

## **Evaluating Total Cost of Ownership for University Enterprise Resource Planning: Case of Maseno University**

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### **Abstract:**

Higher learning institutions (HEI) are investing in IT to attain operational excellence. Organizations looking to reduce technology costs typically look for ways to reduce the Total Cost of Ownership (TCO). TCO captures all direct and indirect costs related to deploying a particular system. Understanding life-cycle costs provides opportunity to save scarce resources, improve IT and increase productivity. The study sought to analyze the TCO of university ERP system. The TCO analysis was based on Gartner's TCO model, the Distributed Computing Chart of Account as the theoretical framework. Modified Gartner TCO model was used to determine the total cost of owning Maseno University ERP system. The aim of the study was to create awareness on life-cycle costs of ERP solutions. The results obtained indicate that operations and maintenance account for 51%, end-user usage 23% while technology acquisition costs accounted for 16 %, implementation costs with 7% and the least cost was taken by procurements costs with 3%. Case study was used in gathering both qualitative and quantitative data from Maseno University. Interviews, document analysis, and questionnaires were used to gather the research data. It is hoped that the results of this study will help HEIs improve management of their ERP systems.

**Keywords:** Enterprise Resource Planning, Information System, IT metrics, TCO, Total cost of ownership