

**Date:** Fri, 23 Dec 2005 11:11:57 -0500 (EST)  
**From:** Jim Farmer <jxf@immagic.com>  
**Subject:** Re: Revenue Models for the Sakai Foundation?

There may be a long-term effect of any revenue enhancement activity of Sakai.

In founding JSTOR Bill Bowen was clear that if the service was not sufficiently valuable to higher education that higher education would, through fees, support the activity, that it should be discontinued. It took several different pricing structures and significant capital investment before JSTOR recognized the more intense use by research universities, the ability to pay, and the role of consortia and systems of colleges and universities before it became a sustainable service. JSTOR remains the metaphor of sustainable services.

Bowen's reports also clearly said the Foundation found that its projects often needed additional time (and funding) to achieve long-term sustainability. Mellon demonstrated patience with JSTOR as it overcame technical and organizational obstacles.

To begin to focus on "another business" for income or seek additional funding without identifying how it would lead to sustainability could appear inconsistent with the Foundations intent in supporting Sakai. Immediately seeking a different business model could be interpreted as insincere.

There are two studies focused on sustainability--the Mellon Foundation study at the University of Michigan and the JISC Study at Oxford University.

Perhaps the best approach would be to review the history of JSTOR and Bowen's writings and review the issues from a broader perspective. And contribute that review to the two studies.

Brad's "full and careful strategic consideration" is very important. Many partners viewed and supported the Sakai Education Partners Program because they thought it was a business model to sustain long-term cooperative efforts beneficial to all (as Brad described at IBM's Student Services Systems meeting); immediately seeking other alternatives may not be interpreted as consistent with their intent. Similarly, the Foundations could view the Sakai Project as a demonstration of what software grant funds can develop rather than helping universities build long-term, and vital, cooperative efforts--the original intent of the proposals and grants.

It is also important to understand how the many separate efforts--Sakai is only one of many e-Learning developments--could relate to Educore. One of the issues--that Brad knows well--is the "critical mass" needed to achieve break-even, especially at a time where discretionary funds have disappeared from all except the most well-endowed colleges and universities.

Let me suggest, Brad, that you "pen" an essay during the break (that others get to take) that describes the larger issue. Although directed to the JA-SIG and Sakai Boards, the real audience is all of higher education. Then take advantage of the joint JA-SIG and Sakai Board

meeting in January to consider general models that could work for higher education.

Charlie Lenhardt commented that Educore is on the Common Solutions Group agenda the first week of January. He was speculating that Ira Fuchs may lead the discussion. (I suspect it will follow the presentation to the Sakai Board with details of the Foundation-funded University of Michigan study). You may be able to incorporate those discussions in the essay as well. (Charlie also expressed a concern the Mellon Foundation could reduce its support of information technology projects).

Establishing a strategic direction consistent with the economic realities may demonstrate leadership on the broader issues as well as specific projects such as Sakai and uPortal.

Full disclosure: Based on my "sprawling" presentation at OSS Watch, July 4, 2005, Oxford University has asked that I participate in their study. The scope of the study will not be clear until late January.

jim farmer

Wheeler, Bradley C. wrote:

>I'm also supportive of thoroughly considering some of these ideas. Let's be clear regarding the example that we are not talking about "Google donations." Rather we are talking about pay-for-performance commissions in a business relationship that is likely to have some intended and (most likely) some unintended consequences.

>

>I think we should not categorically rule out consideration of alternative revenue streams, but I do urge full and careful strategic consideration.

>

>Cheers - Brad

>-----

>Brad Wheeler, Indiana University

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>

>-----Original Message-----

>From: Vivian 'Vivie' Sinou

>To: hardin@umich.edu; advocacy@collab.sakaiproject.org

>Sent: Fri Dec 23 02:39:24 2005

>Subject: RE: Revenue Models for the Sakai Foundation?

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>>-----Original Message-----

>>From: Joseph Hardin [mailto:joseph.hardin@gmail.com]

>>Sent: Monday, December 12, 2005 7:00 AM

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>>If a search engine vendor approaches you (or you them) and a

>>deal is struck so that you (Sakai) set the default to that  
>>vendor (user changeable anytime, natch), then you get a penny  
>>every time a version of the software is downloaded (or  
>>perhaps every time a new user uses that feature, or...TBD).  
>>This is roughly a description of the arrangement between the  
>>Firefox folks and Google.  
>>  
>>I would think this were a fine idea, with, say, a yearly  
>>re-evaluation built in so we could change when we think it  
>>best. It generates revenue for building the Sakai community,  
>>is a truly minimal load on the users if we made the setting  
>>of the search engine preference easy, and is locally  
>>manage-able, so, if you didn't want the setting that we had  
>>struck a deal on the one used on your campus, or in your  
>>research community, you wouldn't have to (though that would  
>>reduce the support for the larger community; still, local choice).  
>>  
>>  
>  
>I think this is a *fine* idea.  
>  
>  
>  
>>As to donation methods ("scheme" has a negative connotation  
>>in american english, so I'll avoid it here; we are separated  
>>from other english speakers by a common language, as Winnie,  
>>or someone very much like him, said), I would think they  
>>would be a good idea if we were able to figure out how to do  
>>them without becoming biased toward the donor. This is the  
>>big difficulty with any such ideas, and the thing we have to  
>>avoid most: that we would start making decisions based on  
>>donations and not the best thing to do.  
>>  
>>  
>  
>I don't see this as an issue. You've all worked with academics, right? :)  
>This is a higher education effort. If it's not personal motivation and  
>passion that drives us, it is because we are committed to do the *best*  
>thing\* for our institutions. Or a combination. We are a bunch of idealists.  
>(Could this be the reason for the success of Sakai in such a short time?)  
>  
>The reason we are even having this discussion is because "academics are  
>business idiots." (I don't recall the fellow's name who said this - or the  
>title of the article. Sorry. It stayed with me though, kind of like a  
>"warning!"). We need to be tapping into opportunities such as the Google  
>example. We have real, on-going needs. We need to be experimental, as Joseph  
>said, and open to opportunities that will bring a steady stream of donations  
>to the foundation to sustain it!  
>  
>  
>  
>>I would expand this  
>>question to include our considerations of educational  
>>institution donors also: for instance, I was asked in Austin  
>>if some of the schools might not be interested in  
>>contributing more than the \$10K, in order to support key  
>>staff and project directions of the Foundation, and if we

>>could accept that, or even make a request for such  
>>contributions. One school representative told me they  
>>thought it would be easy for them to come up with \$20K a  
>>year, maybe more.  
>>  
>>  
>  
>Yes - I say.  
>  
>Is each of us really contributing just \$10K per year? No. Many contribute  
>much more with salaried developers, volunteering time, etc. If there are  
>institutions that can and would like to contribute more than \$10K, it is  
>silly to not accept it.  
>  
>  
>  
>>We have to have a community and a Board  
>>that could make sure any bias that might creep into our  
>>decisions or directions was kept at a minimum if we did this  
>>kind of thing, though we already have a differential between  
>>contributing Partneres, and a growing number of contributors  
>>to the code base who are not members of a Partner  
>>organization, so we live with this issue already.  
>>  
>>  
>  
>Right. We must proceed with caution. Yet, I trust that as we establish clear  
>Sakai Community Processes, it will be easier to know how requirements are  
>gathered, how things are prioritized, etc., and we'll be less fearful of  
>biases. With so many stakeholders from the community driving the project, I  
>>would think that we can trust the community and the Board.  
>  
>  
>  
>>As this discussion unfolds, I hope we can generate some good  
>>ideas about how to go about this kind of thing. A lot of  
>>opportunities, and pitfalls, await this community. I would  
>>hope we could be as experimental in our approaches to such  
>>ideas and options as possible. One of our jobs is to blaze a  
>>trail for those coming behind us, as well as to build a  
>>sustainable foundation for our community to move forward on.  
>>There are lots of ways to contribute.  
>>Getting a model in place for donations to the Foundation of  
>>money and/or services is a real need.  
>>  
>>  
>  
>Well said. I am 100% with Joseph here.  
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>  
>Vivie  
>  
>--  
>Vivian 'Vivie' Sinou  
>Dean, Learning Technology & Innovations  
>Foothill College  
>

>-----  
>This automatic notification message was sent by Sakai Collab  
(<http://collab.sakaiproject.org/portal>) from the SEPP Strategy & Advocacy site.  
>You can modify how you receive notifications at My Workspace > Preferences.

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Jim Farmer  
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(<https://ctools.umich.edu>) from the Mellon Sakai site.  
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In-reply-to: <13896232.1135346976596.JavaMail.tomcat5@mahimahi.ds.itd.umich.edu>  
To: sakai <sakai@ctools.umich.edu>  
Message-id: <15016499.1135354317186.JavaMail.tomcat5@kungpao.ds.itd.umich.edu>  
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MIME-version: 1.0  
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