

Campus Cards “On-Demand”: New delivery models enable every campus to have an advanced card program

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Expert Panel 2005



A panel of ID industry experts provided predictions for 2005. One of these glimpses into the future will appear here each day during December.

by Jay Summerall, President & Founder, and Taran Lent, Vice President & Co-Founder, CardSmith

We believe the emerging trend of 2005 will be the rise of

alternative service delivery models that enable more schools to provide the kind of robust card services that campus stakeholders want. A rise not in peripheral applications or technologies, but in fundamentally better ways to deliver core campus card functionality and applications – identification, access, verification, and broad based stored value payments. Our industry needs an answer for thousands of educational institutions that do not yet have real card programs, and those struggling with the cost, staff and operational requirements of managing or expanding existing systems.

The campus card industry has experienced constant and sometimes rapid growth and innovation since the advent of the first “onecard” programs in the 1980’s. There’s always been something “pushing the envelope” either technologically or financially.

Now, however, we actually seem to be reaching something like maturity. A meaningful consolidation has taken place among the primary card system providers. What were many are now a few that hold a very large share of the marketplace. In this environment, we expect only marginal change – with evolution instead of revolution as the macro trend. Wireless is likely to be the big trend among institutions with major card systems. The economics of wireless can be compelling for extending applications and usage. Wired innovation will continue apace with the spread of IP-ready terminals improving networkability and with it affordability.

While important, these pending advances seem to us merely incremental. The hard fact is that most campuses don’t have campus-wide card programs at all because the systems remain cost-prohibitive and the programs operationally complex and demanding. Even among the schools that have deployed large systems, there are no discernable benefits of scale; the cost of managing and maintaining a card system has done nothing but rise as the industry has consolidated. No benefit has been passed through to customers (“users”) themselves; there has been a literal inversion of the typical technology price/functionality curve. Entry barriers have actually increased as the industry has consolidated.

It is instructive to note the general technology and software trends in other industries. One major trend is that of “On Demand” software. Perhaps the best example is that of SalesForce.com, a pioneer and leader in the concept of delivering enterprise applications via a simple Web site. Their hosted and managed delivery model enables businesses of any size to have access to advanced CRM software without the hassle of implementing and maintaining technical infrastructure. This delivery model makes it possible to implement solutions quickly, reduces up-front capital, makes it cheaper for customers to operate, enables support services to be outsourced and ultimately provides greater business value than buying and installing CRM software. This on-demand approach is transforming the way business acquire

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and use software and has enabled Salesforce.com to effectively compete very effectively against traditional software providers. (See article "[With its new technology and service model, Salesforce.com aims to transform the way companies acquire and use software](#)").

In concert with these global technology trends, we need to make underlying Campus Card technology easier and more affordable to acquire and manage, and give institutions professional support tools and services that make the business of actually providing card services less resource intensive and more effective. This will pave the way for any institution that wants a card program to have one, and expand the marketplace throughout higher education and into other educational and institutional environments. Our company is committed to doing our part to effect these fundamental changes, and we expect other providers to develop alternative or complementary services consistent with this theme. Of economic necessity and opportunity, we believe the marketplace will gravitate this way sooner or later. Our prediction is for sooner, starting in 2005.