

IT Total Cost of Ownership (TCO) at Loughborough

1. Introduction

Total Cost of Ownership (TCO) is a form of full-cost accounting that allows the assessment of total direct and indirect costs of IT service provision across an entire organisation, taking full account of costs of acquisition, migration, and disposal as well as ongoing use.

TCO is an established approach for revealing true IT operational costs, and flagging opportunities to reduce them. It can be a powerful driver for raising awareness and building consensus throughout an organisation for any changes to reduce such costs.

2. Benefits of TCO to Loughborough

- A TCO study will contribute to the University's wider VFM agenda, and allow comparison with benchmarks, showing what we are doing well and where we might improve
- TCO will establish the baseline for measuring the return on any future investment in IT
- TCO will provide the information required to make informed IT resourcing decisions at the centre in the best interests of the University as a whole
- TCO will also provide Faculties and service departments with information that will allow them to make better use of their own resources
- TCO will inform responses to statutory requests for IT information under FoI etc., where the University is required to respond holistically as a single legal entity
- Based on outcomes of similar work at other HE institutions, TCO is likely to flag opportunities for substantial efficiencies in particular areas
- Finally, as TCO will identify the *total* cost of IT provision, it will provide the maximum justifiable figure to feed back into statistical returns for league tables etc., where, rightly or wrongly, greater levels of spending are ranked higher

3. Evaluating TCO at Loughborough

At Loughborough, TCO will require a two-way exchange of IT resourcing information between Faculties, service departments and the centre, to the mutual benefit of all parties.

In order to facilitate this exchange, a TCO study will be conducted by internal auditors KPMG, reporting both to EMG and Audit Committee, and assisted by a co-ordinating group comprising:

- Will Spinks, Chief Operating Officer (Chair)
- Mike Butcher, Audit Committee
- Phil Richards, Director of IT
- Tim Burton, Purchasing Officer
- Nick Cope, FITC Engineering
- Steven Kenny, FITC Science
- Philip Wilkinson-Blake, FITC SSH
- Ian Gotts (KPMG)

The study will commence in early June 2008, and will aim to report to EMG and Audit Committee by end September 2008. Further details of the scope and process of the study are available in separate documents.

It is stressed that TCO in this context is fundamentally not about trying to impose central control over local decision making: it is instead about establishing a two-way flow of IT resourcing information between the centre and Faculties, to the mutual benefit of all parties, meeting the needs of the VFM agenda, and allowing the University as a whole to make best use of its resources.