessity comparison, saying that accreditors themselves would use and value the data. He further suggested that a marketing communication strategy should also target presidents.
• Orr reiterated that the need has been there all along and she concurred with Wheeler that a faster, aggressive path is warranted. Orr also advised a pre-marketing push to let people know what is coming. Grajek suggested that one place to move quickly is on key performance indicators (KPIs). Orr supported the suggestion, noting that the participants in the process of establishing KPIs would also serve a marketing function.
• Smith suggested that it is crucial to address the needs of one or more of three audiences: student, accrediting bodies, or government, and that to address the needs of none of these is a risk.
• Oblinger shared the risk analysis.
  • ECAR. Subscription income has declined $136,213 since 2008, although it is expected to be stable this year compared to last year. The decline occurred in a context without focused marketing. We saw a dip in research productivity last year.
  • CDS. The CDS has been vulnerable since redesign; participation may be declining since the 2008 peak. The service was only recently identified as a cost center with a service owner and a road map. It too has been operating in a context of little marketing and no professional development support for members in its value and use.
• Wheeler asked if the CDS interface is still creating problems. Grajek responded that we have addressed many of the criticisms including interface problems and that the process will be fairly easy for campuses that participated last year. Wheeler asked if the board should campaign for participation. Lassner and Grajek responded, probably not until the reporting tool is delivered, so next year.
• Jordan described the assumptions underlying the model:
  • New offerings and prices will be introduced for 2014 billing cycle,
  • Two percent growth in general expenses; subscription growth of 3% institutional growth; 20 corporate members, non-members comprise 3% of the base,
  • ECAR Symposium eliminated in 2014.
• The financial assumptions include:
  • Growth in revenue to $2.2M in 2015,
  • Personnel are most significant expenses,
  • Losses over $230K for two years (2012-2013),
  • Break-even in 2014.
• Oblinger put the model in the context of the bigger EDUCAUSE picture. She noted that we budgeted a $450K loss in 2012. Largely due to significant depreciation and overhead expenses associated with the move and web redesign she wanted the board to be aware that the depreciation and overhead projections indicate a $610K loss in 2013 and $425K loss in 2014. Oblinger reminded the board that we are currently ahead of budget for 2012.
• Oblinger noted that there are other options for financing the build-out, including:
  • Grant funding,
  • Corporate sponsorships,
  • Founding subscribers category,
  • Develop strategic partnerships.
Oblinger noted that BMGF is unlikely to support the project, but that the Lumina Foundation might be a more likely candidate if they move into analytics as they have indicated.

In response to a question from Wheeler about founding subscribers, Jordan explained that the idea is that organizations could have an option to pay a substantial fee upfront for access to the product for during its life. Wheeler recommended further examination of this strategy, noting that it can provide not only capital, but strategic partnerships. Metros noted that the founding subscribers cannot be the usual suspects or they may overly-influence product development.

Allison suggested that the most critical risk is not doing something and that the plan is strong. She shared a concern that the plan may underestimate the staffing requirement and suggested that an information architect might be required.

Wheeler noted that marketing data products is its own expertise, time-selling, white labeling, etc., and that this may be another area of required expertise.

Continuing the discussion around founding subscribers, Northam pointed out the agreement must include an exit strategy, such as refunding the initial investment to founders once the program is self-sustaining.

Freeman commented that the plan is strong, but concurred that the staffing as presented may not be enough to build and sustain the program, or, may not take into account how required skill sets will change over the life of the program. She described her biggest question as about the sustainability of the service.

Stiles revisited KPI question, noting that an audience perspective is crucial.

Lassner commented that the investments required for CDS are substantial, and that the proposed approach provides a better way to make those investments, with a straightforward marketing win for both sectors. He further commented that the reporting solution is crucial and suggested that we may not be moving fast enough to address it. Grajek responded by saying the full reporting solution will be available in September. He advised that our strongest path is to put together an exemplar of data products for our own sector, and that if we could partner with NACUBO it would be a compelling portfolio. He suggested that the proposed cost model is conservative.

Oblinger asked for a round robin of final comments from each board member.

- Dodds responded that he likes the plan, has confidence in the team’s ability to execute and supports moving it forward.
- Smith concurred, with the proviso that additional marketing personnel are likely required.
- Stiles agreed with Lassner’s comments on the need for the investment. He offered kudos on the plan, and recommended focusing on metrics that matter.
- Allison suggested that the plan should move forward and complimented the work. She reiterated her previous staffing suggestion (information architect).
- Cooper voiced support for the plan and added that he would support adding more resources.
- Voss urged the planning team to be more aggressive, and suggested that they increase the investment in personnel. He noted that while he appreciates the conservatism, the board is sending a message of support for a more aggressive approach.
- Wheeler concurred with Voss.
- Orr observed that the innovation money is available in the strategic reserve, and that this is a time to spend it, putting as much as possible into CDS.
- Freeman offered kudos on the plan and suggested revisiting the staffing plan.
- Metros observed that Gartner is always having people call her so they have a large investment in people. She noted that USC contracts with MOR for a customer satisfaction survey, and that she would rather turn to EDUCAUSE for this benchmarking. In response,
Grajek reported that the DRA team is looking at user satisfaction surveys as an area of expansion for CDS. Allison noted that TechQual is in the space.

- Northam encouraged EDUCAUSE to be daring and to move more quickly to improve CDS. Grajek responded to Northam by saying that she agrees that our own data is the place to start.
- Lassner observed that it would be a substantial win if next year at this time we could say that EDUCAUSE core data is the best institutional data available.
- Wheeler noted that EDUCAUSE convenes well and provides content well, but that the data services are about positioning the brand and about EDUCAUSE’s future value proposition.

- Oblinger summarized by saying that we will refine the plan and take the board’s advice into account.
- Allison added a last caution that recent efforts to hire at her institution showed that salaries for data and benchmarking professionals are extremely high by the standards of the higher education sector.

**EXECUTIVE SESSION**

Executive session commenced at 2:30 p.m. MT.

The board meeting adjourned at 3:15 p.m. MT.