

Network Funding Model

Strategy for
Fiscal Year 2002-03

Goals

- ◆ Revamp Communications & Network Systems (CNS) charge-back system; develop new network infrastructure funding model for implementation on July 1, 2002 (e.g., internet access and bandwidth, security, wireless, etc.)
- ◆ Keep the net fiscal impact of paying for the network minimal for most major units (former sectors), but change the billing method dramatically.

Background

- ◆ The UK Communications & Network Systems (CNS) department provides a set of essential operation services to the entire campus community.
- ◆ The number of campus connections (“nodes” or “ports”) has approximately quintupled during the past seven years. Currently, there are more than 30,000 active ports in campus buildings.
- ◆ With increasing popularity of small wireless PDA's, campus demand for wireless has and will continue to explode. Continued rapid growth for high-bandwidth service is also expected.
- ◆ The current funding method of charging a one-time installation fee for a new ‘node/port’ and covering all data cost in the telephone rate is no longer technologically relevant. Data uses are growing while telephone services are diminishing.

Background (Cont'd)

- ◆ The current network model is analogous to the administration giving all students, faculty, and staff unlimited worldwide access to the university voice network without charging users for telephone calls.
- ◆ Most UK data network connections are 100 Mb at the desktop, straining the Gigabit backbone infrastructure. Limited funding slows a total backbone upgrade to gigabit Ethernet in each building. Current research plans require an upgrade to a 10 Gigabit backbone before 2005. Unless a planned migration occurs, the University will find itself in the second or third tier of universities wired for the future.
- ◆ The University is working at the state level to leverage our relationships with public and private organizations to the fullest extent possible to obtain “right of way” access (or shared ownership) to local and long distance fiber facilities in order to minimize the costs of future heavy bandwidth requirements.

Principles guiding new model

- ◆ Faculty, staff, and students should have “access” to information, services, and capabilities that are comparable to the institutions we strive to emulate – e.g. those close to the advancing frontiers of technology.
- ◆ Information technology should be focused to improve instructional services as rapidly as possible (e.g. wireless).

Rationale:

- ◆ Problem: Increased Demand, Rising Costs!
- ◆ The network has emerged as a crucial part of the campus infrastructure: demand is skyrocketing
- ◆ Excellent service levels vs. lowest cost. Are they compatible - can you do both?
Quality...Quantity...Cost. When one is fixed, we can only control the other two.
- ◆ Limited funding sources (Telephone lines & features, LD, work orders-time & material, inventory sales).

Recommendations:

1. Establish 2002-03 Service Center rates to cover CNS cost of salary and benefit cost increases.
2. Implement a data rate on a "per FTE user" basis.
3. Reduce phone rate.
4. Reduce LD rates.

2002-03 CNS Expense Increase

Salary (One Time) Increment	\$135,140
Benefit Increase	\$245,023
Total Salary & Benefit Increase	\$380,163

CNS Service Center Rates

	Current	Proposed
TELEPHONE (Internal)	\$31.00	\$23.00
LONG DISTANCE (Per Minute)	\$0.18	\$0.07
DATA, per FTE USER (all but Skilled Crafts & Service & Maintenance)		\$14.00
DATA, per USER FTE (Skilled Crafts, Service & Maint.)		\$5.00
Data, (Student Technology Fee)		\$0.70

Advantage “user” charge

◆ Per FTE/headcount flat fees

- simple,
- streamlined billing,
- less basis for arguing,
- compliance with cost-accounting standards, and
- better reflection of upcoming technology demand (e.g., wireless)

Best Practices - Gartner

- ◆ "Keep charge methods SIMPLE"
- ◆ Discontinue practice of telephone rate covering voice and data.
- ◆ Develop network charges with a monthly fixed charge based on FTE/headcount. Develop a campus guideline to identify categories of "communications users" – used tiered rate structure.
- ◆ Bill network costs monthly to departments for each category of "communication user"
- ◆ Continue one-time installation charges
- ◆ Continue defined metered charges where appropriate (ie. LD)
- ◆ Continue capital project funding for new building infrastructure.

Beware the cost of *FREE*

- ◆ The Network really has not been FREE!
 - It costs UK \$2.5M per year to provide the data services. These costs have been supported from the telephone rates.
- ◆ Internet access is not free at home, should University faculty, staff, and students learn that it is not free to users at the University?
 - DSL, Cable Modems, AOL, ISPs etc

What services are included/not included in the per “user” rate?

◆ DATA -- What services are included?

- basic data bandwidth, campus and Internet access,
- security management & monitoring
- help desk data technical support, data technical support for department computing managers
- nameservice, bootp/dhcp service, ip address
- line repairs, and support and maintenance of the campus network
- remote access (dial-in data service back to campus)

◆ DATA – What services are not included? These will need to be paid for separately:

- Installations/moves/changes for data and voice lines.
- Local departmental in-building network and wiring.
- Telephone instruments; long distance toll calls; voice mail, cell phones, pagers.
- Your PC, laptop, PDA, printer, etc.

Questions & Contact Information

◆ Frank Abraham 7-4595

- flabra0@email.uky.edu

◆ Pam Shelton 7-1190

- pam@email.uky.edu

◆ Penny Cox 7-1786

- pdcox01@email.uky.edu