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Higher Education Trends and Responses

Roland Hancock

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and confidential
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Universities world-wide are facing challenges, and only the very elite are likely to survive without major transformational change

The challenges



Rising student numbers

In 2014, global tertiary enrolments reached 200m. Gross enrolment ratio of students in higher education now above 35% (14% in 1990)



Changing customer expectations

Increasingly savvy students and parents and rising fees in many countries has led to higher student expectations and demands for flexible learning



Increased global competition and choice

The proliferation of HEIs in non-traditional markets and rising standards has led to increased choice for students, including overseas



Disruptive technologies

Digital natives increasingly expect a certain standard of digital interaction. Many providers have as yet failed to make this leap



Increased financial challenges

Rising demand and student expectations have led to increased costs in the face of decreased public funding in many systems

How HEIs are responding



Finland

- Aalto University (Finland) merger. Now 18,000 students
- Startup Sauna accelerator \$36m since 2010 from the private sector
- QS ranking 133 in 2016



Australia

- Shared procurement consortia
- University of Melbourne Transformation - \$70m (AUS) in cost savings
- Increasing internationalization strategies to attract student international students



UK

- Leading UK University's Digital Transformation programme, improving the student experience while driving back-office efficiencies
- MMU 7 campuses into 2



US

- Historically highly privatized system
- Decline in government funding for state HEIs and increased fees for students (for now)

Source: Industry Reports, PwC Analysis

And higher education institutions world-wide are struggling to meet and exceed their students expectations who ...

... expect more

... trust their peers

... are informed

... have choices

... have a voice

... use different channels



Expectations shaped by experiences outside campus, where content, interactions and features may be much richer and more compelling

Brand loyalty replaced by peer conversations and other social media interactions

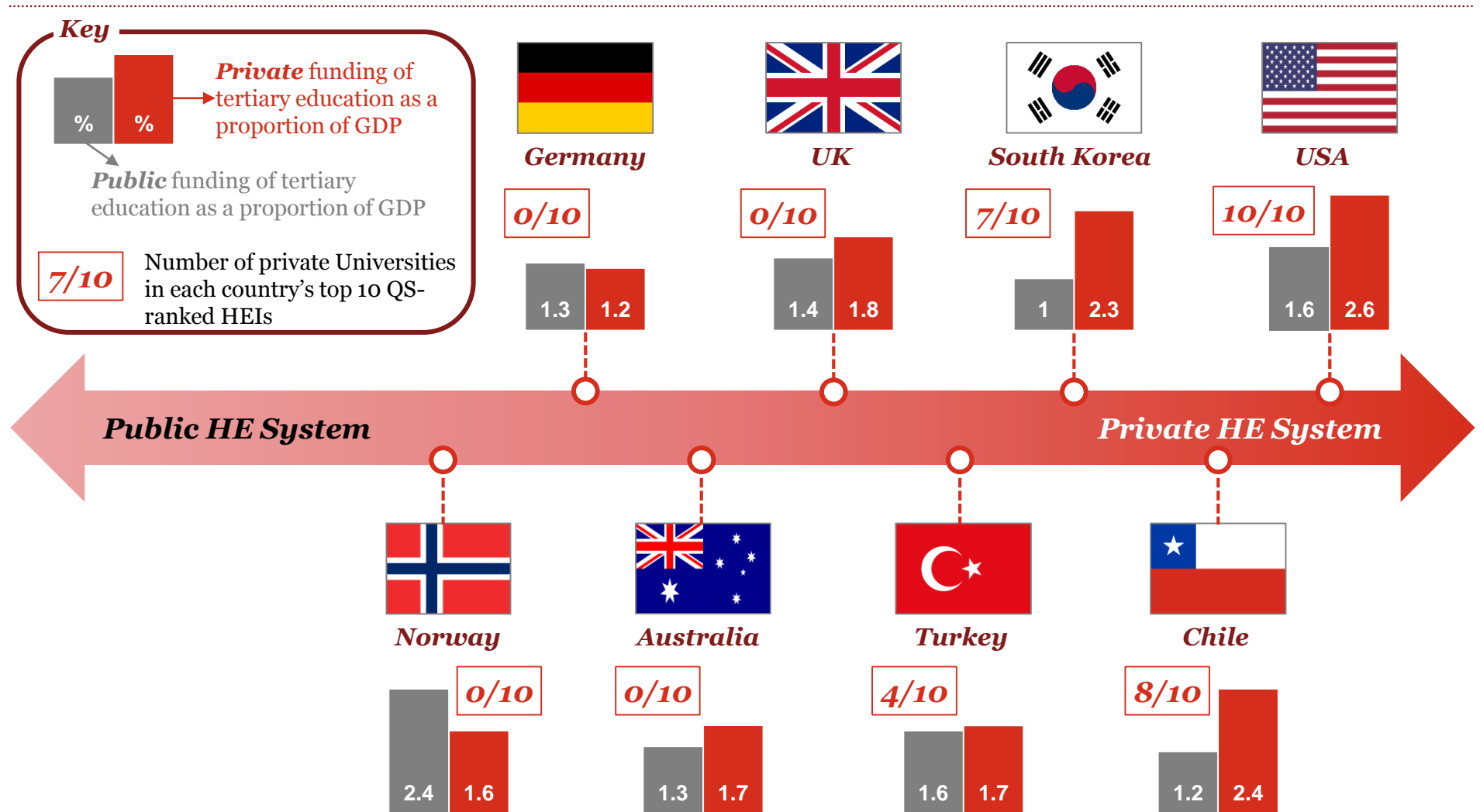
Easy access to research and data will expose efforts to mislead and enable comparison; transparency and authenticity required

Undifferentiated products and services, lack of loyalty, easy access to alternatives and low barriers to defection require extra effort to retain learners

Vehicles for communicating experiences with your brand – both good and bad – are ubiquitous and free

Users increasingly rely on multiple channels to research, select, buy and (self) serve, allowing constant connection and access on demand

In order to navigate the challenges, the private sector has taken an increased role in funding and delivery in higher education systems



Governments are responding through consolidation

Ministry consolidation

- UAE, federal MoE merged with MoHESR
- KSA, MoE merged with MoHE, while QA and standards consolidated under one authority.

Bringing key entities under one regulatory authority for better control and accountability

Key changes in GCC education sector system governance

Consolidating VTEC and MoE

- KSA, governance of TVET merged with MoE
- KHDA in Dubai established its own VET licensing and review process. ADEC in Abu Dhabi exploring consolidating HE with VTEC

To improve coordination and consistency

Spinning off operations

- The Emirates Foundation for Schools will independently manage and operate all public schools
- It will have a separate body accountable to the government

To reduce conflict of interests between regulation, inspection, and delivery

Expanding MOE's scope

- UAE and KSA, renewed focus on early education: MOE's scope is extended to include strategic oversight over nurseries (previously under by MOSA).

Recognition of the importance of this segment on future performance

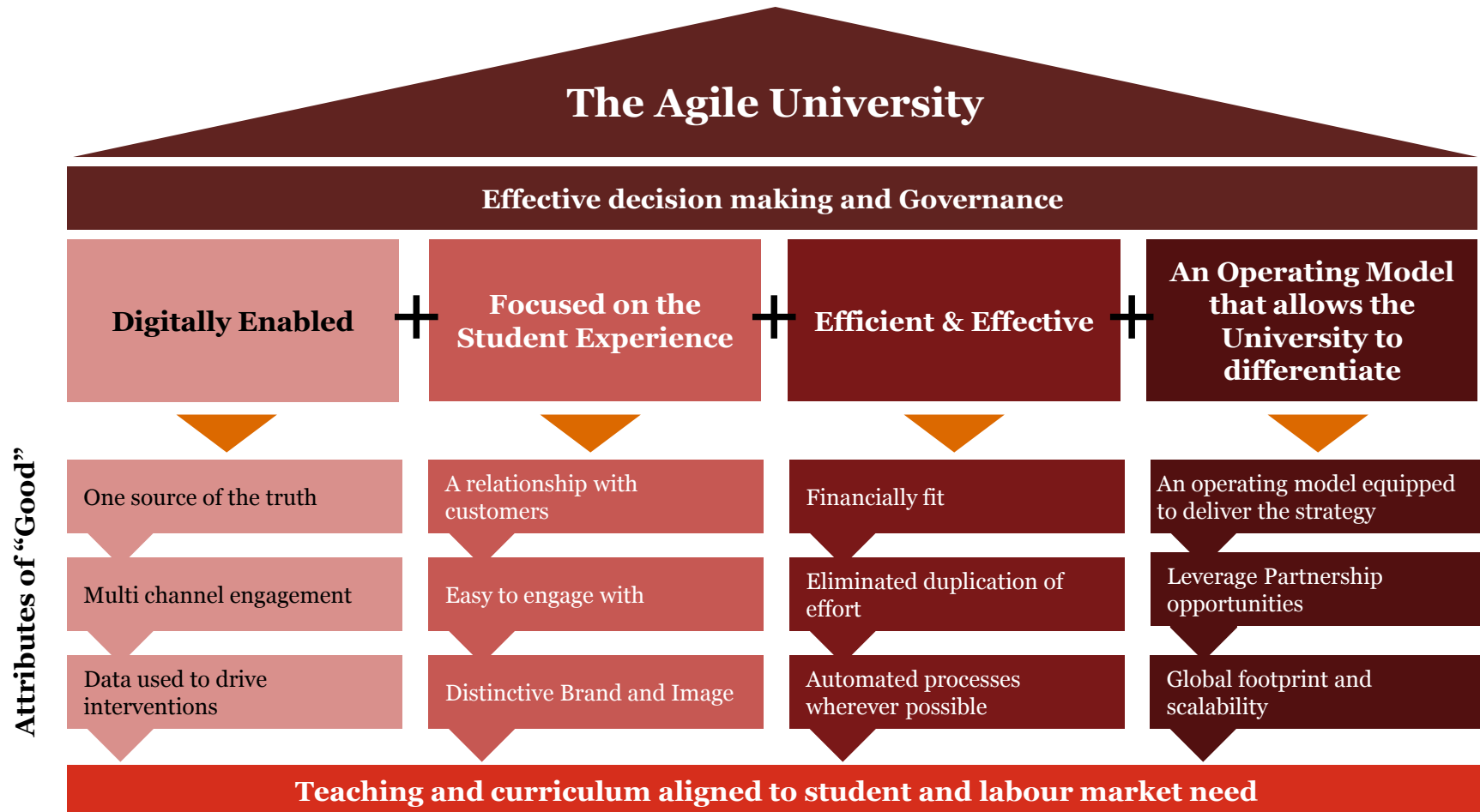
Increasing private participation

- National targets set in KSA to increase private participation in education delivery

Pressure on establishing a PPP regulatory framework and role of MoE

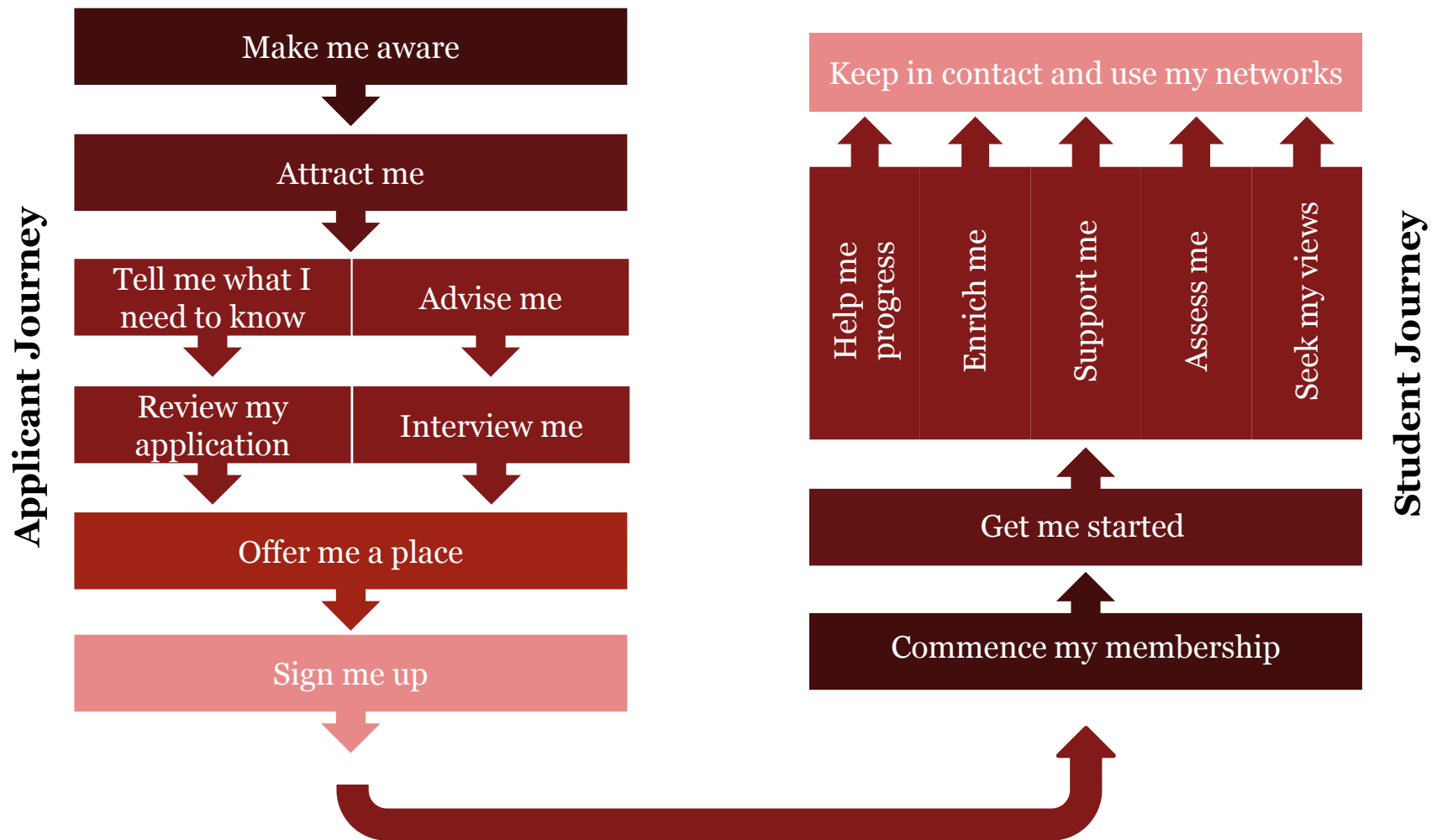
Source: Literature review, Strategy& analysis

Universities need to be agile to cope with the increasing pace of change and demand from their ‘customers’



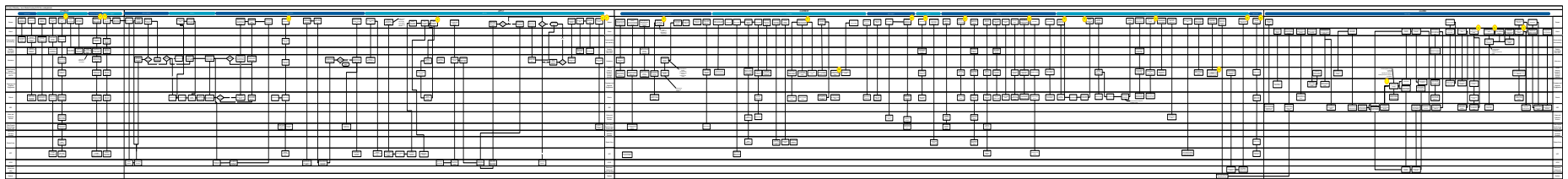
“Agile University” is based on PwC’s experience of transforming HEI’s in the UK, Europe, Australia and the US.

Thinking about your student journey – “the moments that matter”

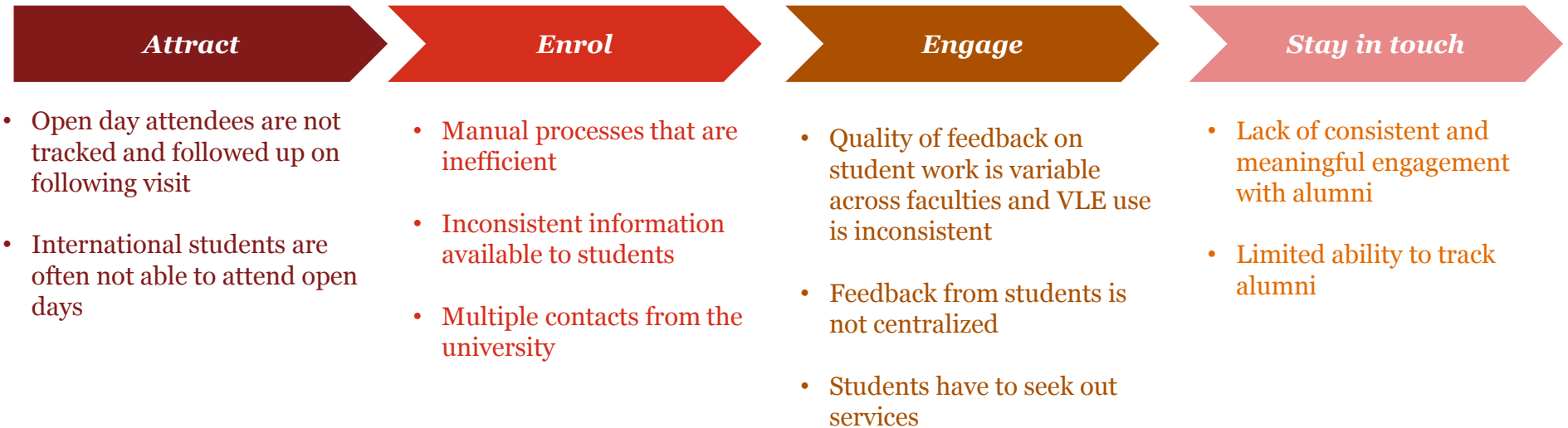


Mapping the full suite of interactions with your students

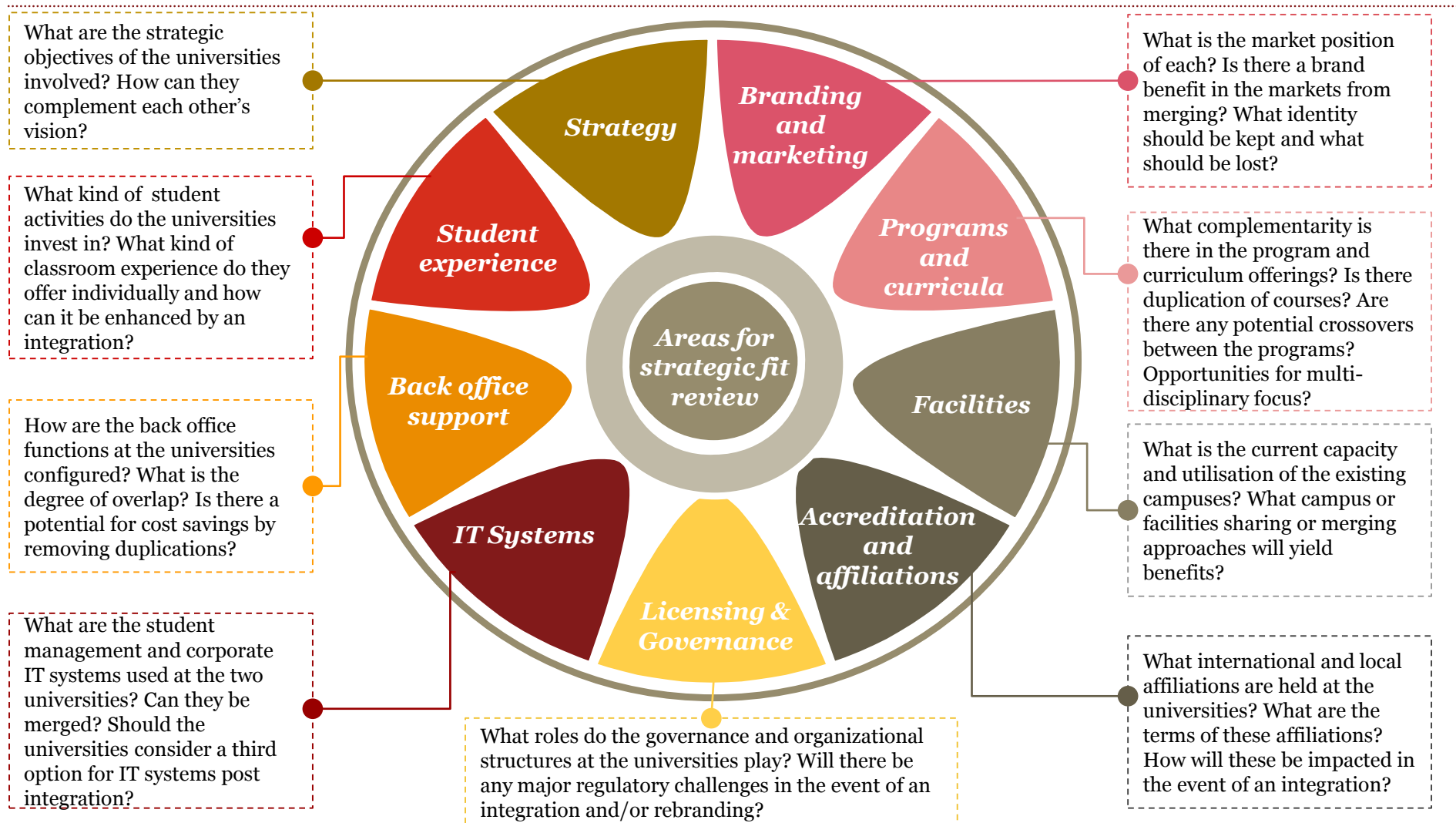
Fully mapped student journey



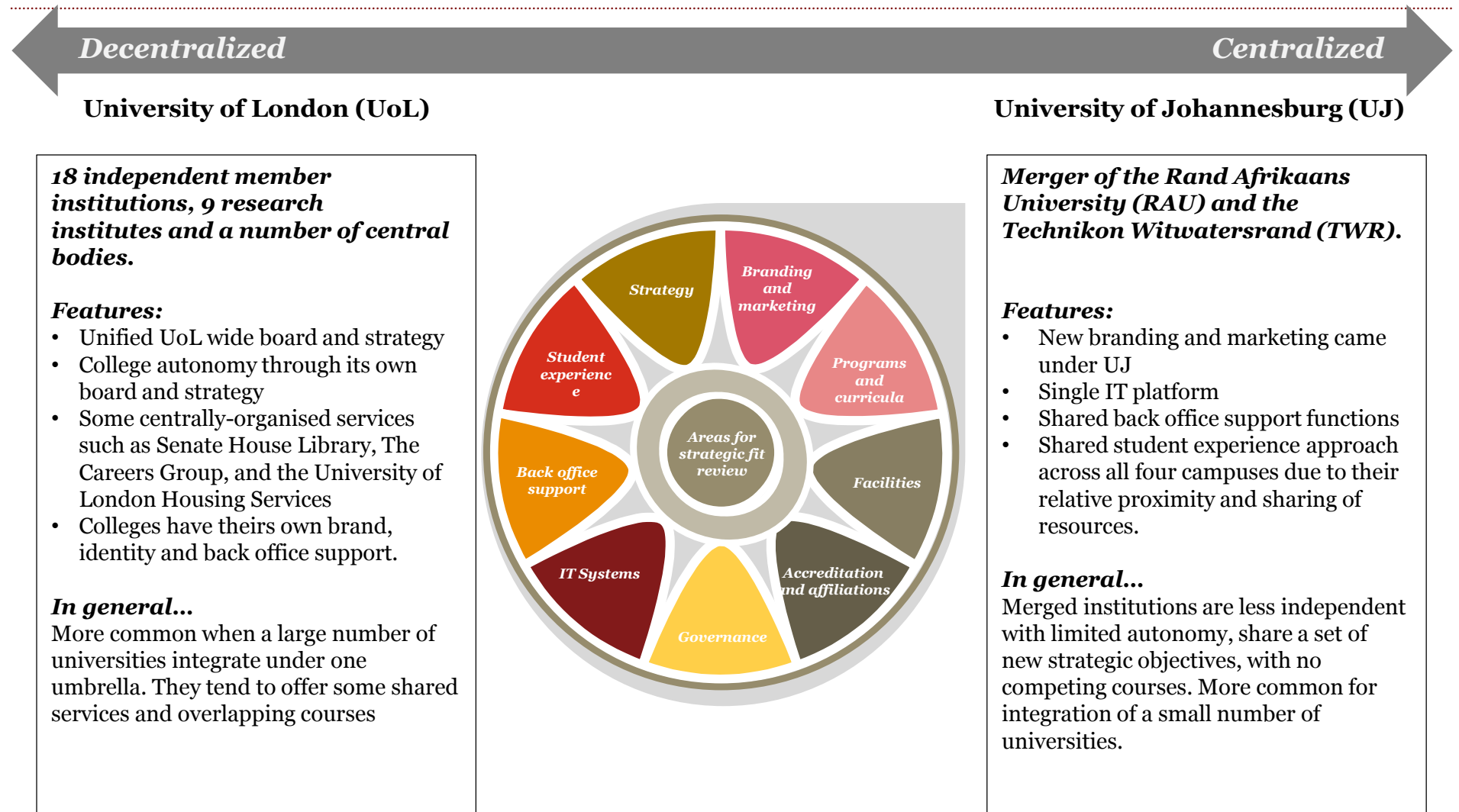
Examples of challenges



9 main areas for strategic fit and financial impact of university mergers



A range of approaches exist for university integration



How to make it work - some good practice from successful HEI mergers

1. Enhanced academic quality and brand

The most successful mergers focus on finding ways to use additional resources to improve academic quality. Build on the best from both.

2. Potential net profitability

When forecasting profitability, remain conservative and understand that significant impact may not be achieved until at least 10 years after the merger. Costs come sooner though.

3. Harmonious campus cultures

Manage the mixing of student bodies and faculty carefully and transparently, and involve key stakeholders such as student leadership groups.

4. Mission complementarity

Focus on complementarity rather than similarity when it comes to programs and infrastructure.

5. New market penetration

Rather than simply doubling recruitment strategies, look at new models of market penetration.

6. Scaling of operational efficiencies

Seek cost-saving plans for rapid implementation, for example in HR and payroll.

Source: Martin and Samels, 2017 "Consolidating Colleges and Merging Universities"

Final messages for universities

Focus on your
students'
experience

Consider the
advantages of
scale

Build industry
links and
research
capability

Strategically
review your
offerings and
market position

Go digital

Thank you

roland.hancock@pwc.com