

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: October 18, 2011

Agenda Item: Learning Management System Contract Approval

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda: *Board Policy 5.14, Procurement and Contracts*, requires pre-approval by the Board of Trustees for contracts valued greater than \$3 million dollars.

Scheduled Presenter(s): Darrel Huish, Vice Chancellor and Chief Information Officer

Outline of Key Points/Policy Issues: This request is to seek Board of Trustees approval of a proposed license agreement with Desire2Learn Ltd. for the delivery of Minnesota State Colleges and Universities learning management system. The contract includes cost of licensing and support for the initial term of six years with four options to renew in one year increments. The estimated cost is approximately \$1.4 million annually with a total cost of \$14.5 million for the projected ten year investment.

Background Information:

The licensed software is the core learning management system used to support all Minnesota State Colleges and Universities on-line and blended/hybrid credit and non-credit courses. Approximately 100,000 students annually are engaged in on-line blended/hybrid courses for academic credit using the current Desire2Learn Ltd. contract. The Minnesota State Colleges and Universities use of the learning management system has grown substantially from 1,110 courses in the spring of 2004 to over 25,000 courses in the fall of 2011.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION

Learning Management System Contract Award
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BACKGROUND:

The purpose of this report is to seek Board of Trustees approval of a proposed contract with Desire2Learn Ltd. for the purchase of an enterprise Learning Management System solution for the Minnesota State Colleges and Universities. The contract includes the cost of licensing and support for the initial term of six years with four options to renew in one year increments not to exceed \$14,500,000 dollars. *Board Policy 5.14, Procurement and Contracts*, requires pre-approval by the Board of Trustees for contracts valued greater than \$3,000,000 dollars.

In 2004, Minnesota State Colleges and Universities migrated all of its online courses to Desire2Learn Ltd.'s Learning Management System. The centralized solution has streamlined administration, improved system reliability, and offers a uniform learning environment to all students. Enrollment in online and blended/hybrid credit and non-credit courses has grown from 1,110 courses in the spring of 2004 to over 25,000 courses in the fall of 2011. The number of students served has increased substantially from 23,000 students in 2004 to more than 100,000 in 2011. In addition to handling assignments, discussion forums, and other content, the Learning Management System processes approximately 20,000 quizzes each day. The Minnesota State Colleges and Universities goal is to offer 25 percent of its credits online by 2015.

During the last 18 months, the Instructional Management System (IMS) Advisory Council solicited feedback from faculty, students and members of the administration in preparation of Learning Management System Request for Proposal (RFP) (see appendix for list of IMS membership). The RFP was published in June 2010, in the State Register with five vendor responses. The RFP proposals were evaluated by a sub-committee of the IMS Advisory Council. The evaluation criteria included financial, technical, and functional requirements. The analysis of the proposals quantified the conversion and implementation costs from the existing system to a new solution including: cost of new hardware, software licensing, ISRS integration, help desk, staff training, and the effort for faculty to transition to a new solution. In June 2011, the evaluation team conducted a three day oral interview with the vendor with the lowest conversion and implementation cost. An objective question and answer session addressed functional and technical requirements. The final day reviewed the cost of services and MnSCU's expectations of the proposed service level agreement. After satisfying all of the RFP requirements, Desire2Learn Ltd. was chosen as the best value and best qualified to meet the system's technical requirements.

This request is to seek Board of Trustees approval of a proposed license and support agreement with Desire2Learn Ltd. for the delivery of Minnesota State Colleges and Universities Learning Management System. The contract includes the cost of licensing and support for the initial term of six years with four options to renew in one year increments.

The estimated cost is approximately \$1.4 million annually with a total cost of \$14.5 million for the projected ten year investment. It is estimated that an enterprise wide licensing saves the system approximately \$1,000,000 annually.

Ten Year Investment (Projected)						
Item	Year 1 - 6	Year 7	Year 8	Year 9	Year 10	Total
Base Contract	\$4,800,000	\$ 950,000	\$ 990,000	\$ 1,000,000	\$ 1,100,000	\$ 8,840,000
Support Fees	\$1,535,000	\$ 300,000	\$ 315,000	\$ 330,000	\$ 350,000	\$ 2,830,000
Optional Licenses	\$1,560,000	\$ 295,000	\$ 310,000	\$ 325,000	\$ 340,000	\$ 2,830,000
Total	\$7,895,000	\$ 1,545,000	\$ 1,615,000	\$ 1,655,000	\$ 1,790,000	\$ 14,500,000

The annual cost of licensing includes a base contract, support fees and optional licenses. The proposed price escalation for the ten year investment is either the Consumer Price Index (CPI) or 5% whichever is greater. This is a decrease from the current price escalation of 10%. The Base Contract is funded by Minnesota Online through a campus assessment fee based on the number of online credits taken per campus. Support fees are funded by the central ITS budget. Optional Licenses may be funded by Minnesota Online or by individual campuses.

RECOMMENDED COMMITTEE MOTION:

The Finance and Facilities Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees approves entering into a contract with Desire2Learn Ltd., as the enterprise Learning Management System solution for the Minnesota State Colleges and Universities for the cost of licensing and support with the initial term of six years with four options to renew in one year increments not to exceed \$14,500,000 dollars as described herein. The Board directs the Chancellor or his designee to execute all necessary documents.

RECOMMENDED BOARD MOTION:

The Board of Trustees approves entering into a contract with Desire2Learn Ltd., as the enterprise Learning Management System solution for the Minnesota State Colleges and Universities for the cost of licensing and support with the initial term of six years with four options to renew in one year increments not to exceed \$14,500,000 dollars as described herein. The Board directs the Chancellor or his designee to execute all necessary documents.

INSTRUCTIONAL MANAGEMENT SYSTEM ADVISORY COUNCIL

MEMBERSHIP 2011-2012 (25 members)

CHARGE: To advise the Senior Vice Chancellor for Academic and Student Affairs on academic requirements pertaining to the operation of current and future instructional management systems (e.g., Desire2Learn) used by Minnesota State Colleges and Universities.

EXECUTIVE COMMITTEE MEMBERS: *Karen LaPlant, Rhonda Ficek, Thomas Hergert, Jamie Nordstrom, Manuel López and Lesley Blicker*

REPRESENT	TERM START	TERM ENDS	MEMBER	PHONE	EMAIL
<i>College Student (1) MSCSA</i>		06/2011	Cory Rahn Technology Liaison @ Anoka Ramsey	763-258-4855	crahn1@my.anokaramsey.edu
			Alison Norman Director of Policy, MSCSA	651-297-5877	anorman@mscsa.org jmedearis@mscsa.org
<i>University Students (1) MSUSA</i>		06/2011	Shannah Moore Mulvihill Director of University and System Relations, MSUSA	651-224-1518	smoore@msusa.org
<i>College Faculty (4), MSCF</i>			Vacant (formerly Mark Plenke)		
			Pat Parsons (on hold) Riverland Community College	507-433-0826	Pat.Parsons@riverland.edu
			Cammie Lamey (on hold) Minnesota State Community and Technical College-Moorhead	218-299-6838	Camelia.Lamey@minnesota.edu
		06/2012	<i>Karen LaPlant, VICE CHAIR*</i> Instructor, Information Technology Hennepin Technical College	763-488-2471	Karen.Laplant@Hennepintech.edu
<i>University Faculty (4) IFO</i>	From beginning of Council (Nov 2004)	06/2011	David Bouchard (on through Nov with possibility of continuing) Metropolitan State University	612-659-7284	David.Bouchard@metrostate.edu
	From beginning of Council (Nov 2004)	06/2011	<i>Rhonda Ficek, PAST CHAIR*</i>) Faculty, Instructional Technology Minnesota State University Moorhead	218-477-2339	ficek@mnstate.edu

	09/2008	06/2011	Thomas Hergert, CHAIR* Professor, InforMedia Services St. Cloud State University	320-308-0984	trhergert@stcloudstate.edu
	9/2010	2 year (through 6/2012)	Donna Brauer Academic Affairs Coordinator IFO	651-227-8442 X 19	brauer@ifo.org Larsson@ifo.org finch@ifo.org
Campus Library (1)	05/2009	06/2011	Russ Dennison Winona State University	507-457-5143	rdennison@winona.edu
Chief Academic Officer (1)	ASA to seek new appoint- ment from CAOs if Sally needs to get off Council	6/2011	Sally Johnstone Winona State University Seeking replacement	507-457-5010	Sjohnstone@winona.edu BSass@winona.edu
Chief Information Officer (1)	01/2007	06/2013	John Rohleder Century College	651-779-3496	John.Rohleder@century.edu
Campus IMS Site Administrator (1)	9/2010	06/2012	Jeffrey James Henline Minnesota State University Mankato	507-389-2323	jeffrey.henline@mnsu.edu
Campus IMS Trainers (1)	9/2010	06/2012	James Deacon, Inver Hills Community College	651-450-3709	jdeacon@inverhills.mnscu.edu
Campus President (1)	ASA		Vacant – seeking replacement		
OOC ITS Division (3)	01/2007	Ex- officio (voting)	Jamie Nordstrom ITS Finance and Administration Director, Office of the Chancellor	651-201-1607	Jamie.nordstrom@csu.mnscu.edu sonya.castillo@so.mnscu.edu Christine.benner@so.mnscu.edu Darrel.huish@so.mnscu.edu
	09/2008	Ex- officio (voting)	Penny Dickhudt System Director, MnSAT Office of the Chancellor	651-297-4811	Penny.Dickhudt@so.mnscu.edu
	09/2008	Ex- officio (voting)	Chuck Morris System Developer, D2L Office of the Chancellor	651-201-1503	Chuck.Morris@csu.mnscu.edu

OOO ASA Division (3)	2009	Ex-officio (voting)	Manuel M. López* <i>Associate Vice Chancellor Office of the Chancellor</i>	651-201-1664	Manuel.lopez@so.mnscu.edu Margie.takash@so.mnscu.edu
	2009	Ex-officio (voting)	Lesley Blicher* <i>Director of IMS Learning and Next Generation Technology Office of the Chancellor</i>	651-201-1413	Lesley.Blicher@csu.mnscu.edu Shelly.heller@so.mnscu.edu
		Ex-officio (voting)	Vacant , CTL –checking status Office of the Chancellor		
OOO Library (1)	2005	Ex-officio (voting)	Todd Digby System Director of Libraries Office of the Chancellor	651-649-5759	Todd.Digby@csu.mnscu.edu
Minnesota Online Representative (1)		Ex-officio (voting)	Sheri Steinke Chair Minnesota Online Council	763-488-0430	sheri.steinke@normandale.edu
Staff Resources to the IMS Council & Others interested to receive information					Karen.Wenz@csu.mnscu.edu charles.kroger@csu.mnscu.edu Dawn.leech@mnsu.edu Michele.VanGemert@educationminnesota.org greg.mulcahy@educationminnesota.org gary.hunter@so.mnscu.edu joseph.lehman@mnsu.edu Michael.condon@mnscu.edu Cathy.rajtar@so.mnscu.edu Paul.wasko@so.mnscu.edu Michal.Moskow@metrostate.edu dproctor@anokatech.edu guntis.dombrovskis@metrostate.edu Susan.platt@so.mnscu.edu Scott.olson@so.mnscu.edu Tim.price@so.mnscu.edu Anne.stowell@so.mnscu.edu h.erpestad@lsc.edu

Changes: Contact: shelly.heller@so.mnscu.edu

Updated 1-16-2011

INFORMATION

IFO MnSCU Committee Representatives

<http://www.ifo.org/mnscucommittees.htm#IMSAC>