Addressing the myths and realities of going online

As a President in higher education, you make strategic decisions intended to position your institution for maximum success with minimum cost and risk. Understanding the realities of going online will help you ask the right questions to create a legacy of success on all the metrics you care about.

Myth: *We'll grow revenue more and scale more successfully if our institution runs online programs internally instead of partnering with an Online Program Management (OPM) provider. We've developed most of the skills we'll need, or we can hire vendors to supplement the rest.*

Reality: Institutions should consider upside opportunity, coordination, and downside risk.

Upside opportunities — In 2017, leading independent researcher Eduventures reported that "On average, schools partnering with traditional, end-to-end OPMs have outperformed their peers in increasing enrollment." There are many reasons for Eduventures' finding. We believe three are especially important.

First, success requires integrating widely diverse skill sets, ranging from specialized market research to digital marketing, recruitment, course development, and student support to improve retention. Relatively few institutions possess all these capabilities in-house; the few that do tend to be among the largest and most nationally prominent.

Coordination — Second, the functions associated with a successful online program must collaborate in sophisticated ways. When institutions seek to complement internal resources with point solutions from multiple vendors, they often encounter coordination problems and finger pointing that compromises their results. For instance, marketers may blame recruiters for failing to convert leads, as recruiters blame marketers for providing prospective students who could never realistically enroll. An experienced OPM company provides and coordinates all these key functions on the institution's behalf.

Third, institutions that can manage one online program internally often find it difficult to scale internal resources as their online presence grows — and programs often must grow to capture economies of scale. It's one thing to build and manage five courses, another to operate 100.

Downside risk — Today, launching a meaningful online presence usually requires seven-figure start-up capital and large ongoing investments. Institutions that partner with an OPM company can offload much of that risk, because these companies makes sizable upfront investments for a share of downstream tuition. If a program doesn't meet its enrollment targets, the partner loses its investment. Conversely, if the institution itself advances millions of dollars, it bears the loss alone.

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Myth: *Once we have a program up and running, we won't have to invest much in it.*

Reality: It's true that course development costs may decline, though the actual reduction will depend on how often content must be revised, and how often courses must be upgraded for changing technologies and student expectations.

However, marketing, advertising, and recruitment represent a far higher cost in most online programs, and this never trails off. Prospective students must continually be found, and as online programs have become more competitive, institutions have encountered a continuing rise in the cost of reaching and acquiring prospective students.

Myth: *Online programs quickly become profitable and will rapidly generate new income for other initiatives.*

Reality: It's worth repeating: online programs usually cost more than institutions expect. Even healthy programs may not break even for three years, and some take five years.

Going online takes a strategic approach, and decisions should be based on solid research and achievable projections. OPM providers work with institutions to agree on these financial and enrollment projections, and are held accountable to these goals. If an institution chooses to take the same strategic approach and fully fund their own programs, it will be critical to success to manage those programs in an environment of accountability.

Myth: *An OPM provider is a typical vendor relationship.*

Reality: Some may be. But the best OPM partners are profoundly involved at the strategic level, providing market research, identifying opportunities, and helping to develop realistic long-term plans for achieving the institution's goals. They work far more closely with academic units and faculty than many institutions expect. Their skills and investments drive value even beyond the online program, at times positively impacting change management at the entire institution.

Myth: *Prospective students do extensive research when determining what school to attend and look at multiple universities before making a final decision.*

Reality: In choosing online programs, many students don't invest as much time and effort as you may think. In fact, in 2017, research by Google concluded that prospective students only consider an average of 3.6 institutions before making a decision and 75% narrow it down to two schools without widening their choices. Also, aspects of your brand reputation may surprise you, and the programs your colleagues want to take online might not be the ones your prospective students want. There's no substitute for data: accurate, objective, up-to-date, and copious.

Let's talk about it

Today's increasingly competitive landscape requires a strategic approach to successfully reach more of the right students where they are. Partnering with Pearson can help you accelerate strategic change while reducing the risks associated with growing your online presence. Our online program management services and community can help your students thrive as you build the brand and reputation you're striving for.

For more information, visit **pearson.com/opm**

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