The Bridgespan Group

OCTOBER 2OO4

Public Allies

Building the Infrastructure for Growth

Summary

Strong support from AmeriCorps, fees from organizations who sponsor "Allies," and clearly documented program results have propelled Public Allies' growth. Over the years, Public Allies has worked hard to find the appropriate level of control and decentralization with its branches, and the organization recently decided to migrate all of its sites to a licensee model in which organizations or universities manage local programs, relieving some of the administrative and financial burden on local sites. Public Allies also is planning future growth with a new, lower cost model and a more targeted approach to site development.

Organizational Snapshot

Organization: Public Allies

Year founded: 1992

Headquarters: Milwaukee, Wisconsin

Mission: "Public Allies advances diverse young leaders to strengthen communities, nonprofits, and civic participation."

Program: Public Allies identifies talented young adults (known as "Allies") ages 18 to 30 from diverse and underrepresented backgrounds and develops their leadership potential through a 10-month program of full-time, paid apprenticeships in nonprofit organizations, weekly leadership trainings, and team service projects. The organization aims to change community leadership with a new generation of young adults from diverse and underrepresented backgrounds committed to careers working for community and social change and with practices emphasizing collaboration, diversity and inclusion, identifying assets, continuous learning and integrity. Public Allies believes such leadership will unite people and groups together, create more effective and responsive organizations, engage the assets of more citizens, and ultimately build a more just and equitable society. In 2004, 203 Allies served nonprofit organizations and local communities in 11 sites. Over the organization's history, over 600 nonprofits have been served and 1,523 Allies have graduated from the program. Eighty-two percent of Ally graduates continue careers in community and public service with very high levels of civic engagement. Ninety-six percent of partner organizations report that their Ally's impact met or exceeded their expectations and 83 percent reported that they would sustain the services expanded and enhanced by their Allies.

Size: $7.3 million in revenue; 12 employees in the national headquarters, and 55 employees across the entire organization (as of 2003).

Revenue growth rate: Compound annual growth rate (1999-2003): 9 percent; highest annual growth rate (1999-2003): 39 percent in 2001.

Funding sources: In 2003, more than 70 percent of Public Allies' network revenues come from an almost even split of government funding (AmeriCorps) and earned-income fees that it charges partners for employing an Ally. In previous years, foundations, corporations and individuals played a larger role than they did in 2003. The national office receives about 20 percent of its funding from AmeriCorps.

Organizational structure: Public Allies started with a branch structure, with all sites operating under one 501(c)(3), but it is now in the process of transitioning to a licensee structure, with each site operating under a host organization's 501(c)(3). It operates in 10 locations: Milwaukee, Wisconsin; Chicago, Illinois; Cincinnati, Ohio; New York City, New York; Los Angeles, California; Wilmington, Delaware; Raleigh-Durham, North Carolina; Bridgeport, Connecticut; Milpitas, California (Silicon Valley); and Estes Park, Colorado (Eagle Rock).

Leadership: Paul Schmitz, president and CEO, was the first leader of the Public Allies Milwaukee site and is the third leader of the organization.

More information: www.publicallies.org

Key Milestones

- 1992: Founded; launched its first apprenticeship program in Washington, D.C.
- 1993: Expanded to Chicago with a National Service demonstration grant from President Bush's Commission on National and Community Service
- 1994: Received funding from the new AmeriCorps program; expanded to Milwaukee, Wisconsin; Raleigh-Durham, North Carolina; and Wilmington, Delaware
- 1995: Expanded to Silicon Valley, California
- 1998: Expanded to Cincinnati, Ohio
- 1999: Expanded to Los Angeles, California and New York City, New York
- 2000: Schmitz became CEO; expanded to Taos, New Mexico through a partnership with the Rocky Mountain Youth Corps' Public Allies Delaware affiliates with the University of Delaware's Center for Community Research and Service
- 2001: Public Allies North Carolina paused due to a financial struggles; created program baselines and standards, and completed strategic plan to strengthen and grow the program model and to mobilize alumni through new programs
- 2002: Expanded to Eagle Rock; introduced online evaluation tools; began alumni programming
- 2003: Closed Taos site
- 2004: Opened Connecticut site; closed Washington, D.C. site

Growth Story

In 1992 Vanessa Kirsch and Katrina Browne, at the time two recent college graduates, founded Public Allies with the aim of correcting stereotypes about "slacker" GenXers. They saw that many talented young people were committed to active citizenship and community change, but that nonprofits had a hard time meaningfully tapping into this talent pool of emerging leaders. With help from hundreds of volunteers, Kirsch and Browne created Public Allies to recruit, train, and support diverse young leaders, and to prepare them to assume national and community leadership on pressing public issues.

The organization launched its first apprenticeship program in Washington, D.C., placing 15 young people in positions of influence in the city's nonprofit sector. The following year, Public Allies Chicago began with 30 more Allies. In 1994, people like current Public Allies President and CEO Paul Schmitz lobbied Public Allies to create sites in their cities, and so Public Allies helped them start local chapters in Milwaukee, Wisconsin; Raleigh-Durham, North Carolina; and Wilmington, Delaware. The organization opened in San Jose/Silicon Valley, California in 1995; Cincinnati, Ohio in 1998; Los Angeles, California and New York City, New York in 1999; Taos, New Mexico in 2000; and Estes Park, Colorado in 2002. Public Allies has explored other sites over the past decade with the availability of AmeriCorps and private funds often driving final decisions.

The organization always intended to be national, but between 1992 and 1996 growth was opportunistic, often resulting from partners asking to replicate Public Allies' program in their communities or from Kirsch or Browne expressing interest in a specific location. In fact, Schmitz recalls that when he was head of the Milwaukee office, he did not have the support of the national board which did not wish to expand there or in Delaware. "The ironic thing is that Milwaukee and Delaware are two of the strongest sites, because the challenges they put up to us in the beginning forced us to build something stronger than perhaps anyone else in the network had built."

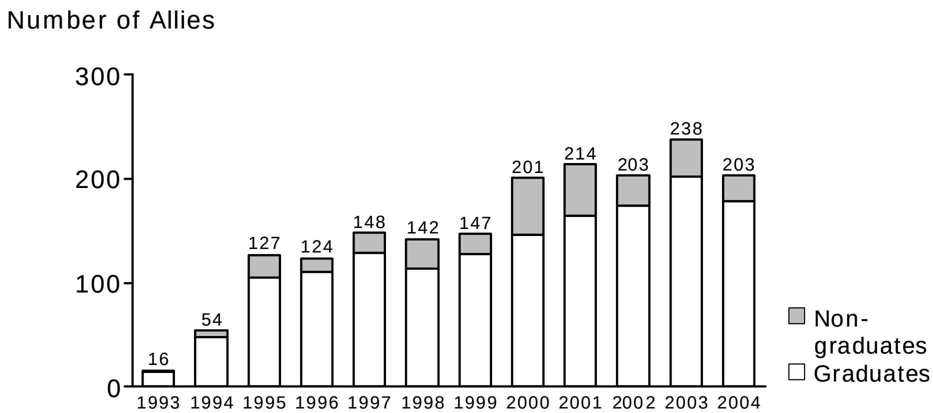
In 1992, President Bush named the group one his “Demonstration Projects for National Service,” and in 1994 it was one of the initial organizations that received funding from the newly created AmeriCorps program. Presidents Bill Clinton and George W. Bush have both honored the group’s work over the years. All the attention led to strong interest from funders, and with it, strong pressure to grow.

Public Allies made Schmitz vice president of strategy and expansion in 1997, and Schmitz met with leaders in six communities who had contacted Public Allies about expansion. His uncle, then the president of Xavier University in Cincinnati, had invited him to explore opening a site there. After gaining the support of dozens of community organizations and leaders, Public Allies received multi-year gifts from Procter & Gamble and its chairman. The organization also created a binder that included detailed information on program methods and best practices to share with the new site. “We felt like it was our first time doing things right — all of our sites were struggling financially, but we saw Cincinnati and were like, ‘Wow! This is how it could be done.’”

The CEO and the board decided New York and Los Angeles were the next logical cities for expansion, due to the amount of national funding coming from New York and the presence of two board members in Los Angeles. “At that time we decided if we were going to be truly national, we needed the two biggest cities,” he says. (See Figure 1 for the growth in Allies graduating from the program.)

But with limited standards and management, sites evolved in their own directions, starting additional programs and making operating decisions without consulting with the national office even though the national office was ultimately liable. Despite inconsistencies in their program models, local sites achieved positive results and were championed in their communities, which made national interventions more difficult. Monitoring sites was also challenging due to the lack of national infrastructure. One local director, after a review that noted her lack of compliance with organizational policies, said that she thought she was running a local organization not a national program. “We grew the idea of Public Allies before we grew a clearly defined program or organizational model,” added Schmitz.

Figure 1



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Graduation rate	88%	89%	83%	89%	87%	80%	87%	73%	77%	86%	85%	88%
Number of sites	2	5	6	6	6	7	9	10	9	11	11	11

Source: Organization internal data

In 2001, growth paused as the organization conducted a strategic plan. “We ran out of money,” Schmitz explains, referring to Public Allies’ financial crisis in 2000 (see Capital section). No one would help fund the planning process, so Public Allies surveyed 170 stakeholders on its own. It learned that alumni were an under-tapped and under-developed resource, so the organization developed a plan to continue supporting the leadership development of alumni. The study also revealed that the organization needed to raise its profile and better report the results stakeholders saw from the program.

The plan called for expanding to 20 cities by 2006, primarily through “franchise-like” affiliations. Under this arrangement, the Public Allies national office would license other nonprofit organizations to run Public Allies sites under the umbrella of the licensee’s 501(c)(3). Public Allies would provide the program, training, technical assistance, and assessment tools and processes. The Delaware site was the first licensee created under the new plan, operating out of the University of Delaware starting in September 2000.

The plan helped further efforts over time to more clearly define the Public Allies model and organizational structure. Public Allies sites had created their own vision and mission statements until 1996. Program methods and best practices were first pulled together into a handbook in 1998 by a team of program staff representing each site. Program baselines and standards for each component of the program and a process for monitoring site quality were established in 2000. Financial policies were established in 2001, common program evaluation tools and systems were established in 2002, and site operating standards were created in 2003.

With hindsight, Schmitz recognizes that more clearly defined program and management systems would have helped when he was running the Milwaukee office. “Early in our history, we had to seize the opportunity that existed for us to grow or we wouldn’t be in many of our sites. Having a consistent program model at that time would have been great, but the experimentation that came from these new sites are what developed the successful model we have today.”

“I think there was a lot of work in making sure we had a very firm foundation on which to build things, but we’ve been building it and trying to live in it at the same time with very limited capacity until recently,” says Dawn Hutchison, vice president for marketing and development. “As we start expanding [again, we need to] have our program and management expectations clearly defined with the right support to help people successfully implement them from day one.”

Schmitz believes that capacity and culture are important considerations in growth. “The problem was that over time, we developed this very decentralized culture with very limited national management either from lack of experience or from lack of capacity. For instance, in 1995 when there were five Public Allies sites, we had 13 national office staff and they were all young people who were new to the field. And in 2000, we had grown to 10 sites, but we only had seven national office staff. The culture that evolved and the lack of standard management systems conflicted with our structure as a single 501(c)(3). As we sought to build our national office infrastructure, standards, and management systems, there was great resistance from sites who wanted more support but wanted to retain control.”

While building standards and systems in recent years, Public Allies has worked hard to address the underlying structural issues and to become more strategic about growth. The Monitor Group recently led the creation of a new Public Allies strategic plan, and the organization has met with leaders from McKinsey, Bridgespan, YouthBuild, Teach for America, City Year, City Cares, Jumpstart and others to learn more about national-local structures and growth-related operational issues. As a result, Public Allies chose to migrate all of its sites to the licensee structure, and to grow its impact through new licensee sites and through dissemination of its leadership development approach to other organizations.

Another recent change is that Public Allies now uses a more rigorous way of evaluating new geographic opportunities. Potential sites apply through an extensive, albeit collaborative, process with Public Allies. The organization received three detailed applications for new sites from a 2003 nationwide call for proposals, and selected only one. The first site developed through this method was recently launched through a licensee relationship with a group in Connecticut.

One of Public Allies' key assets in growing its model has been its efforts to track Allies' outcomes. It does so with three tools, all of which collect data electronically via the organization's intranet: The Personal Impact Service Documentation (PISD) system; 360 Degree Feedback Assessments; and frequent surveys of both Allies and partner organizations. In addition to the electronic tools, Allies participate in Presentations of Learning at the end of the year when they defend how they have achieved the organization's outcomes. Public Allies commissions an annual "Year End Evaluation Report," written by the University of Wisconsin at Milwaukee using the data collected through these tools. Public Allies also actively tracks the performance of its alumni through annual surveys.

Public Allies developed their current online evaluation system with the help of a few "Cisco Fellows", employees Cisco Systems, Inc. "loaned" to the organization. Claire Thompson, director of continuous learning, says, "The Cisco fellows were the impetus for this electronic system. They piloted an online system at the Silicon Valley site, helped us find the consultants, planted the seeds of change, and we took it from there and ran with it … The idea was that we needed to measure and report impact better, share information among sites, and streamline administrative processes." Paul Schmitz credits the Cisco Fellows with keeping the costs manageable: "Our process was very inexpensive. We could not have had it done anywhere else." Public Allies has documented its technology transformation in a case study called "Recipe for Replication," which is available on the organization's website along with a presentation on its PISD and other evaluation tools.

Hutchison, vice president for marketing and development, says the outcome measurement has been valuable in sustaining and growing funding from AmeriCorps and other sources, at the national and site levels: "The PISD is an incredible, powerful tool … The sector is asking for that information, and we are able to deliver it."

CONFIGURATION

Public Allies started as a branch organization, with each site operating under the 501(c)(3) of the national office. Lack of experience and capacity among national staff members early on and Public Allies' mission of developing local community leadership, however, created a culture that gave sites a great deal of control. "If your culture is all about local leadership, it is tough to have one centralized organization," says Schmitz.

Local sites had an independent local advisory board, which the local site director chose but which shared with national the hiring and firing authority over the director. The program model was not codified in detail before the initial expansion, enabling local sites to vary the program model, which several did to a significant degree. Despite the inconsistencies in their program models, local sites achieved positive results which fueled their continued growth. AmeriCorps funding led to some shifts in the model. "Initial program offerings were more advocacy oriented, but as Public Allies began receiving AmeriCorps funding, it became direct service oriented and more outcome directed," says Schmitz.

Further, the reporting structure between the local sites and national office was unclear, and the national office had little control over "rogue" sites that developed program priorities or operating decisions which diverged from the national organization. For example, one local site decided it would be more cost effective to share space with other nonprofit organizations, so it leased office space large enough to hold three organizations and planned to sublet the space to other nonprofits. When the national office finally learned of this, it was unhappy that it would have to bear the liability of excess real estate if the local site were unable to lease the space.

Public Allies eventually found its relationship with local sites unsustainable. “Our model was flawed,” says Hutchison. “We have a very decentralized culture.” Not only was the national office unable to control local programs, but it was also liable for the local sites’ persistent budget deficits. Local site directors have minimal accountability to national because “[the national office] can always bail local sites out,” says Schmitz. “The home office has all of the responsibility and none of the control.”

The organization recently announced it would close its Washington, D.C., office, the site of Public Allies’ first program. “We have come to the conclusion, that even under the best local leadership, we will struggle locally to raise the necessary dollars,” said Schmitz in an announcement about the closure. “Our program achieves great outcomes, but is fairly expensive and too small in scale locally to justify the infrastructure that would allow us to raise more funds. The struggles we have faced are structural.” Public Allies is currently working with D.C. alumni to identify a partner to re-launch and operate Public Allies D.C. in 2005.

D.C. was not the first site Public Allies has had to close. The Taos site was another example of a licensee structure, in which the Rocky Mountain Youth Corps (RMYC) hosted Public Allies. Public Allies closed the site because of the challenges of operating effectively in a small, rural community and because of the divergent cultures between Public Allies, a program that embraces the conflicts and challenges inherent in leadership development, and RMYC, a youth corps program that is focused on helping young people gain greater discipline.

The Public Allies National Board recently issued an ultimatum: all sites will either have to become licensees (i.e., operate under another a host organization’s 501(c)(3)) or close, because, says Schmitz, “Either you centralize the culture or decentralize the structure. Our program’s culture has been a key component of our success while a more hierarchical structure runs contrary to our purpose.” Their research showed that many of the sites couldn’t bear the high costs of incorporating as a 501(c)(3). “A single program that develops 30 leaders a year cannot justify or build the necessary infrastructure to operate an effective organization," says Schmitz. And David Weaver, vice president of leadership development, believes that branch executive directors who have more limited fundraising skills would welcome the structure that comes with being a licensee, because a university or nonprofit partner could help with costs and fundraising.

Schmitz is drawn to elements of a model like Jumpstart, in which a licensee falls under another organization's 501(c)(3), such as a university or community organization. The Public Allies national office would still support local sites with training, technical assistance, evaluation, and participation in a larger network. Public Allies experimented with the licensee structure in Delaware, where the local site is run by the University of Delaware. It found that the arrangement met its conflicting goals of having local leadership, local control, and local risk bearing while meeting quality standards, maintaining the brand identity, and representing our leadership culture. Public Allies sites are all currently in talks with universities and other nonprofits to begin migrating to the new structure. In addition, Public Allies is exploring efforts to disseminate their leadership development approaches, curriculum, and assessment processes to other organizations.

Additionally, Public Allies is using its stepped up outcome evaluation efforts to help sites manage program quality. The national office tailors the outcome data it tracks to meet the needs of local offices. According to Thompson, director of continuous learning, "We look at program improvement options for our sites — where they stood out, where they fell short — and then we use different venues to share best practices." The national office also offers Web-based seminars twice a month that help sites learn best practices, and continuous learning officers visit sites twice per year and look for ways to improve programs.

CAPITAL

Public Allies relies on AmeriCorps for about 20 percent of its national office funding, and about one-third of its local funding. "I don't know that we could replace that money," says Hutchison. "Sites are struggling with the fundraising they have to do now, and that would be very different without AmeriCorps."

AmeriCorps funding goes to both the national office and directly to the sites. But cash flow is tricky to manage, because of the government's slow schedule of payments. There is sometimes a delay of up to six months between the time Public Allies' national office pays out money to support local sites and when national receives its money from AmeriCorps.

When AmeriCorps funding was threatened in 2003, Public Allies had to work doubly hard on advocacy and political negotiating to keep the money. AmeriCorps has been useful in funding expansion, but the financial risk of depending heavily on a funding source that can disappear with a change of administration weighs heavily on Public Allies' management team and board. Further, the AmeriCorps money is highly sought after; Public Allies sometimes must compete with organizations it would prefer to partner with.

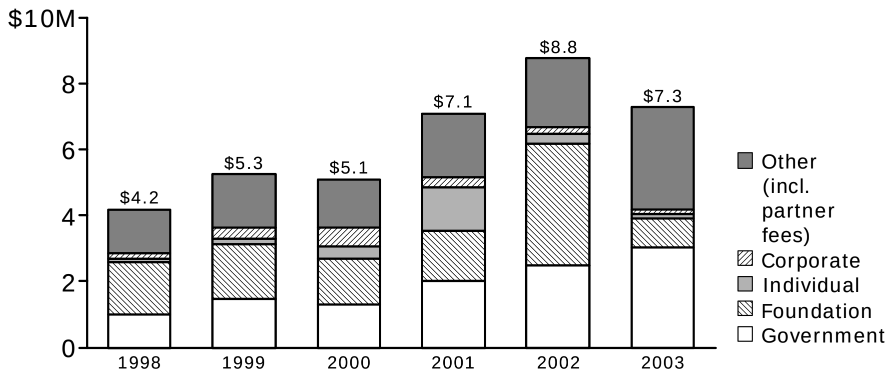
Earned-income revenues are almost equal in magnitude to the government funding stream. Public Allies partners with nonprofit organizations, which agree to host an "Ally" and pay a portion of his or her salary (AmeriCorps pays the other portion), as well as a nominal administration fee. AmeriCorps funds non-program staff, in part, and unrestricted grants fund the rest.

The remaining revenue comes from foundations, corporations and individuals. "Individual funders have to be in there from the beginning because it shows broad support, and gets folks engaged and bought into the program," says Hutchison. "But it is very high touch and intensive and requires a capacity that our local offices lack with their limited scale." (See Figure 2 for a breakdown of Public Allies' revenue sources.)

Although individuals have not been the largest funders for Public Allies, they have played an important role, giving mostly unrestricted funds. When a financial crisis in 2000 almost forced the organization to close, a board member stepped in with gifts to cover over $200,000 of expenses. The organization moved headquarters to Milwaukee, which cut operating costs dramatically. It also pared its national office staff down from seven to four and cut other expenses to eliminate $370,000 in accumulated debt from sites.

Figure 2

Public Allies revenue



	1998	1999	2000	2001	2002	2003
Annual revenue growth	N/A	26%	-3%	39%	23%	-17%
Budget surplus (deficit) ($M)	-$0.1M	-$0.1M	$0.0M	$1.4M	$1.7M	-$1.4M

Note: Revenues are recorded on accrual basis in which multi-year pledges are booked in the year received and deficits may be offset by payments of previous pledges
Source: Organization internal data

"In our first eight years, Public Allies subsidized $1.2 million of site losses. By 2000, it caught up to us. Things got better for a few years, but in recent years, we have again had to subsidize site losses with unrestricted funds," Schmitz says. "This is an unsustainable and un-strategic way to operate. When you're in survival mode, you delay and divert resources from projects that move you forward and strengthen the organization to instead cover day-to-day costs just to keep the doors open."

Public Allies' local budgets tend to be very tight: Ally stipends and benefits are 57 percent of expenses; personnel (each site has an executive director, one program manager per 10 Allies and a few sites have an additional administrative position) are 32 percent of expenses; fixed operating costs (rent, copier rental, etc.) are 7 percent; and the remaining 5 percent covers everything else, including Ally training, graduation ceremonies, office supplies, postage, and other "discretionary" expenses. When fundraising shortfalls are discovered, there is little room to cut expenses, except personnel, and program staff are two-thirds funded by AmeriCorps. "The structure of our local site budgets makes it difficult to do much more than cover the losses if you want to complete the program year," Schmitz adds.

Public Allies is now working to improve its individual donor strategy, rolling out a campaign in which sites will receive $1 from national for every $2 they raise. Local boards are also being encouraged to focus more on fundraising. But this national fundraising strategy is challenged by the institutional design of local control. Dawn Hutchison, who was recently hired by the national office to increase individual and foundation funding and who used to work at Jumpstart, notes, "At Jumpstart we would say, 'This is what we're doing.' At Public Allies, we say, 'Here's an opportunity — do you want to participate?'"

Public Allies has achieved greater success with foundations, but funding streams for "leadership development" are challenging to navigate. To Schmitz, the problem stems from the fact that a "leadership development organization" is difficult to explain. "The complexity of our model allows us to fit in many funders' 'boxes,' yet not fit neatly in any one 'box.' Local funders are more likely to fund the direct service of our members than their leadership development. Fundraising for a leadership development program is more analogous to a school than a direct service organization, as the impact on our participants grows over time." Public Allies has tracked long-term results of their participants which has helped them make the case for such support.

CAPABILITIES

Public Allies has expanded its national office staffing in recent years beyond what they planned in 2001. Good people were brought on board and Public Allies figured out how to use their assets to strengthen the organization. For example, Schmitz came to the organization as a local site director in Milwaukee, and then became national vice president of strategy when the organization grew. In 2001, Schmitz became CEO after Chuck Supple moved to California to work for then-governor Gray Davis. Schmitz decided he would only take the CEO position if Public Allies moved its headquarters to Milwaukee. The board agreed.

The organization has had three leaders in a little over 10 years, a level of turnover that makes it challenging to keep momentum going for the program, and to keep the new sites aligned with national office's goals. Schmitz estimates that his time is split as follows: 30 percent on fundraising, 25 percent on general management, 20 percent on external relations and communications, 10 percent on program strategy, 10 percent on government relations, and 5 percent on the board.

The organization conducted strategic plans in both 1997 and 2001, both of which helped guide its hiring. Public Allies hired an IT staff member after working with Cisco to overhaul its technology infrastructure and to build a system for local site evaluations. Specialists in development and program evaluation were also brought in. A government-relations position was added because of the organization's reliance on AmeriCorps funding.

Because Schmitz was becoming stretched too thin, over the past two years Public Allies has added a senior management layer, hiring vice presidents of development, continuous learning, and leadership development. These additions have enabled Schmitz to spend more time on fund development activities. The chief operating officer position has been the hardest position to hire for. One person hired for the job did not work out, so the organization is still looking.

The 2001 strategic plan did not envision all of these new positions. "As we built our infrastructure, we outgrew the capabilities of some of our staff, meaning that some folks needed to be let go with growth," says Schmitz.

Weaver has put together a new "institute" to train and develop local executive directors and program staff, with the goal of giving people preparation to move up the career ladder. After six years, Weaver will be leaving Public Allies in a few months to pursue either another job in the nonprofit sector or further education. "People should always be advancing in their careers," he says. He believes there should be more internal promotions within Public Allies, or else voluntary turnover, once people hit an experience ceiling. Additionally, Schmitz has begun planning for his eventual succession.

Public Allies also changed the nature of its board. Schmitz recalls that during his early days as CEO, the board had great energy, but it wasn't very demanding. This “rubber-stamping” board led Public Allies through the transition to greater professional management, but it lacked diversity and experience with growing nonprofit organizations. In 2002, the organization transitioned to a “tough” governing board, with a new board chair. “The board needs to be managed and engaged just like the staff,” says Schmitz. “They definitely need more attention.”

Key Insights

- **Finding the right local structure.** Public Allies has struggled with the appropriate level of control and decentralization with its local sites. The organization is currently transitioning to a licensee model in which partner organizations carry more of the administrative and financial burden for local sites. Public Allies sees itself now as replicating a program not replicating an organizational model.
- **Relying on government support.** Because it depends heavily on one funding source (i.e., AmeriCorps), Public Allies has had to invest a great deal of time and energy into ensuring that that source continues. Diversification into other sources has not been easy because of a lack of clarity about leadership programs and how that fits into funders’ priorities.
- **Planning for growth.** In a change from the opportunistic approach to growth Public Allies pursued historically, the organization is now being more deliberate about planning for growth. It has established a new licensee model, a site-evaluation tool, and a geographic expansion process for potential partners. It also has a more replicable program model with the appropriate tools, processes, and support to implement it.
- **Limiting financial risk.** Public Allies’ branch structure has made the national liable for local fundraising shortfalls. The national board expects the sites to raise their funds and the local advisory boards expect the national to provide more support. With few costs to cut, the national covers site losses, often diverting funds from the activities that can build capacity to prevent such

future losses. The new licensee structure will streamline costs, add local capacity and prevent national from having to cover such losses in the future.

- **Using low-cost technological solutions.** Collecting data electronically via an intranet has allowed the organization to measure and report impact, to share information among sites, and to streamline administrative processes. In-kind contributions from Cisco Systems, Inc. combined with outsourcing and the online nature of the system helped lower the cost of creating and maintaining it.