# SMALLER SCHOOLS AND ECONOMIES OF SCALE



Smaller educational institutions and schools suffer from the problem of "economies of scale," making it hard for them to stay relevant and support their mission. This is especially true in the area of IT infrastructure. Small schools need, but generally cannot afford, a completely robust 24/7 monitored, redundant infrastructure. As a result, they are vulnerable to IT failures that could damage their educational efforts.

What are economies of scale? As you begin producing more units of a product or service, the costs of the input needed to create that product or service drop. It is why big firms offer each unit at a lower rate. Small firms face particular problems with this issue when it comes to technology. Consider a small firm that needs its technology to be available 24/7. Ideally, the firm needs to have an in-house IT person available during all of those hours. That means three full time employees with salary and benefits. If a school is smaller, those labor costs would be unaffordable, and the employee would spend a lot of time with nothing to do. If something happens without onsite support, you lose time and education may suffer. However, if the student body grew to the 1000s, the full-time, in-house labor cost per student or unit would drop to a manageable and sustainable level.

Is there away around this,  besides  simply crossing your fingers and hope nothing breaks before you have enough capital to invest in a more robust design? Yes. It is called the cloud. The cloud offers smaller institutions the opportunity to outsource their IT infrastructure. By moving their IT needs to a fully monitored offsite location, sharing overhead and hardware costs with thousands of other users, they are able to benefit from the economies of scale that would have been impossible before the advent of the cloud.

The use of managed service providers is also an excellent way to maintain 24/7 support and take advantage of outside expertise to build a technology infrastructure that will support your institution into the future. As with the cloud, you use as much of the MSPs support as you need without having to spend the money for FT in-house support you don't necessarily need.