An Open Letter To The Washtenaw Community College Board of Trustees

As an elected Trustee of Washtenaw Community College, you should probably know a lot more about Ellucian before approving a managed IT services contract with them. Your failure to understand this situation clearly and completely will have serious financial consequences for the College.

Who Owns Ellucian

To understand Ellucian, the best place to start is with its ownership. Two private equity firms bought Ellucian in a leveraged buyout (LBO) in 2015. In a LBO, the buyer uses borrowed capital to fund the purchase of a company[1]. The assets of the purchased company serve as collateral. This approach allowed the buyers to acquire Ellucian using as little of their own money as possible, but still make a profit on the company's operations. In Ellucian's case, the buyers sold bonds in the amount of $1.6B at 9.75% interest to investors to raise cash for the purchase. Ellucian owns this enormous debt. Standard & Poors gave the bonds a B rating. Investment professionals call B-grade corporate bonds:

- Highly speculative
- Non-investment grade
- High-yield bonds
- Junk bonds

These characterizations mean that financial professionals who have assessed the company's overall financial situation believe that there is a strong possibility that investors will lose their money if they buy these bonds. At this rating, the bonds are just one tier above "default imminent with little prospect for recovery."

So, who are Ellucian's current owners?

> **TPG Capital:** TPG Capital is an investment group that focuses on leveraged buyouts and growth capital. Ellucian is part of TPG's capital portfolio, and TPG purchased it as a leveraged buyout.
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> **Leonard Green and Partners:** According to the Leonard Green and Partners company website, Leonard Green Partners has "*invested in over 90 companies …providing services, including consumer, business, and healthcare services, as well as retail, distribution, and industrials.*" Ellucian is part of LGP's Buyout portfolio.

The goals of private equity firms are to maximize operating profits and position the company for its next sale. These investors own Ellucian simply because they believe they can extract a lot of money out before the bonds come due.

Private equity firms don't always keep companies intact. They often break their investments into pieces, either to make money for themselves or make a particular piece more attractive to other potential buyers. This is what happened to SunGard, Ellucian's predecessor, when its private equity ownership group failed to sell SunGard at its preferred sales target of $2B. (Hellman and Friedman bought Datatel in 2009 and SunGard in 2011, and then merged them. The merged companies formed Ellucian. TPC Capital and LGP bought Ellucian for $3.6B in 2015.)

Because PE firms can merge and break companies apart like this, one of the risks of doing business with Ellucian is that dissimilar product lines (e.g., Banner and managed IT services) could easily end up with different owners. The deal you end up with will not resemble the deal you started out with.

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[1] https://www.investopedia.com/terms/l/leveragedbuyout.asp

Private Equity Ownership and Annual Cost Increases

Ellucian's private equity ownership poses financial significant risks to WCC, in the form of Ellucian's revenue generation strategy. Ellucian's strategy will cause the College's IT spending to spiral dramatically out of control, even with a fixed-price contract for managed IT services.

The College administration says controlling IT costs is motivating the plan to outsource the IT staff. As proof, the administration provides figures that claim that IT costs have risen 25% in the past four years. (Look carefully at those.) Ellucian's solution is to "cap" IT costs by using its managed IT services, which *guarantee* constant costs of $5.2M per year for five years.

If, on its own, the College could not avoid increasing its IT spending by 25% over four years, how can Ellucian possibly provide services with 0% cost increases for five years straight while working in the exact same environment? A careful look at this tablecloth trick reveals that while the College may pay not one penny more than $5.2M on managed IT costs each year, it will spend remarkably more on Ellucian software licensing to make up the difference.

> *"While previous owners of Banner (SCT, SunGard HE) were never shy about raising maintenance rates, Ellucian has raised this to a new level. Without the huge profit hit from recent new license sales, Ellucian's PE owners have turned to ratcheting up their annual maintenance fees up by 3-5x inflation to get profit up. The current maintenance renewal pricing appears to be 5% per year for a five-year contract, with variations for shorter / longer contracts.* ***At 5% per year, customers will be paying over 27% more in five years than they are today.****"* [2]
>
> Moran Technology Consulting, May 29, 2016

Currently, Banner licensing accounts for about 50% of Ellucian's annual revenue. Unfortunately for Ellucian, the ERP market is saturated. Everyone who wants an ERP system already has one, so there are no new buyers. The only way for the company to make revenue is to convince other companies' customers to switch ERP systems, or to upsell the customers they already have. For reasons you'll see shortly, Ellucian is more likely to lose customers than gain them, so upselling is the way to go.

For existing Ellucian customers, "upselling" means paying increasing product licensing fees each year. The revenue targets of the company's private equity owners drive these price increases, rather than actual product development costs, inflation or other market forces. By itself, the desire to maximize profits might explain the company's programmed pricing strategy, but it doesn't. The company actually must raise licensing fees annually just to keep up with its debt. According to some estimates, Ellucian generates about $200M in revenues annually, but that's not enough revenue to stay ahead of $1.6 billion in debt and still show a profit. Following its next sale, Ellucian will likely implement even more aggressive licensing increases to improve the company's value on paper.

Under Ellucian's current pricing model, there is absolutely no possibility that the continued use of Ellucian software makes financial sense for any community college, especially given recent enrollment trends and heavy reliance on local taxpayer support. If WCC's administration were genuinely serious about controlling IT costs, wouldn't it make sense to seek alternatives to an ERP system that guarantees to raise its licensing costs by 30% or more over five years?

It's important to see the actual recent effects of these guaranteed price increases on colleges and universities that use Banner and other Ellucian products.

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[2] https://www.morantechnology.com/blog/ellucian-you-could-have-been-my-hero-sigh/

McHenry County College

> *"Colleague ERP software maintenance was originally covered by a five-year contract that expired on June 30, 2016. The College is currently covered by* ***a new five-year contract established in 2016.*** *Because Ellucian software maintenance fees can often increase by more than 5% each year, the College's original five-year contract included a 5% cap on annual maintenance increases. The new five-year contract negotiated with Ellucian continues controlling cost increases at the same 5% cap for each of the remaining three years of the current five-year contract."*[3]

Purdue University

> *This is a three-year agreement for the* ***2018-2020 calendar years****….Through strategic negotiations, Purdue secured a three-year cost avoidance of $271,374* ***and secured a 3% annual cost increase versus Ellucian's initial offer and their current higher education standard of a 6% annual increase****. The current agreement has a tiered annual increase. Costs increased 5.5% annually from 2012-2015 and increased 4.5% in 2016. Total cost avoidance for West Lafayette alone will be $131,630. The 3% annual increase is the lowest Purdue has ever received from Ellucian for a multi-year agreement.*[4]

University of Alaska

Ellucian Contract Term Comparison

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Original Negotiated Terms (% annual increase)		**YEAR 1 (0%)**	**YEAR 2 (0%)**	**YEAR 3 (0%)**	**YEAR 4 (4%)**	**YEAR 5(4%)**	**YEAR 6 (4%)**	**YEAR 7 (4%)**
7 Year Term 0% increase first three years, 4% increase years 4-7	$625,227	$625,227	$625,227	$625,227	$650,236	$676,246	$703,295	$731,427
					OPTIONAL			
New Terms:		**YEAR 1 (6%)**	**YEAR 2(6%)**	**YEAR 3 (6%)**	**YEAR 4 (7%)**	**YEAR 5 (7%)**	**YEAR 6 (7%)**	**YEAR 7 (7%)**
3 Year Term 6% increase each year w/ 4 Optional 1-yr renewals at 7% each additional year	$625,227	$662,741	$702,505	$744,655	$796,781	$852,556	$912,235	$976,091
Cost difference between two contract terms		$37,514	$77,278	$119,428	$146,545	$176,310	$208,939	$244,664
Cumulative Cost		$37,514	$114,792	$234,220	$380,765	$557,076	$766,015	$1,010,679

note: Travel and Expense Management Has been pulled from the bundle since it is anticipated UA will be on Concur, Summer 2018.

The University of Alaska chart shows a comparison of Ellucian contract costs for a previously negotiated agreement and the projected costs of a modified agreement with added costs. Each agreement option covers a 7-year period beginning in 2018. The chart shows the University's 2017 cost, and the accelerations that follow through 2024. These figures show the current standard 6% licensing fee increase through 2020, and a planned acceleration of Ellucian licensing costs to 7%, effective in 2021. With the added product line and the additional accelerated increases, over a 7-year period, the University's costs for its Ellucian contract are scheduled to rise nearly 62%.

This aggressive acceleration of Ellucian's software licensing fees will have extreme negative consequences for Ellucian customers, including WCC. For example, using the planned standard acceleration of 6% through FY 2020 and an annual increase of 7% for FYs 2021-2023, a $100,000 licensing fee on a piece of Ellucian software in 2019 will rise to $137,650 in FY 2023-24, with or without a single change to the product.

Authentic market-based pricing relies on factors that relate to actual costs, rather than the debts that PE ownership took on to acquire the company. Since the state of the ERP market won't allow Ellucian to

[3] McHenry County College Board Report, 17-70, June 29, 2017.

[4] Purdue University, February 9, 2018

generate significant revenue through new sales of Banner, the company is consigned to driving up the price of its software licenses for their existing customers.

In this light, it is not hard to see why Ellucian is more than willing to cap WCC's managed IT costs at $5.2M over five years. They know they'll make up the losses they will suffer on managed services through their pre-determined massive increases in WCC's software licensing fees and the unrelenting torrent of upselling they're going to push on WCC over that same time period.

For Every Problem, There's an Ellucian Solution

The licensing cost increases are just one element of Ellucian's revenue generation strategy. Ellucian "Action Plans" for other Ellucian clients reveal what else Ellucian has planned for the WCC account. Search the Internet for "Ellucian Action Plan" and you will find "customized" reports that Ellucian account reps have written for other educational customers. In the following paragraphs, you can read sample text from two of several available reports.

New River Community and Technical College[5]:

New River Community and Technical College (NRCTC) has been an Ellucian Banner client since 2009 with the shared mission of providing superior services to students, faculty, and staff. Today Ellucian serves over 2,400 higher education clients using the Banner, Colleague or PowerCampus Enterprise (ERP) system. Today the Banner system purchased by New River over 5 years ago includes the Banner Student, Financial Aid and Finance systems.

Dr. Marshall Washington, President at NRCTC, engaged Ellucian to evaluate the overall use of your Ellucian solutions by college staff and determine where opportunities exist to increase efficiencies and maximize return on investment. The primary objective in conducting the Action Planning evaluation process is to align the institution's goals with actionable initiatives that will result in increased productivity and resource savings over time.

University of Missoula – Montana:[6]

University of Montana - Missoula (University of Montana) has been an Ellucian Banner client since December 1987 with the shared mission of providing superior services to students, faculty, and staff. Today Ellucian serves over 2,400 higher education clients using the Colleague, Banner or PowerCampus Enterprise (ERP) system. The Banner system purchased by University of Montana over 25 years ago included the Student and Finance systems.

Mr. Matt Riley, Chief Information Officer initially contacted Ellucian and in conjunction with Perry Brown, Provost and Michael Reid, VP for Administration and Finance at University of Montana - Missoula, ultimately engaged Ellucian to evaluate the overall use of your Ellucian solutions by institution staff and determine where opportunities exist to increase efficiencies and maximize return on investment. The primary objective in conducting the Action Planning evaluation process is to align the institution's goals with actionable initiatives that will result in increased productivity and resource savings over time.

If these two "action plans" sound familiar, it's because these documents – and others like it - are largely identical. Using boilerplate language, the reports identify "problems" and then predictably prescribe "Ellucian Solutions" for the apparently common deficiencies that Ellucian account reps have identified on these two very different campuses. The following recommendations are from just one of these reports:

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[5] https://web.newriver.edu/projects/ellucian/action-plan.pdf

[6] http://www.umt.edu/itsenate/docs/201407%20Ellucian%20UM%20Action%20Plan%20Report.pdf

- *Ellucian recommends that University of Montana partner with Ellucian to do Business process modeling to get "back to baseline" or at least closer to it.*
- *Use Ellucian Management Consulting services to review and recommend governance processes …*
- *Improve training options by engaging Ellucian Education services to take the burden of delivering training ….*
- *Ellucian recommends that University of Montana implement Banner Workflow with assistance from Ellucian …*
- *Ellucian recommends purchasing Banner Document Management Suite (BDM) …*
- *Ellucian recommends that University of Montana – Missoula improve use of Self-Service by implementing Finance Self-Service (FSS) Budget Queries, Web-Time Entry, Employee Benefit Administration, and Electronic Personnel Action Forms (EPAFs)…*
- *Ellucian recommends that University of Montana purchase and implement Ellucian Degree Works …*
- *Ellucian recommends that University of Montana investigate purchasing Ellucian Recruiter …*
- *Ellucian recommends that University of Montana - Missoula utilize Ellucian Application Consulting Services …*
- *University of Montana – Missoula engage the Ellucian account team to conduct a services framework assessment …*
- *Ellucian recommends University of Montana asses the advantages of contracting for Ellucian Application Management Services …*
- *Ellucian recommends that University of Montana – Missoula assess the opportunities afforded by contracting for Ellucian Application Hosting Services….*

For every problem Ellucian finds on campus, there will undoubtedly be a self-serving "Ellucian Solution" designed to increase WCC's licensing costs (subject to the subsequent 6%-7% annual increase on licensing fees) as well as the College's consulting costs for those recommended services – none of which will be included in your existing $5.2M per year managed services contract. Refer back to the University of Alaska contract costs to get an idea of how much your Ellucian costs will rise when you change your existing agreement.

The McHenry County College, Purdue University and University of Alaska contract costs show exactly how the College will pay handsomely for its increasing IT costs while still enjoying its fixed-price IT services contract. If the outrageous, arbitrary annual cost increases that are baked into your Ellucian software licensing bill aren't enough, the Ellucian "Action Plans" also provide the company's roadmap to extract additional revenue from the College.

Consulting costs deliver yet another revenue stream from the College to Ellucian, but how do Ellucian consulting costs compare to other providers who offer the same services? Ellucian should clearly have the advantage over other consultants, because the Ellucian owns the products, right? With so many subject matter experts and knowledgeable consultants on staff, Ellucian's consulting services should be more efficient (and therefore less expensive) than those offered by non-Ellucian consultants.

Ellucian's proposed contract costs show a very different story.

McHenry County College[7]

> More precisely, the Ferrilli specialized support covers:
>
> - Colleague software and database updates (patches) and maintenance
> - WebAdvisor, UI (User Interface) and Student Self-Service upgrades and performance tuning
> - Business Intelligence (Webi) server support and performance tuning
> - Server security certificate management
> - Server operating system upgrades for the above
> - 24 x 7 uptime monitoring
>
> The annual specialized support effort needed is estimated at 500 hours at $96.00 per hour or $48,000.00 per year from Ferrilli. Ellucian quoted comparable services at $250.00 per hour for a total cost of $125,000.00. The renewed support contract covers the period August 1, 2017 to July 31, 2018.

The outside consulting firm, which provides consulting on Ellucian software, charges just 38.5% of what it would cost to receive the same services from Ellucian. Put another way, Ellucian's standard consulting charge is 2.6 times the cost of a competitive consultant.

Unfortunately, this isn't just a one-off situation. The same institution wanted to contract for 50 hours per month of design and support services for business intelligence and reporting functions that are part of Ellucian's Colleague system.

Description	Quantity	A Lange Consulting, LLC	ASR Analytics	Ellucian
Annual Business Intelligence System Design and Support	1 year	$51,000	$108,000	$150,000

McHenry County College sought and found consulting services for Ellucian products in use there for *one-third* of Ellucian's proposed price.

The takeaway here should be that ***failing to put Ellucian-proposed services out for competitive bids could commit an institution to paying literally double or triple the market price.***

It should also raise the question of why Ellucian does not offer extremely competitive pricing for consulting on *its own products* when it should be able to deliver these services better and more efficiently than consultants who do not have the same resources at their disposal.

According to Glassdoor, the average Ellucian account executive makes a base salary of more than $106,000. They also earn commission, which more than doubles the annual average compensation for an Ellucian account executive ($209,000). Tellingly, Ellucian has farmed out its software development to Bangalore, India, which means that the company spends lavishly to reward its sales executives but pinches its pennies on software development. If Ellucian won't invest in its own software, why should WCC?

Ellucian Is Not the Only Solution

Beyond the exorbitant annual accelerations for Ellucian licensing (currently at 6% and scheduled to rise to 7% in FY 2021), the self-serving recommendations to simply buy more Ellucian software, and the

[7] https://www.mchenry.edu/board/17_18/packets/062917.pdf page 17, 18

excessive and uncompetitive Ellucian consulting costs is the primary legal and ethical issue the College will be called to account for.

While Ellucian is the sole source for Banner software and Ellucian products, it is not the sole source for ERP software, Ellucian product consulting, Banner consulting, Banner management, integration services, managed helpdesk services or managed IT services in general. As long as other providers exist in these spaces (and they do in notable numbers), the College has an absolute legal obligation to seek competitive bids.

The College Administration cannot simply make shoddy assurances that it is buying "sole source" goods or services while using state and federal funds, and then blithely move forward, as though this glaring irregularity is somehow irrelevant.

The integrity of the public purchasing process is paramount. The College Administration erodes the public trust when it deliberately tips the scales egregiously in favor of one particular provider of common services and fails to avoid the appearance of obvious conflicts of interest. When the College Trustees fail to act against this, or worse, endorse this conduct, it appears to the voters as though the College Administration is misusing, mismanaging and misspending tax dollars arrogantly, without accountability or fear of consequence.

Further, it gives the voters ample reason to deny future funding requests, including millage renewals and bond issues for new construction, even when the College genuinely needs that funding for its basic operations or expansion.

The Cost of Non-Competition

What does the College give up by not looking for lower cost alternatives to the "Ellucian Solution?" In Winter 2018, the following item appeared in the quarterly finance update from Monroe County Community College.[8]

The Financial Aid Office, with the assistance of the Data Processing Services Department, worked through the implementation process of the Ellucian Colleague Financial Aid Self-Service module in 2017. The Financial Aid Self-Service product provides students with greater access to review and monitor their financial aid status and award offers at MCCC, compared to the limited access they previously had in WebPal.

…

The college was able to complete the implementation of the Financial Aid Self-Service module without hiring Ellucian consultants. Completing the project without hiring consultants was a significant cost savings for MCCC.

When the College maintains its own IT staff, it has the option of implementing software without hiring Ellucian consultants. When the College allows Ellucian to maintain an IT staff at the College, this type of cost saving is no longer possible.

Not seeking competitive alternatives to Ellucian products and services can have far more serious consequences. The following item appeared in the Texarkana Gazette in 2014[9], regarding a budget surplus at Texarkana College. Texarkana College President James Henry Russell's analysis of Ellucian's devastating impact on Texarkana College's finances speaks for itself.

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[8] https://www.monroeccc.edu/finance/Quarterly-Update-Wtr18.pdf

[9] http://www.texarkanagazette.com/news/texarkana/story/2014/jul/23/college-track-end-fiscal-year-580250-surplus/339935/

The college will end FY 2013-14 on Aug. 31 with a projected $1.7 million deficit, which basically reflects the one-time cost of TC's new Jenzabar Enterprise Resource System that is replacing a multimillion-dollar system TC purchased in 2009.

"We think we will end this year better than anticipated, but the final numbers won't be known until after the audit is completed in November or December," Russell said.

Jenzabar replaces the college's current operating system from Ellucian, formerly SunGard Higher Education, whose Banner software has cost the college more than $1 million annually for consulting fees and maintenance. TC's three-year, $8.4 million contract with SunGard in 2009 did not include the annual consulting and maintenance fees.

Russell said the Jenzabar system can be maintained in house at a cost of about $130,000 a year, versus the $1 million-plus fees the college has been paying Ellucian.

Jenzabar, like Ellucian, provides the technology infrastructure and operating systems for student records, student scheduling, the business office and records.

With the switch to Jenzabar, TC expects to save about $3.8 million by 2018-19.

"The software is our whole operation software platform," Russell explained. "(The Ellucian system is) basically what the college spent a huge sum for in the past that also led to very high maintenance costs the college couldn't sustain. It's been costing $1.2 million to $1.3 million annually, though it was costing more than $2 million a year when I got here. The cost of that system was a lot of the big (financial) issues of the college."

Russell came to TC in June 2011, after the college had gone from enjoying more than $18 million in unrestricted net assets in 2005-06 to only $1.6 million in 2010-11.

Texarkana College's experience with the high cost of supporting Banner may have been repeated last week in Detroit, with the announced closure of Marygrove College. Marygrove College also used the Banner ERP software and Ellucian managed IT services. While Marygrove's ERP costs are unlikely to be the sole source of its demise, the company's predatory pricing on its software licensing and IT services undoubtedly contributed to the College's dire financial condition.

Reducing ERP costs does not always require replacing the system outright. It is possible to enjoy significant cost savings and freedom from onerous annual licensing fees by carefully choosing the right products and the right strategies to interface with an existing Banner implementation. Calhoun Community College in Chicago elected to replace a stalled Ellucian Ethos Identity single sign-on implementation with QuickLaunch for Banner, on time and at one-quarter of Ellucian's proposed cost for the Ethos Identity solution.[10]

Why Banner?

If Banner is so expensive, and its annual price increases aren't sustainable by publicly funded institutions like WCC, why is Banner still on WCC's campus? The College installed Banner in 1999. Functionally, the system can be divided into two major sections – the front end, which is how users interact with the system, and the back-end, where the system does its work. Ellucian products are "front-end" solutions. They determine how people put information into and get information out of the Banner database.

[10] https://www.quicklaunchsso.com/pre-built-adapters/

The Banner ERP software relies on a virtually obsolete programming language called COBOL. COBOL was first developed as a Defense Department project during the Eisenhower Administration. Despite its relative obsolescence, COBOL is used primarily in the finance sector. The Banner back-end also relies on an Oracle database and uses PL/SQL, which was first released in 1992.

People who work with Banner almost uniformly agree that Banner's age and haphazard design make it hard to work with. Because the underpinnings of Banner rely on programming tools and strategies that are 30-60 years old, the IT professionals who would have the requisite obsolete skill set to work with Banner have either retired or died. Computer Science programs in the United States today don't even teach COBOL programming anymore, having replaced it with more modern computer languages. A professional working group still supports COBOL, largely because of its limited use in the financial industry, but software companies do not – as a rule - write any new applications in COBOL. The working group last released minor specification changes to COBOL in 2014, and the last major changes to the language occurred in 1989.

Normally, software companies redevelop products in their primary income stream continuously to avoid obsolescence. Ellucian doesn't do that because the private equity owners who have held the intellectual property rights to Banner for the better part of two decades preferred to turn the money needed to redevelop Banner into profits instead. To be fair, SCT and SunGard ran into the same issues with Banner product development. As a result, Ellucian sells new front-end products, cloud services and managed services to its customers largely to disguise the overwhelming deficiencies in Banner's back-end. Meanwhile, the customers pay a high premium for that.

Banner's obsolete approach to data management brings along significant "legacy costs." Recall the massive financial losses Texarkana College sustained while trying to support a Banner implementation. According to the president of Texarkana College, the decision to use Banner nearly bankrupted the College, and forced it to seek additional emergency taxpayer support. By migrating to an ERP product with a modern, supportable architecture, Texarkana College eliminated nearly 95% of its unsustainable $2M+ annual Ellucian bill and found that it could support a fully functional ERP product in house. Could Marygrove College have survived by switching to a different ERP?

For WCC, the question of Banner cost increases is compelling and grows more urgent every day. If Ellucian licenses are contractually guaranteed to increase 30%-40% every five years, but state funding and property tax revenues stagnate, decrease or even increase at a much slower rate, what is the exit strategy from Banner when some future College administration or Board of Trustees finally decides that the continued use of Banner is sheer fiscal insanity? Exactly how will the College get out from under Ellucian, whose mission it is to put institutions on a perpetual purchasing treadmill and keep them there? Especially when the people best suited to dispense good IT advice at WCC all work for Ellucian?

HAVING AN EXIT STRATEGY FOR BANNER IS NOT JUST A THEORETICAL EXERCISE;
IT IS AN ABSOLUTE NECESSITY, AND IT SHOULD BE A HIGH PRIORITY.

The ERP market is fully saturated right now and has little potential for growth, so the only revenue Ellucian can generate must come from its existing customers. As Ellucian's prices climb, its customer base will shrink, but Ellucian's debt load will not. This will leave fewer customers to support Ellucian's enormous debts and rigid revenue targets. The longer WCC stays in the Ellucian spiral, the higher its annual licensing costs will rise. **Ellucian licensing is a financial disaster in the making for the College.** Ignoring the huge leaps in licensing costs, or worse – doing nothing to avoid the inevitable – redefines the word negligence.

The President issued a press release effectively blaming the College's IT staff for "problems" engineered by her administration for the purpose of justifying her proposal to outsource IT services to Ellucian. You

ignore the Ellucian problem at your own risk, but if you refuse to acknowledge any other element of the factual state of the College's IT condition, understand this. The College's current IT staff has the requisite knowledge and skills today to transition the College cost-effectively to a less expensive, more easily supportable, fully functional ERP system that will save millions of dollars and relieve the College of Ellucian's predatory revenue generation scheme.

Anyone who suggests that the current IT staff cannot keep up with the times is lying both to you and to the public.

Letting the IT staff go - especially at Ellucian's diabolical and self-serving suggestion – is either complete lunacy, sheer incompetence, a criminal act or some mixture of all three.

Now is <u>not</u> the time to go all-in on Ellucian. In fact, now is the time to get out from under what promises to be an unending upward spiral of ERP software licensing costs. Ellucian's suffocating debt load, its inability to develop a modern software product, and unrelenting annual price increases that exceed the rate of inflation multiple times over guarantee that institutions that use Banner will <u>never</u> experience cost control in IT.

In fact, institutions who choose to remain on Ellucian's sinking ship will increasingly be forced to make deep cuts in personnel, services and programs in order to keep their obsolete, expensive and unsupportable Banner implementations limping along. The people of Washtenaw County need the Trustees to make responsible financial decisions for the College. Leave the IT staff where it is because the first authentic step in controlling IT costs is removing Ellucian and its products from WCC's campus.

So, the Banner question remains for you to answer. Why *is* Banner, which runs on 30- 60-year-old technology and an unsustainable pricing model, still being used at WCC? More importantly, *why should the College settle for saving $600,000 per year by getting rid of its IT staff when it could save millions per year by keeping them and getting rid of Banner instead?*