

University of Colorado System Online learning strategy

Market demand assessment update
High-level overview of findings

February 14th, 2020

EY-Parthenon is working with the CU System and campuses to develop a set of strategic options for online learning growth, informed by market and internal data

1	Progress update
2	Market opportunity
3	Current capabilities

Preliminary draft for review

Project objectives

- 1 Understand the current state of online learning across the CU system
- 2 Assess the market for online learning in the Colorado region and nationally
- 3 Create a broad set of strategic options, tailored to the CU context
- 4 Engage with stakeholders to collect relevant perspectives

Steering committee

- ▶ **Project lead:** Patrick O'Rourke, Interim Executive Vice Chancellor, Chief Operating Officer at CU Boulder
- ▶ Sheana Bull, Professor, School of Public Health & Assistant Vice Chancellor for Digital Education
- ▶ Scot Chadwick, Vice Chancellor of Enterprise Development
- ▶ Harper Johnson, Assistant Vice Chancellor for IT & CIO
- ▶ Maja Krakowiak, Assistant Professor of Communication
- ▶ Michael Lightner, Professor of Computer Engineering & VP for Academic Affairs
- ▶ Robert McDonald, Senior Vice Provost of Online Education, Dean of University Libraries, & Professor of Administration
- ▶ Scott Munson, Associate VP & CIO
- ▶ Todd Saliman, VP & CFO
- ▶ Project manager: PhuLan Olson, University Information services

Our engagement will last ~12 weeks; we continue to make progress towards our objectives

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Week of:	12/2	12/9	12/16	12/23	12/30	1/6	1/13	1/20	1/27	2/3	2/10	2/17	2/24	3/2	3/9	3/16	3/23	
Key milestones / Client touchpoints	★		◆	Winter holiday		◆	◆			◆		◆		◆		◆		
Activity 1: Project ramp-up	Steering co. creation Steering co. interviews																	
Activity 2: Internal assessment		CU stakeholder interviews																
		Data collection							Internal data analysis									
						Faculty survey												
Activity 3: External market analysis	Interviews with experts																	
	Market secondary																	
	Case study creation																	
		Prospective student survey																
						Employer interviews / secondary												
						Market sizing analysis												
Activity 4: Future state vision – strategic options											Growth option creation							
											Stakeholder focus groups							
											Evaluation framework							
Activity 5: Stakeholder engagement	Stakeholder engagement through interviews, meetings, focus groups, and other activities																	
Phase 2: Future state design																		Ongoing

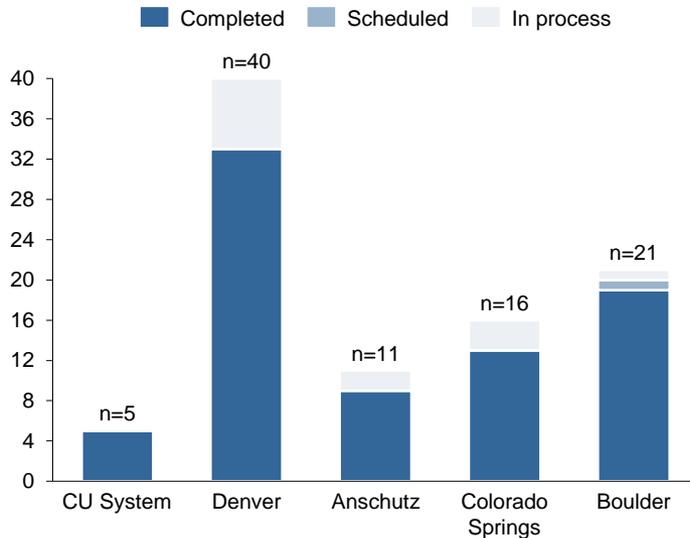
79 stakeholder interviews have been conducted, with an additional 14 in process; external market opportunity and internal CU capability assessment are underway

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Stakeholder engagement

Stakeholder interviews (n=93)



Upcoming opportunities for stakeholder engagement

- ▶ Website with project summary, information, and upcoming events (launch mid-February)
- ▶ Faculty Assembly meetings by campus to provide project updates and solicit input (scheduled)
- ▶ Faculty survey to collect perspectives from faculty across all campuses who currently do and do not participate in online learning across all campuses (fielding)
- ▶ Focus groups by campus to solicit broader campus input and engagement in project process and outcomes (scheduled)

*Note: The EY-Parthenon team has also completed interviews with chancellors and provosts across all campuses;
CU Denver stakeholders include a portion of administrators who support operations across both CU Denver and Anschutz

Activities completed

- ▶ Developed 12 case studies of online learning models, focusing on strategic differentiation and growth models
- ▶ Analyzed market data and secondary research to understand online learning trends
- ▶ Conducted 8 interviews with leaders of scaled online institutions (e.g., SNHU, CSU Global) to understand industry leading practices, operating model, and the future-state of online learning
- ▶ Fielded prospective student survey to assess level of demand for online education in Colorado and surrounding states by program type and vertical

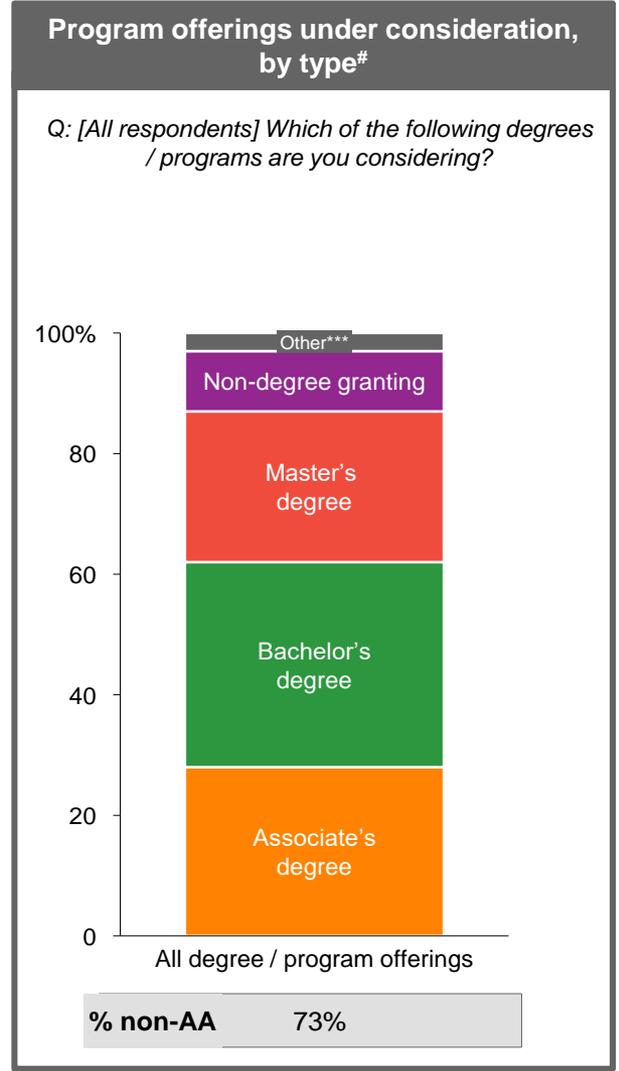
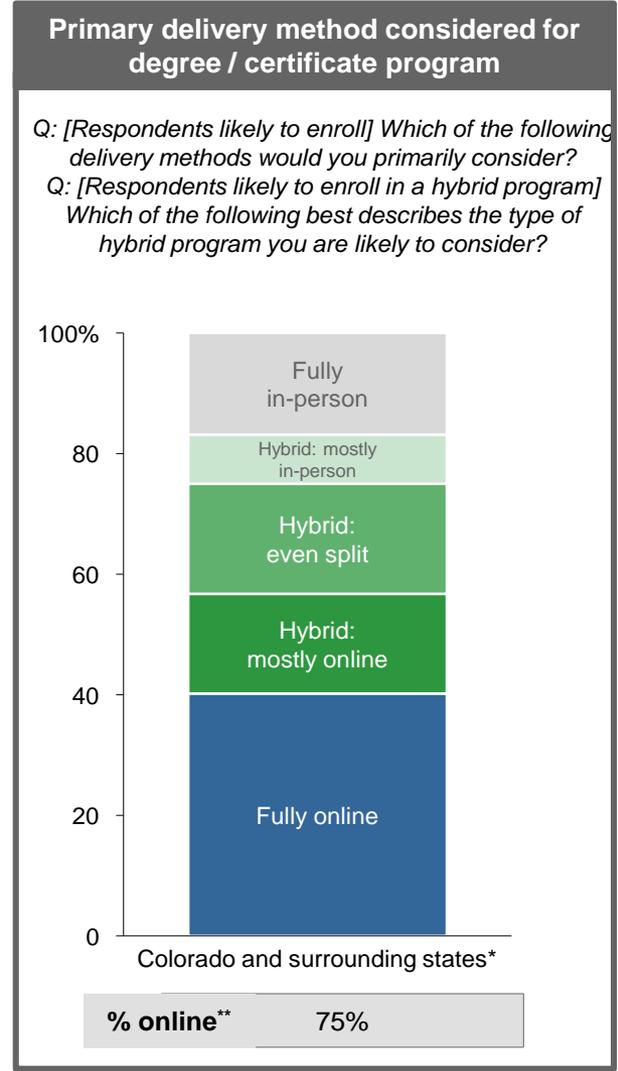
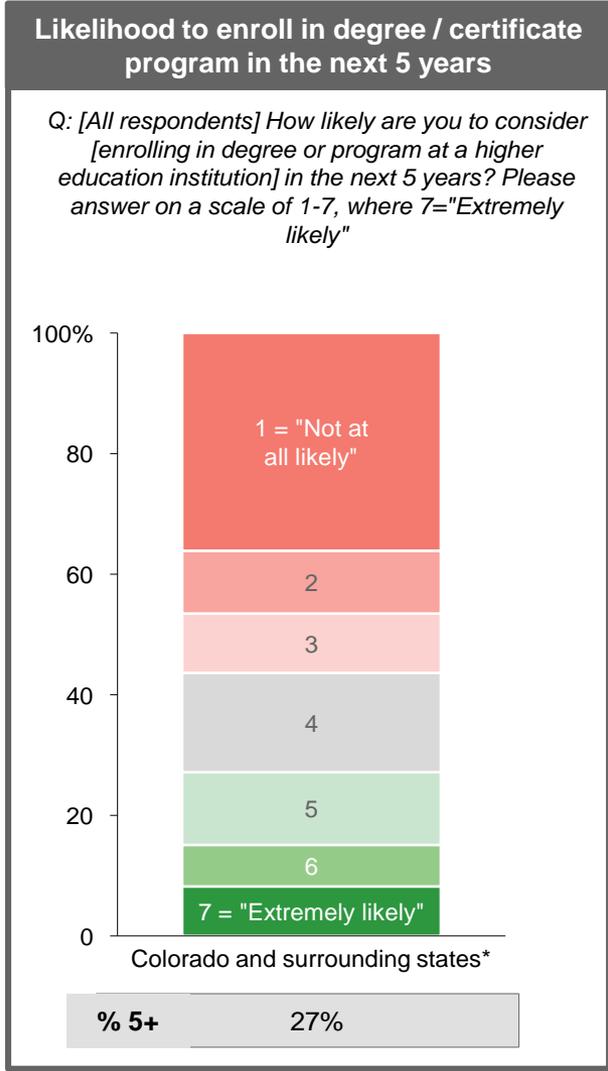
Activities in process

- ▶ **Workforce demand analysis:** Conducting interviews with major employers within Colorado and surrounding region; assess online program opportunities related to trends in job demand
- ▶ **External market analysis:** Refining market opportunity analysis with additional stakeholder input and data analysis
- ▶ **Internal assessment:** Synthesizing internal data and stakeholder interview perspectives to build a fact base to illustrate the current state of online learning across all CU campuses

~25% of adults aged 18-54 in the Colorado region express interest in post-secondary education in the next 5 years; demand is strongest for degree-granting, online programs

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Note: Excludes responses indicating "I don't know" *Surrounding states include Arizona, Utah, Wyoming, Nebraska, Kansas, Oklahoma, New Mexico, Idaho, Montana, and Nevada; **Percent online includes fully online and hybrid programs that are mostly online or are an even split; ****"Other" includes doctoral degrees; #Respondents were able to select multiple program offerings under consideration
Source: EY-Parthenon prospective student survey (Dec 2019-Jan 2020)

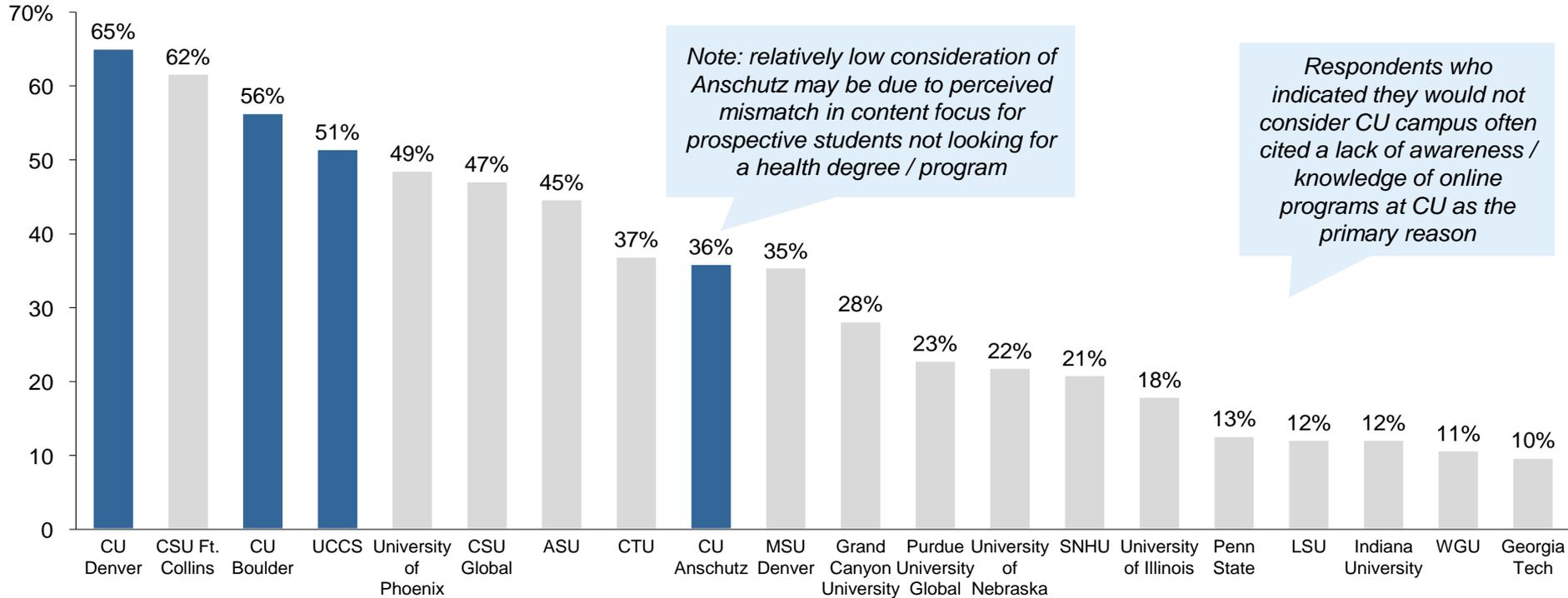
Colorado residents express a strong willingness to consider CU campuses for online programs; consideration is lower in surrounding states and beyond

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Institutional consideration among Colorado residents

Q: [Prospective students from Colorado] Which of the following higher education institutions are you considering for your online degree / program of interest?



Institutional consideration for CO, regional, and all other U.S. residents

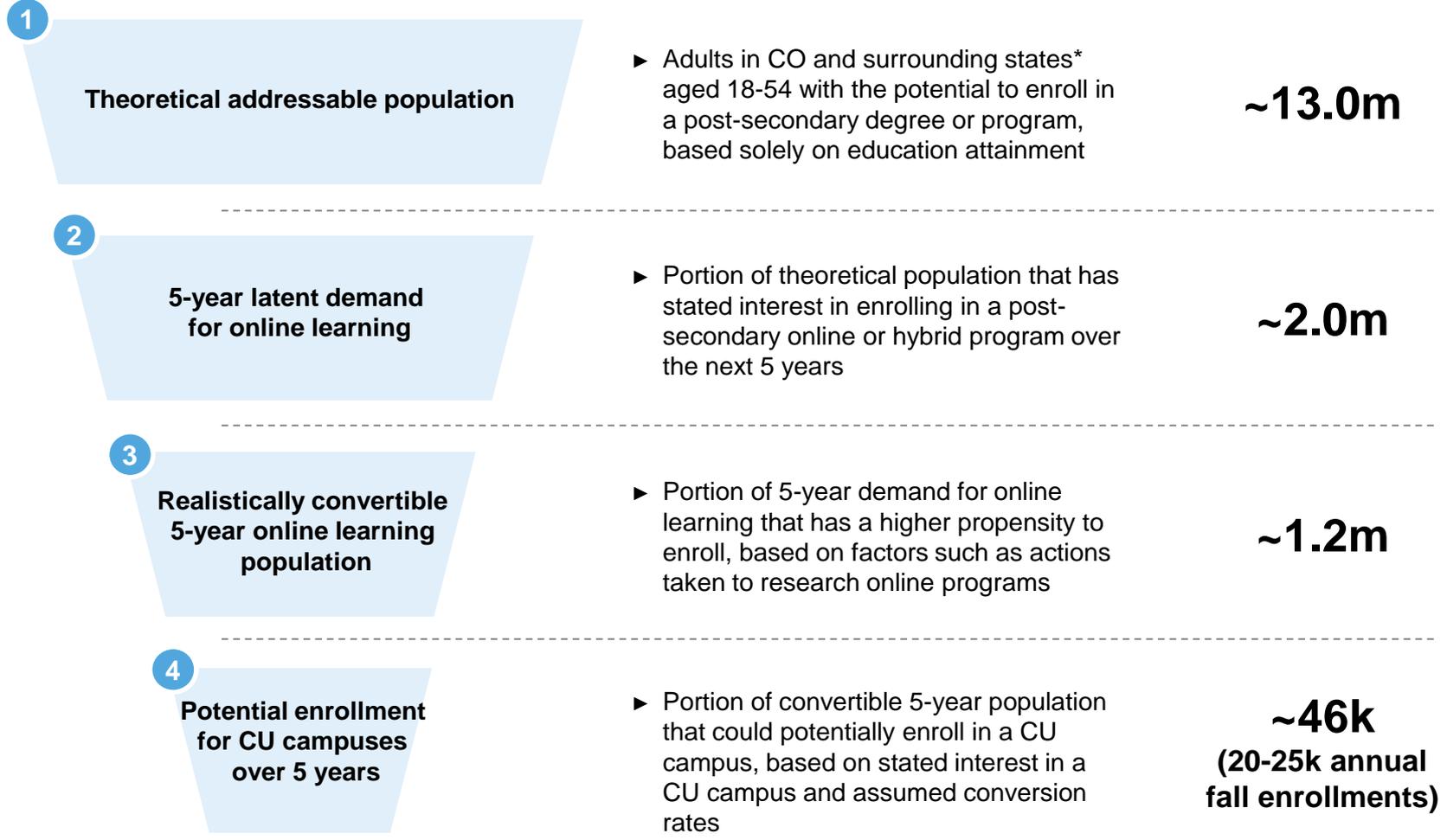
	CU Denver	CSU Ft. Collins	CU Boulder	UCCS	University of Phoenix	CSU Global	ASU	CTU	CU Anschutz	MSU Denver	Grand Canyon University	Purdue University	University of Nebraska	SNHU	University of Illinois	Penn State	LSU	Indiana University	WGU	Georgia Tech
CO residents	65%	62%	56%	51%	49%	47%	45%	37%	36%	35%	28%	23%	22%	21%	18%	13%	12%	12%	11%	10%
Regional residents	19%	20%	20%	13%	57%	8%	64%	11%	4%	3%	40%	18%	15%	20%	15%	15%	14%	13%	21%	9%
All other residents	7%	7%	9%	6%	44%	5%	41%	7%	3%	2%	16%	18%	10%	18%	15%	16%	13%	15%	13%	13%

The near-term market demand for online learning in CO and surrounding states that is realistically convertible and addressable to CU campuses is ~46k

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Online learning market opportunity quantification



This reflects the market demand for fully online programs; CU's ability and desire to capture portions of this demand depends on factors such as CU strategic goals, supply of online programs, and level of investment

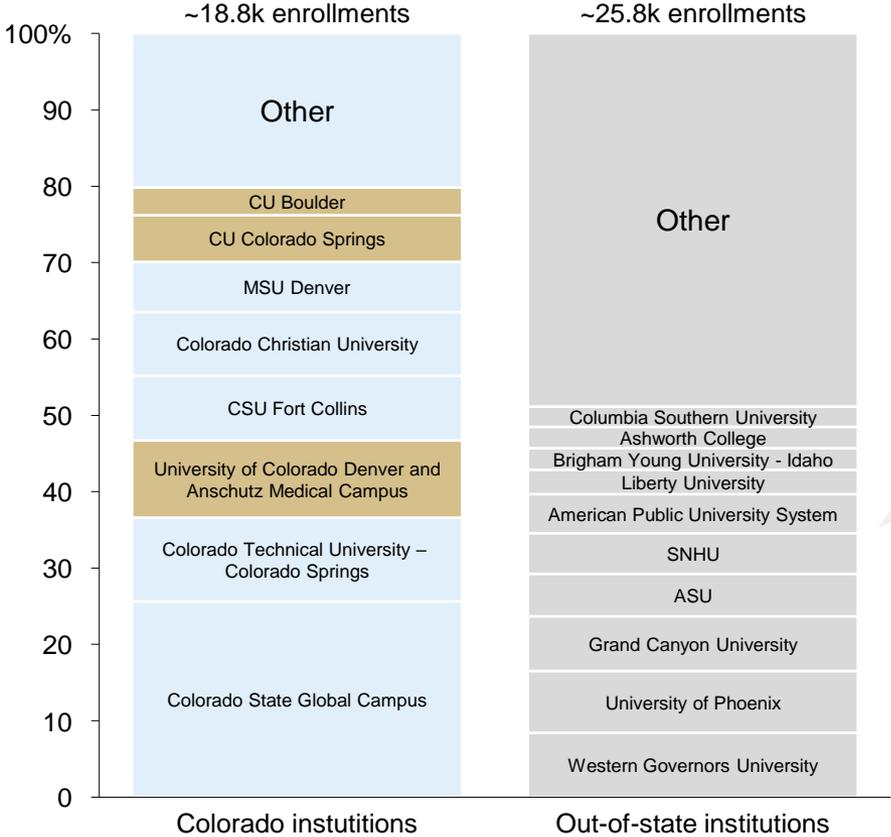
Note: *Surrounding states include Arizona, Utah, Wyoming, Nebraska, Kansas, Oklahoma, Idaho, Montana, Nevada, and New Mexico; **Based on high-level assumptions regarding retention and graduation rates

Today, a large portion of CO residents choose to enroll in online programs at out-of-state institutions

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Colorado resident online enrollments*, by provider, 2018



Note: enrollment data obtained from secondary sources (IPEDS, NC-SARA) and may differ from internal numbers; Denver and Anschutz are reported together in IPEDS and shown together in this analysis

Note: *Includes enrollments for graduate and undergraduate students enrolled exclusively in distance education courses; CO resident in-state enrollments excludes ~9,.8k community college enrollments; CO resident out-of-state enrollment is calculated as the total out-of-state enrollment, as reported by NC-SARA, and scaled by a factor of 1.14 to account for non-reporting schools; scale factor determined by comparison of IPEDS to NC-SARA reporting
 Source: IPEDS; NC-SARA; Eduventures

Leading industry capabilities that are critical for supporting the fully online learner population can be used to help understand current capabilities across CU campuses

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	Key metric	Leading industry capabilities
Program development and delivery	Instructional design support	▶ Faculty have access to instructional designers and multimedia specialists in course design
	Professional development	▶ Faculty receive PD in online course instruction
	Quality management framework	▶ Online courses are expected to meet or exceed components of a quality framework
	Number of start dates	▶ Multiple start dates (e.g., 5) throughout the year to provide flexibility to adult learners
Marketing and lead generation	Lead qualification	▶ Leads are centrally received, qualified, and categorized
	Average cost per lead	▶ ~\$85, though a variety of channels (e.g., SEO, digital ad buys)
	Cost per acquisition	▶ \$3.5k-\$4.5k in a competitive market
Pre-matriculation student services	Time from inquiry to contact	▶ ~5 minutes of submitting an inquiry
	Admissions decisions	▶ Applications returned within 72hr
	Transfer credit evaluation (TCE)	▶ Access to quick transfer credit evaluation (TCE)
Post-matriculation student services	Student success coaching	▶ Access to success coach who supports students proactively during early terms, and reactively in later terms
	Academic advising	▶ Access to academic advising
	Other student supports	▶ Access to other student support resources, equivalent to those available on-campus

Next steps

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1

Develop strategic options for growth that are tailored to the CU context, taking in to consideration individual campus context and capabilities, as well as campus and system objectives

2

Provide a framework for decision-making to support CU system and campus leaders in identifying key considerations and inputs as they craft their strategic plan for online learning

3

Continue to solicit input from key stakeholders across the system and campuses through upcoming focus groups, faculty council and assembly presentations, and other communication channels

We conducted a prospective student survey of the adult learner population to understand demand for online learning

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Online learning survey overview

Survey objectives

- ▶ Quantify demand for online learning in Colorado and surrounding states
- ▶ Understand specific demand by program type and area of study
- ▶ Understand motivations for online learning
- ▶ Identify key decision making criteria when evaluating online learning options
- ▶ Understand brand perceptions of CU (by campus and overall) for perspective online learners relative to competitors and peer institutions
- ▶ Identify key target segments for online learning offerings and size / growth of each target segment

Target population and fielding methodology

- ▶ Survey panel was developed by third party survey vendor
- ▶ The survey screened respondents for the following criteria:
 - ▶ Age: adults aged 18-54
 - ▶ Education attainment: screened out respondents who did not have a high school diploma or equivalent, and those who had a master's degree
 - ▶ Geography: Colorado and the surrounding Rocky Mountain region; additional national sample was targeted to field a sufficient sample for segmentation purposes
 - ▶ Interest in online education: stated interest of 4 or above on a 1-7 scale in enrolling in a post-secondary degree or program in a fully or mostly online modality in the next 5 years

The prospective student survey fielded for ~3 weeks and resulted in 1,454 clean and complete responses

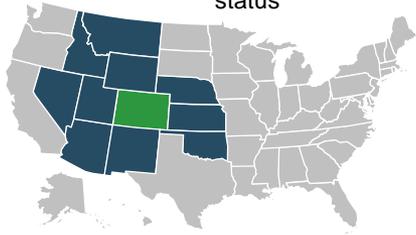
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Survey respondent demographics

Note: demographics below represent respondents that met survey screening criteria (e.g., interested in enrolling in an online degree / program in the next 5 years); a much larger set of respondents entered the survey and were incorporated in our analysis for market opportunity



The analysis prioritized respondents from states in the Colorado region: AZ, NV, UT, WY, MT, ID, OK, NE, KS, NM

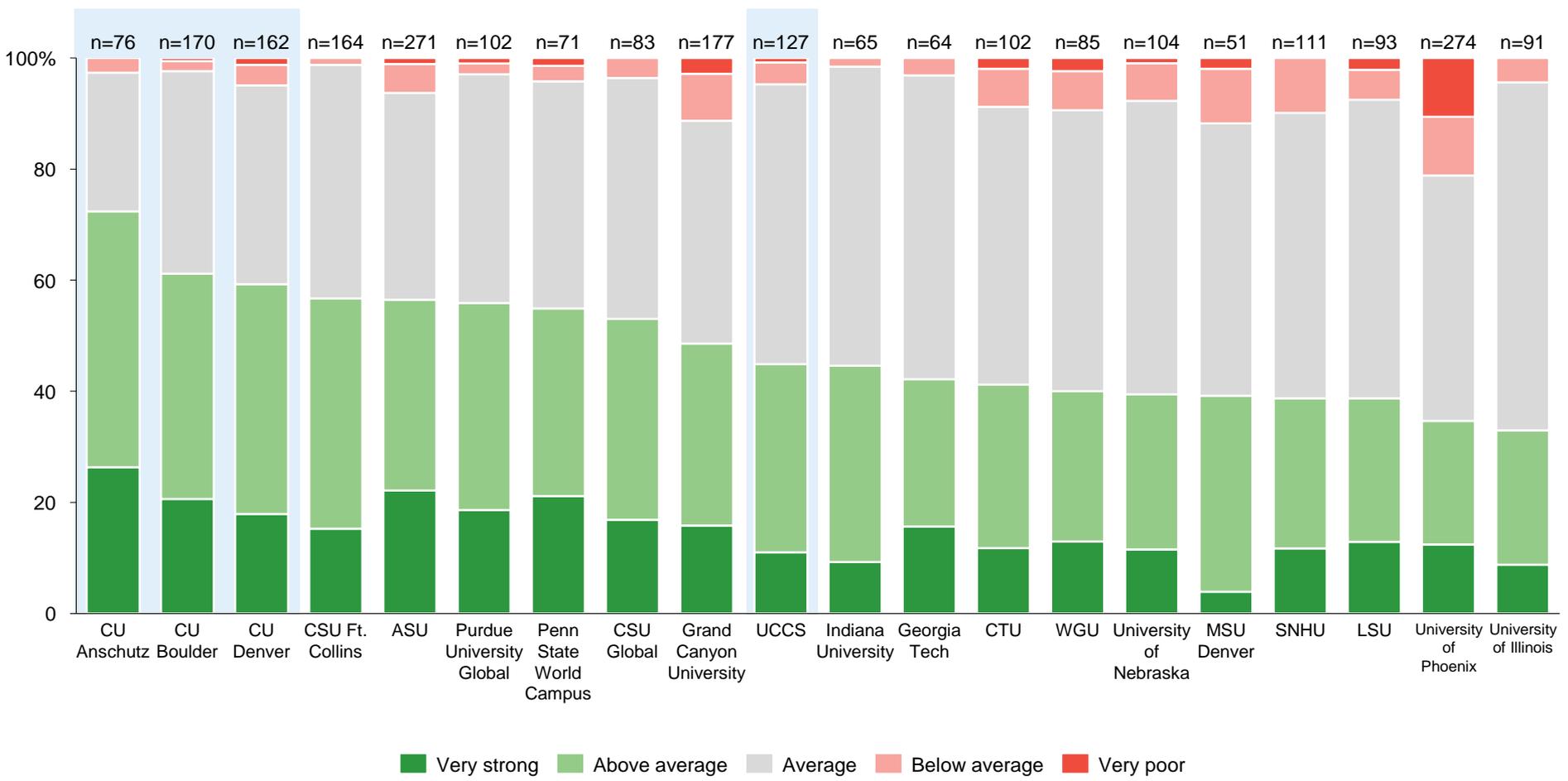


CU campuses are perceived by prospective online students as some of the strongest institutions in terms of overall reputation in Colorado and the surrounding region

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Overall institution perception of select institutions in Colorado and surrounding states*

Q: [50% of all respondents from Colorado and surrounding states] What is your impression of the overall reputation of the following institutions?



Note: *Surrounding states include Arizona, Nebraska, Utah, New Mexico, Oklahoma, Kansas, Idaho, Montana, Nevada and Wyoming
 Source: EY-Parthenon prospective student survey (Dec 2019-Jan 2020)