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Beyond the Bottom Line: Redefining ROI in the Era of Higher Ed Modernization

WHITE PAPER

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Contents

Abstract

Technology modernization in higher education is no longer a question of “if” but “when.” As vendors sunset support for legacy on-premises systems and shift toward SaaS-based solutions, institutions will be compelled to modernize, whether proactively or reactively. While modernization is often marketed as a strategic move toward efficiency, agility, and data-informed decision-making, the true return on investment (ROI) is far more nuanced. The path to realizing any ROI, financial or otherwise, is complicated by high upfront costs, significant change management demands, entrenched institutional cultures, and the uncertain adoption of best practices. For many institutions, especially those that are resource-constrained or risk-averse, these challenges may delay or dilute the perceived benefits. This paper aims to level-set expectations, define a broader concept of ROI, and provide guidance on navigating the complexity of modernization without overpromising outcomes.

EXECUTIVE SUMMARY

In an era defined by digital transformation, the modernization of technology systems in higher education is no longer optional; it is inevitable. With vendors sunsetting support for legacy platforms and institutions facing growing demands for agility, responsiveness, and data-informed decision-making, the decision to modernize is increasingly being forced by external pressures. However, the return on investment (ROI) narrative tied to modernization is often over-simplified and is often based solely on financial measures. This white paper aims to redefine ROI in a way that acknowledges both the strategic and operational complexity of modernization, outlines a framework to evaluate real-world impact, and guides institutions in making informed, realistic decisions about their digital future.

INTRODUCTION: THE REALITY OF MODERNIZATION IN HIGHER EDUCATION

For decades, higher education institutions have operated with legacy systems that, while once cutting-edge, now constrain innovation. From outdated student systems (SIS) to rigid financial management tools, these platforms often require extensive manual workarounds, inhibit integration, and limit institutional agility.

Modernization, typically involving a shift from on-premises infrastructure to cloud-based, software-as-a-service (SaaS) ecosystems, offers a compelling vision: operational efficiency, streamlined workflows, enhanced user experience, and better data visibility. But modernization is not a magic wand. It is a capital-intensive, organizationally disruptive process that often fails to deliver its full promise when treated as a simple technology upgrade.

Just as no university builds a new classroom building solely to save money, no institution should expect immediate cost savings from technology modernization. Instead, it should be treated as a strategic investment, an enabler of new capabilities and long-term institutional resilience.

A BROADER DEFINITION OF ROI

Traditionally, ROI is calculated using a simple formula:
ROI = (Net Benefit / Investment Cost) x 100

In a higher ed context, this approach fails to capture the complexity of modernization initiatives. Instead, we assert a multi-dimensional view of ROI that encompasses:

- **Strategic ROI** – Alignment with institutional mission, future readiness, and differentiation
- **Operational ROI** – Gains in process efficiency, data access, and user satisfaction
- **Cultural ROI** – Ability to foster innovation, accountability, and responsiveness

- **Opportunity ROI** – Costs of inaction, including missed enrollment, funding, and partnership opportunities

Institutions must recognize that the ROI of modernization is not always immediate, easily quantifiable, or purely financial. Like a new campus building or academic program, its value is measured in how it enables growth, enhances reputation, and prepares the institution for future success.

WHY MODERNIZATION FAILS TO DELIVER ROI AND HOW TO FIX IT

Many institutions underestimate what it truly takes to unlock ROI from modernization. Common barriers include:

- **Legacy Policies and Practices** – Institutions often deploy new tools while clinging to outdated policies created in a pre-digital world. This is like moving into a new building but refusing to update the curriculum taught within it.

  The Fix: Invest in process review and improvement. Revise outdated policies to align with modern digital tools and practices. This ensures that new technologies are fully utilized and integrated into the institution's operations.

- **Failure to Adopt Best Practices** – Higher education frequently resists business best practices, particularly in finance, HR, and operations. By not adapting to modern, data-driven models, institutions leave significant value on the table. Agentic AI will exacerbate the gap between those who can adopt new process models and those who cannot.

  The Fix: Implement industry best practices in finance, HR, and operations. This helps institutions leverage modern, data-driven models to maximize value and improve decision-making.

- **Lack of Organizational Alignment** – Modernization efforts that serve departmental needs rather than institutional priorities can create localized gains in specific areas but rarely create broader alignment toward institutional goals. These localized gains can further reinforce departmental or domain silos for data and operations. Projects must be tied to the "true north" goals of the institution: student success, sustainability, and mission fulfillment.

  The Fix: Tie modernization efforts to institutional priorities such as student success, sustainability, and mission fulfillment. This creates broader alignment and prevents departmental silos.

- **Inadequate Change Management** – Institutions often underestimate the cultural and procedural shifts required. Teams must commit to new ways of working, or risk undermining the entire initiative.

  The Fix: Ensure all stakeholders feel heard, and engage everyone in the cultural and procedural shifts required for modernization. Provide training and support to ensure teams adopt new ways of working.

- **Siloed Decision-Making** – Modernization efforts often falter when decisions are made in isolation by individual departments rather than through coordinated, institution-wide planning. Without cross-functional alignment, institutions risk duplicating efforts, misallocating resources, and implementing systems that don't integrate or scale effectively.

  The Fix: Foster cross-functional alignment in planning and decision-making. This prevents duplication of efforts, misallocation of resources, and ensures systems integrate and scale effectively.

- **Failure to Assess and Align Talent** – Institutions often overlook the importance of evaluating whether their workforce has the skills needed to execute and sustain modernization. Without assessing talent before, during, and after major initiatives, institutions risk misalignment between new systems and existing talent capabilities. Future-ready operations require future-ready teams.

  The Fix: Evaluate whether the workforce has the skills needed to execute and sustain modernization. Invest in reskilling existing staff and recruiting talent that can thrive in a digital-first environment.

THE COST OF INACTION: WHAT HAPPENS WHEN INSTITUTIONS DON'T MODERNIZE?

Too often, institutions analyze the cost of modernization but ignore the cost of stagnation. Consider:

- **Rising Student Expectations** – Today's learners expect seamless, mobile-first, digital experiences. These expectations increase with each new cohort of learners. Legacy systems that remain in the environment create friction that increases over time thus increasing the pressure on enrollment and retention.
- **Operational Inefficiency** – Manual workflows and disconnected systems waste valuable staff time and lead to errors that compromise service quality, student experience, and compliance.
- **Inability to Respond to Market Changes** – Traditional governance models can't match the speed of change in workforce needs, funding models, and learning modalities. Institutions that can't adapt quickly will fall behind more agile competitors, including for-profit and non-traditional providers.

Southern New Hampshire University and Arizona State University, for example, have capitalized on technology and operational innovation to scale rapidly and meet emerging learner demands. Their success highlights the opportunity cost facing traditional institutions that delay modernization.

Modeling ROI:

A Realistic Framework for Institutional Leaders

To help institutions approach ROI modeling more effectively, consider the following structured process.

1. Define the Scope of Modernization

Modernization exists on a spectrum, from adopting a few cloud-based tools to re-architecting the entire operational and technology ecosystem and reimagining operational workflows. Scope determines potential value, complexity, and risk.

2. Identify Value Levers

Create a value tree to identify all possible benefits:

- ✓ Improved student engagement
- ✓ Increased user productivity
- ✓ Enhanced analytics and reporting
- ✓ Reduced IT maintenance costs
- ✓ Better regulatory compliance

3. Map Value Blockers

Identify and quantify obstacles such as:

- ✓ Misaligned project goals
- ✓ Financial constraints
- ✓ Resistance to change
- ✓ Leadership turnover
- ✓ Low adoption rates

MODERNIZATION AS A LONG-TERM INVESTMENT

Just as no one expects a new science building to generate cost savings overnight, no one should expect modernization to “pay for itself” in year one. Institutions invest in buildings to attract students, enable new research, and create inspiring learning environments. Technology modernization should be viewed through the same lens.

Moreover, modernization is an ongoing commitment and not merely a one-time project. Systems must be maintained, updated, and evolved to remain relevant. Failing to do so re-creates the conditions that made the original systems obsolete.

Recommendations for Institutional Leaders

1	**Think Like a Business**	Adopt a proactive, data-driven mindset. Use dashboards, KPIs, OKRs, and predictive analytics to guide decisions and monitor ROI.
2	**Align Technology with Strategy**	Tie every modernization initiative to a core institutional goal. Ask: Will this improve enrollment? Advance our mission? Reduce risk? If the answer to these is no, it will be reflected in minimal or negative ROI.
3	**Budget for Change Management**	Set aside at least 15-20% of your total project budget for training, communications, policy and process updates, and change leadership. This is often the make-or-break factor.
4	**Modernize Policies Alongside Technology**	Revise institutional policies to match or exceed the capabilities and expectations of modern systems. Like staffing assessment and refinement, policy modernization is a sustained process rather than a one-and-done activity. Outdated rules will only constrain the benefits of modernization.
5	**Build a Coalition of Champions**	Modernization requires more than executive sponsorship; it demands a visible, cross-functional coalition that actively drives change. Go beyond forming a steering committee; empower this group with decision-making authority, dedicated resources, and a clear mandate to lead the institution through transformation while also advocating for change within their own spheres of influence across campus.
6	**Evaluate the Cost of Doing Nothing**	Factor in opportunity costs; missed enrollment, staff burnout, and poor data visibility as part of every ROI discussion.
7	**Choose Fit Over Flash**	Carefully evaluate the full landscape of vendor solutions, not just the most hyped or feature-rich offerings. The latest and greatest tools may not be the best fit for every institution. Just as not every driver needs a Ferrari when a Honda Accord will reliably get them where they need to go, institutions should prioritize solutions that align with their goals, capacity, and culture. A well-matched, sustainable platform often delivers more value than a high-end system that strains budgets or exceeds operational readiness.
8	**Align Talent Strategy with Modernization Goals**	Modernization is not just about systems—it's about people. Institutions must align hiring, staffing, and professional development with the new ways of working that modernization demands. This includes identifying future skill needs, reskilling existing staff, and recruiting talent that can thrive in a digital-first environment.

CONCLUSION: A CALL FOR REALISM AND RESOLVE

Modernization is not a silver bullet, nor is it a guaranteed path to cost savings. It is a strategic investment in institutional agility, resilience, and long-term relevance. Institutions that approach modernization with a clear understanding of the trade-offs, a commitment to best practices, and a willingness to rethink how they operate will unlock far more than financial ROI, they will secure their place in the future of higher education.

Some may argue that investing in modernization diverts funds from direct student support. But this is a false dichotomy. In the corporate world, operational effectiveness and agility are seen as foundational to long-term success—and the same applies to higher education. Streamlined systems, responsive workflows, and data-informed decision-making directly impact the student experience by enabling faster service, better advising, and more personalized learning pathways. In turbulent times, institutions that invest in operational resilience are better positioned to serve students, not less.

Let us move beyond the bottom line and redefine ROI as what it truly is: Return on Innovation, Return on Impact, and Return on Institutional Relevance.

METHODOLOGY

Tambellini maintains, updates, and delivers the most comprehensive database of institution technology profiles available. The company began tracking this data in 2001 in response to client requests, and today provides data to global organizations and institutions. Tambellini gathers and maintains publicly available data on higher education technology selections from a variety of sources, including press releases, institution materials (e.g., project websites, presentations), news articles, and vendor case studies. Tambellini conducts primary research including surveys and interviews with institutions. Institutions provide updates to technology profiles through online research portals on various Tambellini websites.

While other firms have historically provided some information and opinions regarding market trends, the data to support these opinions has typically been provided by vendors minus detailed customer lists or by survey responses, which have limited response rates. Without the benefit of detailed, verified technology profiles, institutions, vendors, consultants, and financial analysts were generally left on their own to try and find enough critical technology data to support important decisions. Tambellini's Education Institution Technology Profile Database® is used by institutions to find peers with similar technology implementations, for benchmarking comparisons, and vendor references. Vendors, consultants, financial analysts, investors, and venture capitalists also utilize the database to gain insight into market-share data and other facts about vendor sales history that are not available from any other single source. Prior to the availability of this database, it was difficult to track and understand market-share data by vendor and vendor product.

FUTURE CAMPUS IMPACTS

The Future Campus™ Framework is Tambellini's innovative tool for generating strategic-level conversations and action for appropriate investments and divestments across the four key pillars of people, process, data, and technology. The Framework is scored across ten key higher education workspaces.

Technology modernization in higher education affects the following Future Campus workspaces:

Recruit and Retain	Technology modernization initiatives aim to improve student engagement and experience, which can enhance recruitment and retention rates. By providing seamless, mobile-first, digital experiences, institutions can meet the rising expectations of today's learners, thereby reducing friction and increasing enrollment and retention.
Employ	Technology modernization involves aligning talent strategy with modernization goals. Institutions must ensure their workforce has the necessary skills to support and sustain modernization efforts. This includes identifying future skill needs, reskilling existing staff, and recruiting talent that can thrive in a digital-first environment.
Fundraise	Improvement in institutional operations and reputation through technology modernization can positively impact fundraising efforts. Enhanced data visibility and operational efficiency can provide better insights for potential donors and stakeholders.
Operations	The shift to cloud-based, software-as-a-service (SaaS) ecosystems will streamline workflows, enhance user experience, and improve data visibility. This operational efficiency is a key outcome of technology modernization.
Governance	Technology modernization requires institutions to adopt a proactive, data-driven mindset and align technology with core institutional goals. This involves revisiting and revising institutional policies to match or exceed the capabilities and expectations of modern systems.
Risk	Technology modernization enables institutions to address potential risks, such as costs associated with not acting, missed enrollment opportunities, staff workload issues, and limited data visibility, supporting continued competitiveness and relevance.
Innovate	Technology modernization fosters a culture of innovation by enabling institutions to adopt new process models and best practices. This cultural shift is essential for long-term success and institutional agility.

ABOUT TAMBELLINI GROUP

The Tambellini Group has been the leading provider of unbiased and proprietary research and advisory services to higher education since 2001. Our mission is to equip educational institutions with the impartial insights, tools, and market predictions needed to make informed technology decisions while maximizing return-on-investment and constituent experience. We empower institutions to overcome challenges, seize opportunities, and pave the way toward a brighter future for higher education.