

THE 5 ROOT CAUSES FOR CLOUD FAILURE

How The Bias Triangle And Ineffective Strategy Lead To Undesirable Outcomes



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THE PODCAST

PG 16

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Speaking from Experience

A POINT OF CLARIFICATION

At the outset of this piece, Beyond Academics wants to be clear in its intent. **Our intent is not to steer institutions away from SIS/ERP implementations—or the cloud.** The decision to enter this realm can be beneficial to an institution. However, **it is our assertion that schools that skip mission-critical steps prior to inviting analysts or vendors to the table, can and will continue to pay a dear price.** It is our intent to shine a light on what is broken about the current “best practice” process and present a **radically different approach** to how smart leaders can chart a safer course to success in this important endeavor. Not doing so has documented consequences.

THE CURRENT STATE—AND WHY IT'S BROKEN

Most of the principals at Beyond Academics have sat on both sides of the ERP/SIS implementation table. We've been the buyer of technology and services while employed at higher education institutions, and we've been the seller of such technologies and services while employed as vendors and system integrators. The information we are sharing is based on first-hand experience and direct insider knowledge. This isn't speculation or third-party conjecture. It is real, and it is high time that higher education sees **why the current state is leading to so much damage to individual and institutional reputations** while costing students and taxpayers billions of dollars.

“In higher ed folks don't seem to care they lost \$20 million to \$100 million of the institution's money. But the loss isn't just financial. It's your reputation, and the institution's brand that stand to be tarnished as well.”

Matt Alex led the student practice at a big 4 consulting firm before founding Beyond Academics. He has spent over 25 years in higher ed including roles within the university.

70% FAILURE RATE

ERP implementations around the world have a very poor batting average. Global consultancy McKinsey estimates that over 70% of digital transformations fail. That's not just higher education, that's all industries. Among colleges and universities, the number is likely higher. Beyond Academics estimates the number to be **closer to 75%.**

LOOKING FOR PROOF OF THAT CLAIM?

Here are just a few of the publicly available case studies we looked at. **There are dozens more you can find with a simple Google search or ChatGPT4 prompt.**

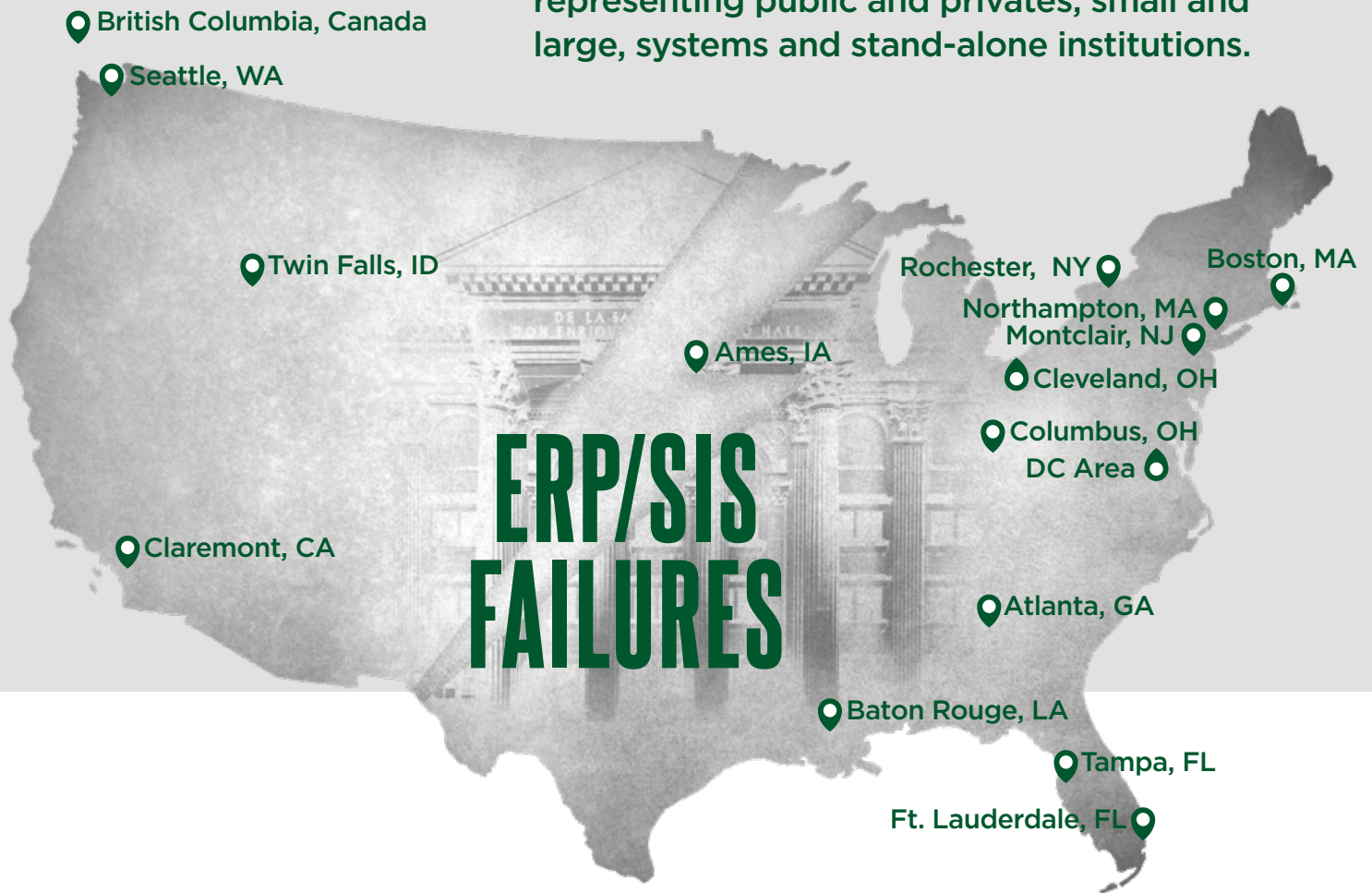
The Ohio State University | Source: [Inside Higher Ed](#)
WSCTC | Source: [Inside Higher Ed](#)

Montclair State University | Source: [Inside Panorama Consulting](#)

Erie Community College | Source: [Government Technology](#)

University of Rochester | Source: [Inside Campus Times](#)

Implementation failures are happening everywhere, and at all types of institutions. The map below shows some of headline failures representing public and privates, small and large, systems and stand-alone institutions.



DEFINING FAILURE

How exactly is failure defined? In a recent **ThinkSpace** we hosted with over 40 institutions represented, a majority of participants felt that unfulfilled expectations are a good starting point. For the purpose of this document, we define a failed implementation as one where one or more of these factors play out:

- The budget overrun exceeded \$1M.
- The project was halted and never went live.
- The project stalled for a significant period of time and required a large investment to bring it back on track.
- For the year following go-live, there was a 7-figure investment required for production support not accounted for at the beginning due to over-promised capabilities.

“Many institutional leaders we have worked with define failure as failing to achieve meaningful improvement in their capability after significant expenditures of time and monies. However, that as a metric is hard to quantify.”

Brandon Sosa was a Student Transformation Leader at a big 4 consulting firm / System Integrator prior to starting his own independent consultancy.

The Internal Forces Driving Failure

ROOT CAUSE 1: MISALIGNMENT WITHIN

An ERP/SIS implementation has far-reaching effects in the institution. Just because IT got the budget approved for a new ERP or SIS does not mean it's time to start a vendor search. Think of the thousands of business processes, departmental and personal agendas, and even the dozens of user personas that will be impacted by this change. **Taking the time to align them is hard and heavy work, but it's the only way to avoid catastrophic adoption and adaptation problems later.**

1A) MISALIGNMENT ON PURPOSE

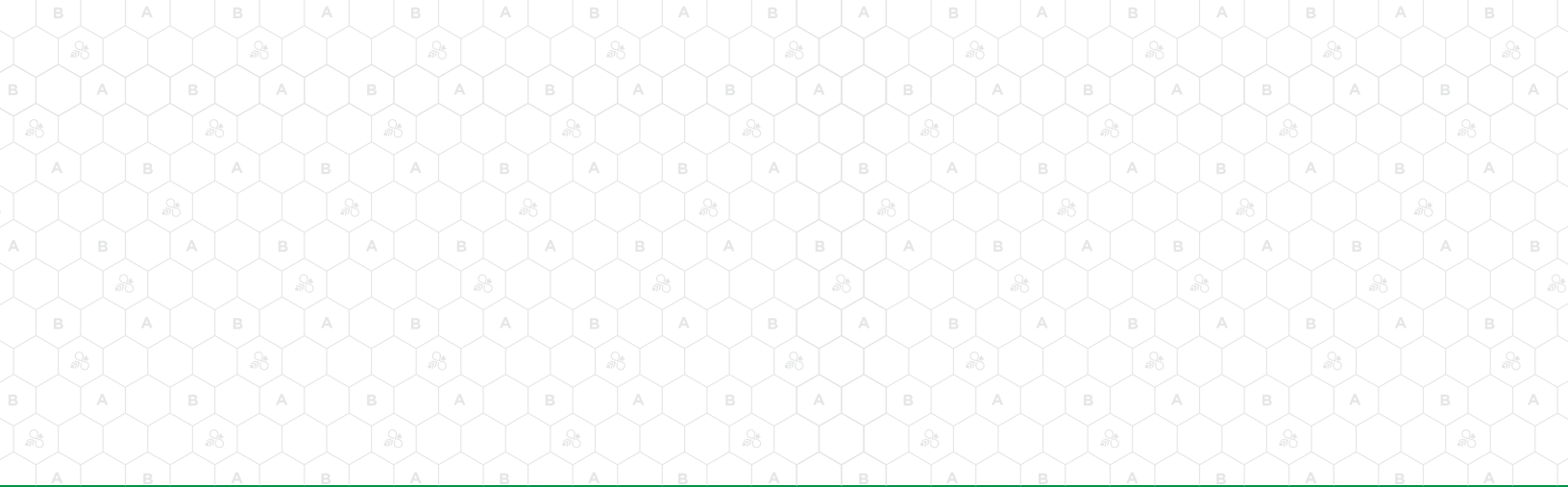
Many campuses embark on large implementations because it's what everyone else is doing. However, within the campus, there can be misalignment on why this move is important or even necessary. Some within the institution may see it as a way to address pressing operational issues, while others may see it as a costly distraction. Some may see it as an opportunity to transform business processes, and some may be harshly opposed to changing anything.

When the time isn't taken to align the entire institution to the purpose of this change, you set

the entire project up for failure. You guarantee that someone (or several groups) is going to feel left out or even forced into adopting something that makes their life harder, not easier.

Our study has found that when alignment is not done up front, then compliance is forced, and institutions end up digitizing old institution-centric processes based on a requirements document the vendor provides. Departments begrudgingly provide workflows that have very little to do with a modernized process. So a \$20-100 million dollar system will now do what the institution has been doing since the 1990s. Meanwhile, the President and board who are looking for student transformation, don't see any.

It is also important to note that the business drivers that are imperative to student administration leaders are often drastically different than those for financials or HR. With SaaS, vendors are making headway into an institution via Finance and HR and trying to apply the same purpose and objective to the student. Areas like efficiency, cost-cutting, and process automation are valuable for Finance and HR. Meanwhile, student leaders are more focused on objectives such as time to degree, student success, transferability, and incoming class demographics. Consequently, we have more and more CFOs (directly and inadvertently) making



buying decisions for student systems, when that decision (and the selection process) should really be driven by another department. Recognizing this, and aligning to a shared vision is mission-critical. Otherwise, a vendor who delivers Finance and HR well—but does an atrocious job of delivering students could be forced into the school—and cost millions in losses.

How to Avoid this Pitfall

To have the right outcome for the project, the institution has to be rallied around a common vision and purpose. **Every constituent must feel heard** during the process, and they have to clearly understand why the institution is embarking on the journey. Ensure that the selection process doesn't just take finance or HR into account—with the expectation that a student transformation will easily fall into place. Do the right diligence and planning first. Skip this step, and you set yourself up for failure.

1B) MISALIGNMENT ON STANDARDIZATION

The cloud mantra has always been standardization. While many buy into the idea that moving to the cloud will address operational inefficiency within a campus, we have to ask how that is facilitated. Just moving servers from on-premises to a cloud infrastructure doesn't change business

processes or make them more efficient. Humans have to modernize the process first, and then put the new process in the sexy new software. This is what leads to “standardization”.

But what if not everyone on campus is willing to change or standardize what they do?

Keep in mind we are all creatures of habit and are comfortable with how we do what we do. Without a reason to change, most staff won't. Our data shows that 62% of higher education staff show Specialist DNA—behaviorally proven to be change-averse. Even those willing to change may lack the sophistication to look beyond what they know in order to design new processes. So what happens in most ERP/SIS implementations is that there is a rush to pick a vendor, and one of the first things on the vendor's checklist is getting process maps from each department. Since no time was invested looking at the business process before moving it into the new technology, you basically take an old, bad process, and digitize it.

Standardizing bad processes gives you poor practices and outcomes. Our study found that most post-mortem reports of ERP/SIS implementations are riddled with regret over the missed opportunity to actually change what was broken first.

1C) MISALIGNMENT AROUND BEST PRACTICES

In all the student cloud promotional material you will see that vendors will promote that they designed their new system using best practices.

Question: Who's best practices are we talking about?

The reality is the best practices of a software company may not be the best practices for your campus.

Here are a few things to recognize:

- Vendors use feedback from their early adopters to make last-minute changes and updates to their code. But do we really believe these individuals who have never worked beyond their campus walls even understand higher education best practices, or how to reimagine the future of higher education? Even when you look at the early adopter clientele, they likely represent a different institutional DNA than yours. They certainly have a higher risk tolerance than you. They likely aren't as focused on planning or due diligence as you. The truth be told, these campuses should not be influencing the best practices you follow. Some of them are better known now for stalled or struggling engagements.
- Some vendors have stated to us that they have to design what the campuses believe they need to buy. It is the vendor basically saying, "we'll write code to the specs the client gives us - but we're not going to reimagine anything on their behalf." As a result, they are not introducing new

operating models that drive transformative outcomes. They are simply selling the old model with a better UX.

How To Avoid The Pitfalls of 1b and 1c

Don't wait for a vendor or SI to give you their templates or best practices. Re-imagine, design, and document your modern business processes ahead of selecting either of them and hand them the playbook to implement. That's what you're paying them for. Granted, they make a lot more profit by shoehorning you into their cookie-cutter approach, but is that really what is best for your school? A vendor or SI that cannot meet the requirements of your new modernized process, should not be selected as your vendor or SI.

ROOT CAUSE 2: WEAK LEADERSHIP

This root cause emerged from a public ThinkSpace we hosted in early 2022 where hundreds of your peers from institutions around the world shared why they felt technology implementations have failed at their respective campuses. Consistently at the top of the list was what boiled down to weak leadership. There is extensive research to back up the claim that a root cause of ERP failure is weak ownership of the project, with leadership as a key variable.

Sure, there was someone with a title who got the budget approved, and a vendor selected. But once the vendor and SI showed up, there wasn't a leader (or group of champions) driving a clearly stated vision to reality.

“Ownership and leadership **MUST** be with the client (the university) and should not be outsourced to the vendor and/or SI. Both as a matter of principle and as a matter of record and reality—because every court case related to SIS failures shows the vendor putting ownership responsibility on the school.

Ownership starts with a SIS planning phase and carries through the end. Remember, the vendor is not going to side with you if things go south.”

Fred Creugers was part of the largest ERP implementation in higher education history—a \$345M PeopleSoft implementation at CUNY. He was also part of IT leadership at Columbia University and Miami Dade College. He is now on staff at Beyond Academics.

Everything fell to the whim and methodology of the vendor and SI. Nobody held them accountable for delivering the value the school needed or signed up for.

Here are just a few highlights from what your peers had to say:

- *“Implementation requires strong leaders that can drive strategy around the best interest of the campus. This requires dynamic and courageous sponsors who are able to coalesce the campus through change, adoption, and adaptation.”*
- *“Weak sponsors struggle to lead campuses through important (and often tough) conversations. This hinders the school from making timely decisions. The vendor or SI roadmap calls for a decision, and the old/status quo is selected because a deadline approaches, and nobody is strong enough to demand more/better.”*
- *“Campus leaders who blindly follow the parties of the bias triangle (more on this later) don’t hold them accountable for promises and tangible results for the engagement. They keep kicking the can down the road hoping things get better, but they only get worse.”*

How to Avoid this Pitfall

Long before a vendor is selected, courageous and visionary champion(s) need to be selected, empowered, and equipped to lead the entire institution through the journey of change. This is just as much an exercise in building adaptive leadership across the institution as it is in the

implementation of software. If these leaders are not equipped with the tools to create and shift consensus toward a modern mindset, the implementation will fail.

ROOT CAUSE 3: UNDERESTIMATING

Further insight from your peers who participated in our recent ThinkSpace helped identify areas where they (and other peer institutions) underestimated resources going into a major implementation. Here are the items that got the most votes and consensus.

- Underestimate the number of resources needed to support the implementation.
- Underestimate the amount of campus involvement that’s warranted.
- Underestimate the dedication and investment to support true change management activities.
- Underestimate the true time and effort required for a successful project.
- Underestimate the ease of the transition to cloud.
- Underestimate the dedicated internal staff required for the engagement and the respective backfill.
- Underestimate the months of post-production consulting dependency required after going live.

- Underestimate the overall cost of ownership.

Any one of the above items could prove costly, embarrassing, and damaging to individual and institutional reputation. However, **our study has found that most implementations carry most if not all these traits.**

How to Avoid this Pitfall

Planning well in advance, road-mapping the entire two-year journey, and building a resource map of what will be needed prior to the vendor search will ensure your institution avoids this setback.

ROOT CAUSE 4: OVERESTIMATION

As humans we don't just underestimate, we tend to be optimistic about the wrong things as well. Here are some insights from your peers who have been through the journey already on where they (or their campus leaders) overestimated:

- Overestimate the new capabilities of the software against legacy.

"It was basically a new UI to what we already did."

- Overestimate the campus project team's capabilities to manage the complex tasks of an implementation.

"We all had full-time jobs in addition to this added role."

- Overestimate the experience and expertise of external consultants and vendor teams.

"They just didn't know what they were doing, other than configuring software."

- Overestimate the external (consulting) team's capabilities to lead beyond the software.

"They didn't have the knowledge on how to help us optimize before the cutover. Most of the configuration was learned through the testing and certification process."

- Overestimate the roadmap maturity and its speed to market.

"We didn't expect to be guinea pigs."

- Overestimate the delivered configurable capabilities to meet campus requirements.

"Nothing was truly personalized to us."

- Overestimate the all-in-one solution to support campus-wide functionality.

"What was pitched as a complete solution simply wasn't ready."

The External Forces Driving Failure

ROOT CAUSE 5: THE BIAS TRIANGLE

There are three parties that greatly influence the technology paths for colleges and universities; these parties all profit from each other's success and not that of the institution. We affectionately call them the bias triangle. This bias triangle has been known to get higher education clients caught up in the spin of over-hyped capabilities and soon-to-be-broken promises of transformation. All three parties align to a unified spin to ensure they move clients through their revenue generation engines. Schools often don't see the bias triangle for what it is, and even assume they are on the school's side. They fail to hold the trio accountable for the promises and outcomes they fail to deliver on.



THE SOFTWARE VENDORS

To fulfill internal expectations and quotas, sales teams have been known to promise capabilities that are not fully operational. They use “safe harbor” slide presentations to enamor and court clients to purchase their software licenses. They shave points off their initial profits to get the deal, knowing full well that they'll make it up on the back end.

“Our ongoing research into entrepreneurial behavior in higher education is revealing a surprisingly high concentration of specialist DNA. One of the traits of this behavioral predisposition is to put an excessive level of trust in what a big brand (or perceived industry authority) says or claims. The old adage “nobody got fired for choosing IBM” is playing itself out in the halls of power in higher education, and this blind trust is a major risk factor to individual and institutional reputation.”

Joe Abraham is author of *Entrepreneurial DNA* (McGraw Hill, 2011)—a critically acclaimed study of entrepreneurial behavior—and an assessment instrument that has recently been adapted for higher education employees. Joe is a partner at Beyond Academics.

In their promotions, they claim standardized best practices across the industry. Those best practices are supposed to make you, the client, feel safe and risk-free.

But is that really true? Is every school out there exactly like yours? Do you share the same business processes, policies, and procedures? Is your culture toward data sharing and access the same? Do your departments interact the same way as every other school?

Truth is, there are many core processes that fit into the standardized, configurable possibilities of an ERP. A majority of them are in the finance and HCM pillars, but exist in Student systems in a much smaller way. Even though there are standard processes, they are like the tip of an iceberg when it comes to overall institutional needs, implementation risk, and transformation potential. To get excited about standard configurations in a Student system is like getting excited about buying a car because all season tires come standard. If your institution banks its transformation on the least important handful of processes that can be standardized, then it will achieve no meaningful change.

Along those same lines, if the CIO or CFO's office thinks the big risk mitigation strategy is going to be spearheaded by adopting the standard processes, your institution is missing

the boat by a mile. In SIS implementation, this reality is exponentially greater than much simpler HCM and finance implementations.

The reality that campus leaders need to grasp is that SIS/ERP is back office-technology—not campus transformation technology. Investing tens of millions of dollars for software that does little-to-nothing to increase enrollment or improve the student experience should be put in a different bucket than “campus transformation”.

ERP/SIS vendors don't want to be put in another bucket. They want you to believe this massive investment is going to make life better and easier for everyone. They want you to prioritize this spend over technologies that cost 1/10th to 1/20th the cost, and actually improve student and staff experiences.

Their bias doesn't have to be your bias. They play an important role and bring an important technology to the table, but where you prioritize that expenditure over others, you telegraph how student-centric an institution you really are (or are not).

Reality: The ERP/SIS vendor does not always have your best interest at heart. They have a revenue number to hit, and you're on their target lead list. Go into the process eyes wide open, and see past the bias.



THE CONSULTING SYSTEM INTEGRATORS

These consulting firms are qualified and certified by software vendors to help schools implement their software. That immediately aligns the system integrator (SI) to the vendor because they are now indoctrinated in their approach, and also receive large revenue opportunities for said consulting services. All the SI has to do is follow the breadcrumbs put out by the vendor, and collect a handsome fee. In a classic case of “follow the money”, the SI recognizes that if they align with the vendor’s message, they get to bill millions in fees. The fees come with a price in more ways than one. The SI is obligated to the alliance to push the alliance agenda. The SI follows the vendor’s messaging playbook that claims simplicity of the migration. The easy button. They claim the integration will go smoothly and seamlessly based on their frameworks and methodologies. They even provide reasonable estimates to do the work. That’s because they know from history that another chunk of their income will come from change orders, and additional budget allocations the school will have to scramble to get authorized when go-live is months or even years behind.

The SI should never be looked at as independent. Seeing them as such would position a school for significant losses. It is not in the SI’s best interest to be transparent about known issues and gaps their vendor partner has. It would jeopardize the opportunity they have to get more business from their software vendor.

As a result, it is customary for the SI to not inform the client of all the necessary activities

that foster successful migrations as these raise up front costs and investments. When it comes to providing the appropriate recommendations up front, their hands are tied by the other members of the bias triangle.

The SI’s are also driven by maintaining their own margins by maximizing the utilization of their staff resources. This pressure makes the SI vendor-centric as well. It’s all about billing as many 40-hour resources as possible—for as long as possible.

The reality is that approved/certified SI are not always unbiased advisors for your campus’s transformational journey, and their goals may not be aligned to your campus’s best interests. That’s not to say they cannot do a very good job on your actual integration. It’s just that you have to take their input and advice through the lens of the bias triangle—and a grain of salt.

Reality: An SI who is honest about potential challenges and pitfalls with a client runs the risk of being punished by having the next opportunity handed to their competition by the vendor.



THE SPONSORED ANALYSTS

Purely from a business perspective, one can come to terms with the ERP/SIS vendor being overly optimistic of their software’s capability, or even the SI being overconfident in the impact the software will have once implemented. They have to drink their own kool-aid just like an academic institution believes it delivers great value for the tuition it charges.

What we at Beyond Academics have a hard time stomaching is the role some analysts play in legitimizing and deepening the negative impact of the bias triangle.

After all, it is the analyst firm that claims they are on the client's side—when most are far from it. They claim to be vendor agnostic and even claim they have no benefit gained from vendor outcomes. Based on these representations, colleges trust their reports and recommendations.

We have worked with dozens of institutions who are cleaning up the mess after following advice from leading industry analysts. When we looked into what they were led to do, the analysts parroted the messages of the vendors very rarely dissecting that message to see how accurate it was or how it would apply to this unique institution. In several cases schools were advised to tackle multi-million-dollar SIS implementations based purely on the analysts' faith in the vendors' roadmap promises. An advisor who holds the clients' trust should be willing to challenge the marketing messages to bring true value to institutions.

Why would an analyst lead a client down a path that may not be a fit, or in their best interest?

The Analysts are validated in the industry by the software vendors and system integrators. They are put forward as subject matter experts and panel participants at conferences to essentially do a third-party "commercial" for a software vendor. Not all do it, but some of the loudest and best-known analyst firms in the ERP space are the loudest because they are being amplified by the vendors.

Also collaborating in the background with both vendors and system integrators to produce industry reports is the "unbiased" analyst firm. They are wined, dined, and invited to special events for demos of upcoming features of the

technology, and they come home and write glowing reviews. There's nothing wrong with that, as long as they disclose the bias. It's when they pretend (and even promise) to be providing unbiased reporting—while leaving out all the carnage taking place, that they start to border on dishonesty. Keep in mind that for many years content for these analyst reports was drafted by the vendors and system integrators, and then dressed up by the analyst.

As part of the bias triangle, sponsored analysts ask vendors and system integrators to purchase these reports to support their revenue generation model. That is why at some vendor conferences analysts are taunting new roadmap capabilities on behalf of the vendor before any deep assessment and research have been conducted.

That's the epitome of the fox in the hen house.

Want to fact-check us on this? Simply go back and read the past five years of reports written by well-known analyst firms. Then ask why some of the struggles the schools we identified earlier in this document were not foretold or forewarned. Every one of these schools likely had an analyst report advising them to move forward with their implementation. An analyst firm likely came in and did some "consulting" to give the thumbs up to move forward. Why is that?

This isn't to say that every analyst firm fits in this bias triangle. But if you read their reports or listen to them talk on vendor panels, and they are not raising significant yellow and red flags about the current state of cloud ERP—especially student cloud, you can safely assume they are in cahoots with the other two parties.

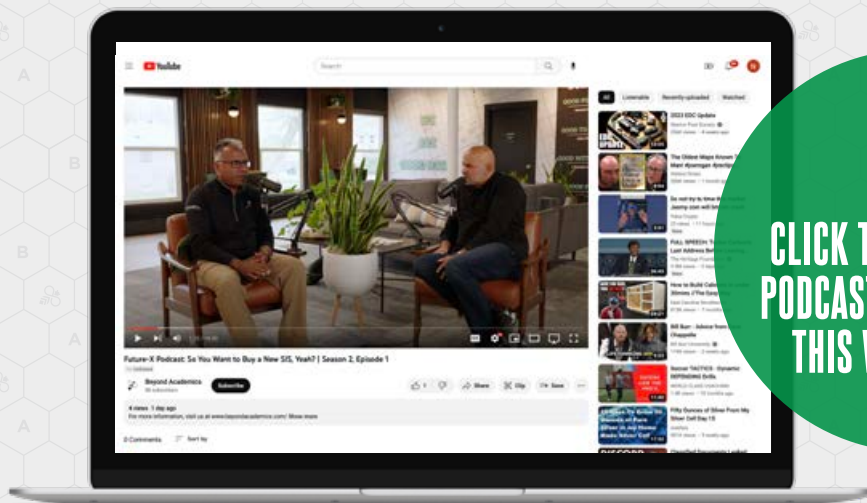
Reality: Not all analyst firms provide truthful and transparent insight, and many do not conduct adequate due diligence on the vendors' product before advocating for it.

Summary of Findings

AS YOU DRAW YOUR CONCLUSIONS FROM THIS MATERIAL,
HERE ARE SOME OF OUR TAKEAWAYS FROM THIS STUDY.

- 1. Begin with the end in mind.** Just getting a budget approved is not an indicator that it's time to find a vendor. Decide if you are an institution-centric or student-centric brand, and vision a modernized future based on that decision. Have crystal clarity on what the end outcome will be so that every decision to follow points to that true north.
- 2. Establish and empower key leaders.** Execution eats strategy for lunch. 90% of the success of your project depends on the entrepreneurial behavior, courage, and adaptive capacity of the sponsor and champions for the project. This is a place where titles should not matter. Search the organization for dynamic, entrepreneurial people who will put politics behind the stated vision, and hold vendors and consultants accountable for the right outcomes.
- 3. Challenge old processes and modernize them first.** Don't repave an old road, and don't take legacy business processes of the 1990s and digitize them in cloud technology. You're better off not moving to the cloud at all. Instead, invest the time to re-imagine business processes across the institution and modernize them through automation, AI, and a student-centric lens. Then take those new processes and make them the requirements for your new ERP/SIS system.
- 4. Plan and roadmap to your unique institutional DNA.** When a vendor or SI offers you their standardized template for implementation, tell them to throw it in the trash for this project. You are not every other school, and the overwhelming facts suggest you want nothing to do with their failed roadmaps of the past. Invest in building your own roadmap that factors in your culture, your institutional DNA, and your processes. Present that clear path to vendors and SIs during the bidding process, and only select the vendor and SI who can fit your approach - not the other way around.

5. **Put vendors, system integrators, and analysts in the right seats.** They all have a role to play but go into the process with eyes wide open to the bias triangle. A vendor's job is to customize their software to meet **your needs**—not shoehorn you into their tech. An SI's job is to implement **your roadmap**, not force you into the one that makes them the most money. An analyst's job is to scour the market for the vendor/SI team that **fits who you are**—not push a predetermined agenda on you just so they can go on another exotic vacation funded by the vendor. When all three parties are in their right seat—and **governed by a third party** that is truly on your side, win-win outcomes can be achieved.
6. **Enjoy the journey and pay it forward.** By following this modern approach to your next ERP/SIS implementation, you will find yourself and your institution actually enjoying the journey. As you go through the process of visioning, challenging old mindsets to modernize processes, and empowering new leaders to lead, your organization will actually go through a **real transformation**. You'll find that transformation is not about the technology, it's about the change you create before the technology is deployed. That's the real journey. When you execute this process correctly, you'll find that **the ERP/SIS is simply the table stake**. The real transformation is what happens in the hearts, minds, and processes of the institution leading up to, and after, the go-live. After a successful go-live, we hope you'll take the opportunity to **guide and advise other schools** as they go through the process. You'll pay it forward by guiding them past the bias triangle, the copy-and-paste of legacy processes, and the trap of weak leadership. You'll be part of the industry-wide transformation that is long overdue in higher education, and together we will deliver the next generation of learners the experience they deserve.



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About Beyond Academics

Beyond Academics serves as an architect, catalyst, and guide to institutions that want to become future-ready. We team up with transformation-minded leaders and become an extension of their strategy and execution team to ensure their vision becomes a reality faster and safer than going it alone.



Learn more at beyondacademics.com