

Pricing for Sakai Services

Background

The Sakai Educational Partners Program has established an annual fee for teaching institutions of \$10,000 for those with enrollment of 5,000 or more.¹ And \$5,000 for those less than 5,000 students. If non-teaching institutions were to join Sakai, then some other measure would be required. The estimated budget for institutions enrolling 5,000 headcount students is shown in Table 1. This is based on 2000-2001 data; the last date for which current revenues and expenditures is available for U.S. institutions

	Public	Private not-for-profit	Private for-profit
Doctoral extensive	167,626,354	299,387,194	
Doctoral intensive	93,803,854	255,695,400	80,670,000
Master's	61,612,388	73,816,827	61,795,000
Baccalaureate	54,287,179	87,934,656	64,220,000
Specialized	442,660,522	150,489,584	65,945,000
2-Year	29,348,335	70,556,021	61,135,000

Table 1 – Estimated Current Revenue for a U.S. College or University Enrolling 5,000 Headcount Students²

One measure would be to compare the revenue of the non-teaching institution with some value associated with colleges and universities. Some value, say \$50 million, could serve as a dividing point between the two values.

Because the large difference between the revenue per student in doctoral extensive—major research—universities and public community colleges, some consideration could be given to more than two levels of annual membership fees.

Complex Organizations

Often colleges and universities are organized into “systems” and private for-profit in subsidiaries or chains. Since the costs to Sakai are based, in part, on the number of separate installations of software providing teaching, learning, and research services, and, in part, by those attending conferences and participating in the collaborations, a complex organization can require more services than a simple institution with the same enrollment.

¹ Headcount students as reported to the government from the last available report. In the U.S. This would be the U.S. Department of Education, National Center for Education Statistics, Opening Fall Enrollment survey.

² Specialized includes colleges and universities specializing in allied health, medicine, engineering, business, art, and other professional fields. The difference between public and private is largely based on a higher proportion of public medical schools not affiliated with a teaching university.

Institutions by Size of Delegation December 2004 Conferences

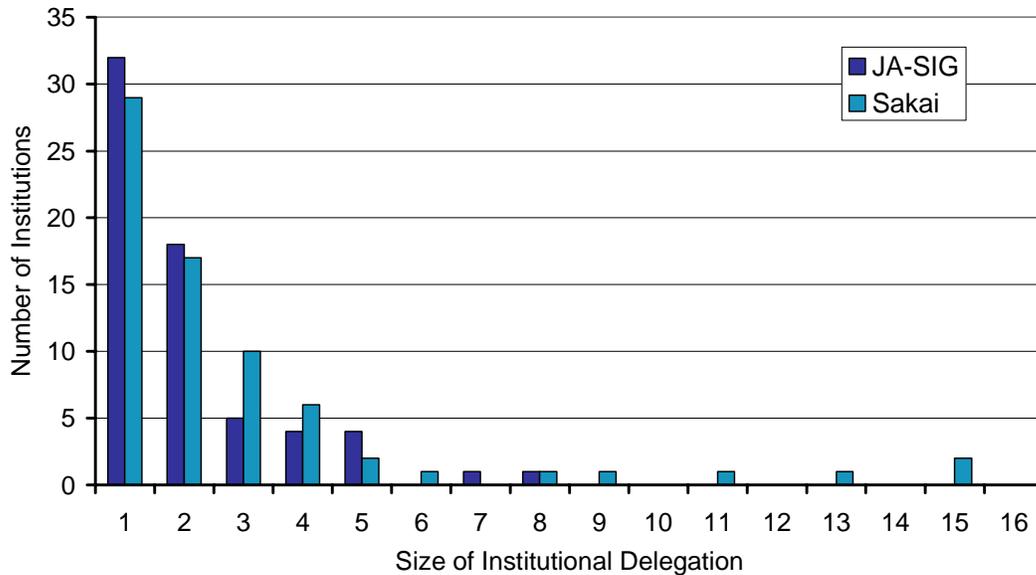


Figure 1 – Number of institutional representatives at JA-SIG and Sakai Conferences

The scope of the membership fee could be revised to limit the number of attendees. For example, those with less than 5,000 students could be limited to 2 or 3 and those with 5,000 or more to 4, 5, or 6. Additional representatives could attend at the conference rate. Based on \$220 marginal cost per attendee, additional member attendees could be charged \$240 to \$275 and guests could be charged an increased amount, say \$350 to \$400.

The Sakai Conference is a 1.5 day conference with free pre-conference workshops for members. Another option would be charge separately for thee workshops—JA-SIG follows this practice—or permit non-member representatives to attend at a higher fee, say \$100 to \$200 for a half-day workshop and \$150 to \$350 for a full-day workshop. JA-SIG has gradually increased prices from \$25 and \$50 now to \$100 and \$200 without significant reductions in workshop size.

Event	Early Registration	Late Registration (Registrations received after November 7, 2004)
Conference Sunday, December 5 - Tuesday, December 7	\$300	\$375

Full-day Pre-conference seminar	\$200	\$250
Half-day Pre-conference seminar	\$100	\$125

Table 2 - Conference Fees, JA-SIG Winter Conference 2004, New Orleans

Because Sakai is facilitating implementations, an intermediate strategy would be to have workshops available without for a limited number of member institution representations and then charge a higher rate for additional member representatives and others.

Complex institutions are likely to have multiple installation of Sakai software and could require more support than a single institution of the same size. At the same time, some of the groups of institutions have centralized training and support that limits contact with Sakai. Based on experience with uPortal and commercial software, the amount of support appears to be one to four person-days per year, or \$640 to \$2,560.³ One alternative used by commercial software firms is to limit the number of hours of technical support for large users. Another technique used by commercial firms is to limit technical support to a single point of contact. This suggests that most issues would be resolved locally before requesting technical support. Any of these practices limiting access, or having a fee—say \$2,000 to \$3,000 for each additional supported installation, may match support with revenue.

Commercial Affiliates

Commercial affiliates, as originally defined by the Board, are those firms that support Sakai software either by providing on-line service as an Application Support Provider, by providing consulting services, or by using the software in their own products.

Because these firms increase the number of installations, commercial firms have similar practices. They charge about \$2,000 to each entity. This is not related to cost, but rather to distinguish between those dedicated to the program and those who want to participate only for the discount on hardware or software.

If similar fees are charged, then commercial affiliates—as narrowly defined—could be limited, as they are now, to second priority support—with a low marginal cost—and a limited number attending the Sakai conferences.

³ The U.S. Department of Labor Statistics cites a senior Java programmer as earning \$80,000 per year or \$40 per hour. Consulting firms typically find it necessary to charge \$80 to \$120 per hour to cover periods the employee is not providing technical support.

Standards Setting Bodies

Commercial firms will pay substantial fees to participate in a standards setting body if they have products or services that will depend upon that standard. For example, large companies, government agencies, and institutional systems pay \$50,000 per year to participate in IMS Global. “Large” is defined as having \$50 million in revenues per year. Individual institutions pay \$10,000 per year. A company can pay \$5,000 per year to participate in a single IMS project. Developers—equivalent to business partners in commercial firms—pay \$1,000 per year.⁴

⁴ Data on IMS fees were provided by Amitava Babi Mitra in a December 1, 2004 e-mail message.