

# HOW DO YOU MAKE YOUR UNIVERSITY COMPETE WITH THE TIMES?

*Equantiis delves into the current challenges faced by higher education institutes and how best to navigate a rocky landscape.*

EQUANTIIS

# HOW DO YOU MAKE YOUR UNIVERSITY COMPETE WITH THE TIMES

Over the years technology has evolved at a pace which many businesses struggle to adapt to.

Universities are no exception.

Generally speaking, universities are large corporations with a myriad of outdated technology and legacy systems. This lag in keeping up to date with technology, coupled with the slow ability to change, means universities are increasingly facing tougher and tougher challenges when responding to the digitally evolving market.

This report looks at the past, present, and future challenges institutes are trying to navigate as well as student insights from UCAS on why students are holding back from applying to university.

# PRE-PANDEMIC HURDLES

It's fair to say the global pandemic has compounded the challenges institutes were already facing, while surfacing a plethora of new ones. It hasn't been a smooth ride for institutes over the past few years and the bumps in the road are only set to continue.

Back on the 30th of May 2019, the Augar Review and Recommendations were finally published. The key recommendation that grabbed the headlines was the proposal to cut fees to £7,500 from £9,250.

*"[A £7,500 fee] ensures that no student pays more than what could be considered the reasonable cost of their course and allows better targeting of taxpayer investment. It would also reduce overall student debt and lower one deterrent to participation."*

**- Augar Review 2019**

According to the report, £7,500 should be enough to cover the cost of providing lowest cost courses (humanities and social sciences) with the additional costs of providing STEM-based subjects (science, engineering, mathematics) being funded by the university via a teaching grant.

The report further proposes that the £7,500 cap should be fixed until 2022/23 and only increased in line with inflation thereafter.

Evidently, the potential impact of implementing the tuition fee cap will have a greater effect on some higher education institutes (HEI) than others, specifically those where tuition fees form a greater composition of the revenue make-up versus other income streams such as external funding and research grants. Not all Institutes (if any) will be able to make up the shortfall in tuition fees by increasing student numbers, which draws the question how many Institutes are at risk of this potential burning platform?

Using HESA financial data for 2017/18 Equantii's analysis illustrates that of the 125 institutes reviewed, 43 will struggle the most with a tuition fee cap reduction given they are either significantly reliant on the income from tuition fees (>70%) or quite reliant (50% - 70%) on this income and are either at break even or showing a minor surplus. (1)

Deficit/Surplus calculation refers to the difference between Total Income and Total Expenditure. It does not include "other gains and losses" including actuarial gains and disposals.

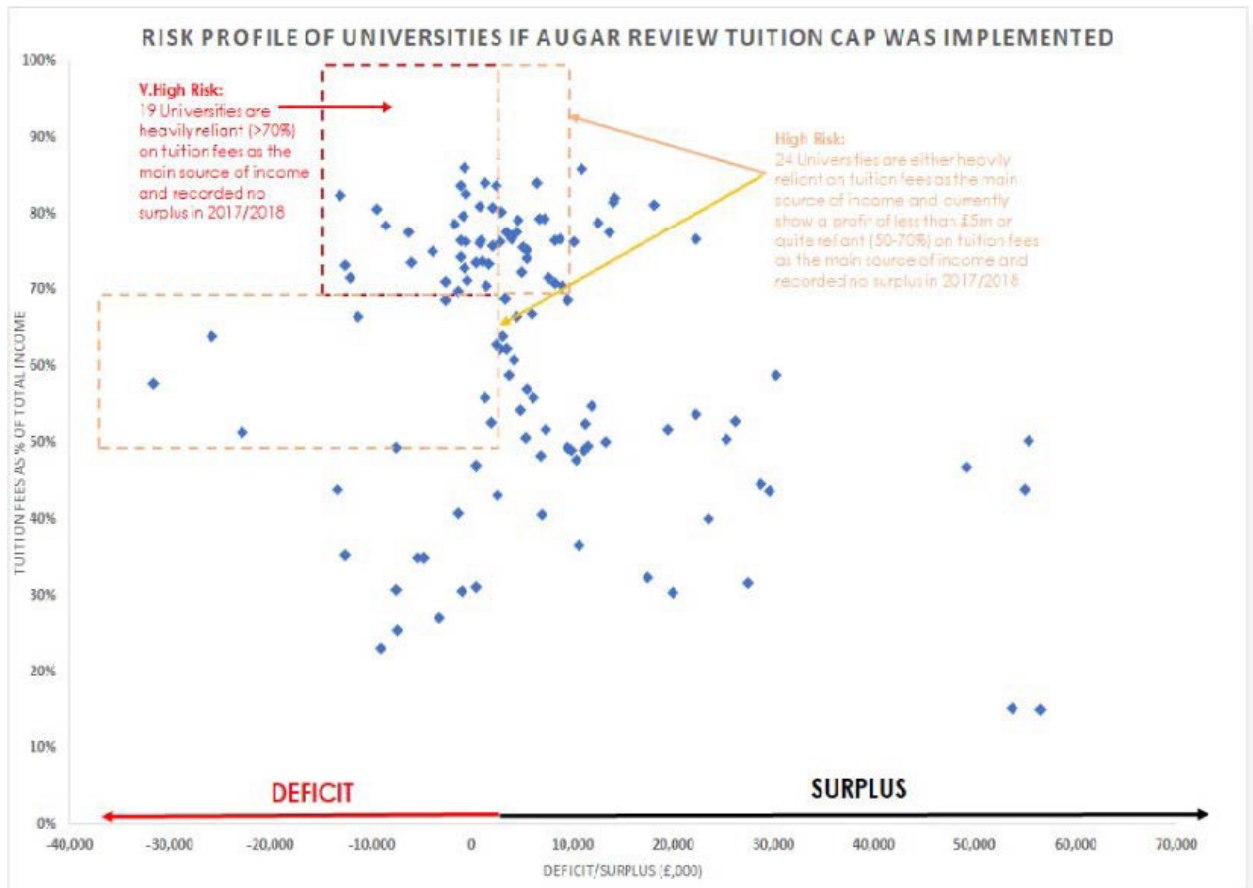


Figure 1: Risk Profile of Universities if Augar review was implemented.

# NAVIGATING THE UNKNOWN

Although the recommendations outlined in the Augar report may never be implemented,

the landscape for higher education continues to evolve quickly with competition for students becoming more and more challenging. And even with fees staying as they are, only a proportion of institutes were seeing growth pre-pandemic in 2017/18.

A review of student enrolment in 2017/18 observed an increase of 2.7% in student volumes from the prior year. The analysis shows that only 47 institutes grew in line with, or exceeded, the overall year on year growth compared to the 74 institutes that did not.

The data manifested that maintaining student numbers is a challenge for most institutes and will continue to be a challenge as education becomes more globalised and the persistent looming uncertainty around Brexit.

Consider a mid-sized university with an annual intake of 15,000 students experiencing a 3% drop in enrolment. The financial impact of that drop is almost £4m (assuming maximum fees) – based on the 2017/18 numbers. That is more than enough to force 72 universities into the red (posting less than £4m surplus) and thus presents a tight balancing act for many institutions.

Although this analysis can only be explored in broad terms, it demonstrates the revenue challenge that institutes face as education becomes a global marketplace and the platform of predictable tuition revenue burns.

There is no doubt the unpredictable nature of the higher education landscape will continue into the future. Even without COVID, it was never a straightforward task as many institutes were already experiencing significant drops in revenue.

# SO, WHAT DOES LIFE LOOK LIKE AFTER COVID?

Navigating the pandemic has been nothing short of a significant challenge and coping with the aftermath is one we are yet to face. The pandemic has cost universities millions, and from multiple revenue streams. There is no doubt the pandemic has highlighted the importance of technology within business and the ability to adapt and change to unpredictable circumstances.

Every business, large or small, will have to evaluate their position, and for higher education institutes, this is a profound task due to the slow nature of how it moves.

For higher education, the market has been hit tremendously with revenue streams collapsing as a result. There has been a drop in revenue from halls, and the number of students applying for courses.

Janine Chasmer consultant at Equantiis, recently attended the 2021 Student Mindset (UCAS and YouthSight research webinar) where applicants and registrants were surveyed just after the 29 January deadline to get the latest insight into their thinking.

The results of the survey were eye-opening, yet in one sense expected due to the impact of COVID.

Prospective applicants stated they are more likely to go to university this September if COVID restrictions are lifted. Their reasoning is because COVID is having a big impact on the nature of higher education and applicants are questioning value. They feel discouraged by what they've seen so far in relation to how higher education institutes have handled the pandemic.

The results manifest that students need more reassurance and guidance from institutes in order to feel confident about the experience they will receive. With restrictions on travel and HE institutions closed; this only compounded their worries because they feel they couldn't make an informed decision without a visit to the campus itself.

However, some key reasons for not applying were not all COVID related. Many prospective students said they didn't have enough information, they wanted to save money and they knew they could apply after the deadline anyway.

# SO, WHAT DOES LIFE LOOK LIKE AFTER COVID?

When asked when they think they'd make a choice, a significant number of prospective students were waiting to hear back from all their choices. This demonstrates the competitive nature HE institutes face and compounds the importance of remaining competitive in the space.

Other reasons were similar to those of students not applying at all. Those being questions around lockdown measures, not being able to attend an Open Day in person and having an idea of what their grades would be.

The uncertainty about grades was a significant worry for many students. With exams not going ahead and grades being decided by either machine learning or teachers, it's no doubt a concerning topic for students. Many cited that if they knew universities would accept lower grades, they'd feel more confident about applying.

## **So, what do these prospective students expect university to be like?**

One response is a given – they know there's likely to be some social distancing in September. Yet, a more profound response was that only 1/3 of those surveyed felt completely ready for university.

## **What's affecting them?**

Unsurprisingly, the possible lack of in-person teaching has impacted the decisions of many students. Is this because universities haven't done enough to maintain a top experience remotely? Or is it because universities haven't showcased what they're doing to make sure students get what they pay for, remotely or otherwise?

Either way, institutes need to level up and provide their customer base with a product and an experience compelling enough to attract students and mitigate these worries.

# SO, WHAT DOES LIFE LOOK LIKE AFTER COVID?

## Key takeaways

One response is a given – they know there's likely to be some social distancing in September. Yet, a more profound response was that only 1/3 of those surveyed felt completely ready for university.

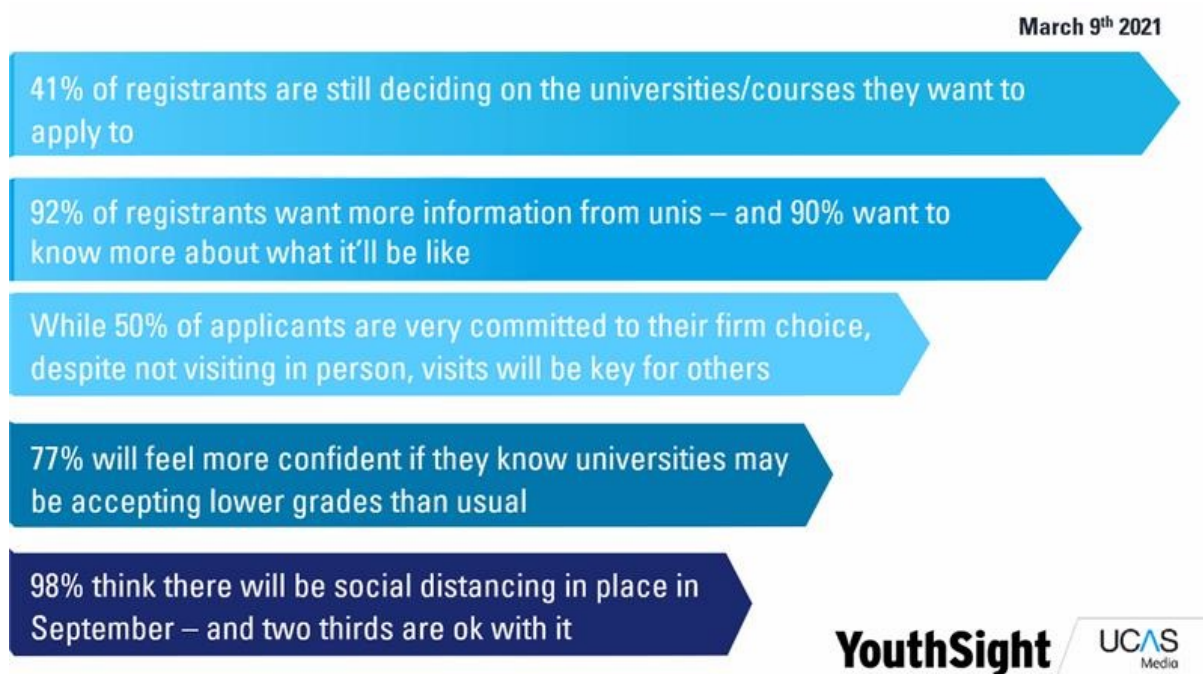


Figure 2: UCAS, 021 Student Mindset (UCAS and YouthSight research webinar), March 9th 2021

For universities to recover after COVID, the evidence indicates that more must be done to alleviate the worries of the students. While the vaccine is promising, no one knows what the future holds and it's imperative that universities cover all bases; to level up and drive the organisation forward; to get to a place where the experience for students is second to none, regardless of whether that is delivered remotely or on campus.



# LEVEL UP WITH DIGITAL MATURITY

Digital maturity isn't a new topic. Yet higher education is still beginning its transitions to a digital estate in comparison to businesses in the commercial sector. This could be due to the long histories many universities have, and over such a long period, older technologies have been heavily invested in. Yet now, they are one of the biggest inhibitors of innovation. When a business lacks innovation, it then lacks a competitive edge which is a huge driver for attracting new customers and retaining existing ones.

With technical debt at an all-time high, this means obsolete legacy and unsupported systems still remain at the core of many institutions' digital estate. While they served the initial purpose in which they were previously used, legacy systems prohibit growth and do not interact with newer technologies.

Taking the pandemic as an example, remote working was forced upon pretty much everyone, but the education industry in particular really struggled to enable this. Some institutes took months to get basic technology like Microsoft Teams enabled, never mind delivering classes remotely at a standard as high as in the classroom.

With such a huge amount of pressure to get these basic tools up and running brings other technological risks. One major factor that is often overlooked is cyber security.

News of institutions falling victim to ransomware is becoming ever more commonplace and more recently, we've seen institutions being held to ransom and paying high prices to unlock files, systems and personal student data. With cybercrime still on the rise, cyber security should be one of the top priorities. With legacy systems comes a plethora of vulnerabilities which are easier to hack and less easy to spot.

Another factor is lack of leadership. Usually, when leaders are risk averse, the organisation structure is too rigid with needless bureaucracy in place which means decision making is too slow to adapt to the raised expectations of the modern student.

The problem here is that this stringent, risk focused approach trickles down the hierarchy and creates a culture of sporadic work and investments, happening at various times, rather than a strategic sustained approach whereby all teams and departments are aligned as one unit.

To achieve successful change, work must start with the mindsets of individuals within the company to understand that leveraging technology must be a business led initiative.

# RECOGNISING THE UNSUNG HEROES OF EDUCATION

At the recent CUBO winter conference, universities recognised how much work and effort the commercial services of an institute actually bring to the campus, student experience as well as additional income.

The report detailed:

*“This joint report highlights the key role that CIOs and the teams they lead have played in enabling the higher education sector’s response,” said Deborah Green, CEO of Ucisa.*

*“Thanks to the heroic efforts of university and college IT staff at every level, the almost herculean task of enabling remote working for just under three million students, lecturers, researchers, academic leaders and support staff, was achieved at pace in March this year.*

*“This is in addition to moving the delivery of higher education and research fully online. As one vice-chancellor put it, ‘our IT team delivered four years’ worth of digital strategy in six weeks, enabling our whole operation to continue.’*

**-UniversityBusiness.co.uk**

Online learning is clearly here to stay, so instead of switching the IT department on and off, it’s imperative to realise the value IT brings to an institution, regardless of whether there is a pandemic.

# CAMPUS OF THE FUTURE; WHAT DOES THAT STUDENT LOOK LIKE?

Higher Education institutes are under the microscope and there is now an expectation to deliver a digital experience throughout. Just as a commercial business has to adapt and pivot to provide a responsive, personalised experience, higher education is expected to do just that, too.

The 'student as a customer' concept is nothing new, albeit many within the sector may be reluctant to entertain this point of view. Applying the 'student is a customer' principle whilst leveraging AI technology has the benefit of focusing staff on the 'value-add' activities that improve the student experience and increases an Institute's understanding of its students.

In the global education landscape, students expect interactions with the university to be as seamless as interactions with other entities, be it retail or banking, and they expect entities to 'know them' and as such, use the data they willingly share to make their experiences better.

Of course, the relationship between the student and the education provider is not as simple as indicated. Unlike the distinction between customer and service provider, the responsibility for a successful outcome requires the student to be an active and willing participant.

Nonetheless, the 'service' by the provider should tick all the boxes in a way that maximises the chance of success. Achieving the desired outcome and measured outcomes in terms of, say, student satisfaction or employability are key differentiators for institutes to rise above the competition.

# STUDENT EXPECTATIONS AND HOW THIS COMPARES TO COMMERCIAL BUSINESSES

Despite what some may believe, Higher education institutes are not too dissimilar from commercial businesses. Institutes can learn from what's being done in the commercial sector and use this information to feed into their student experience. Below is a comparison to the similar behaviours between students and the commercial customer, and some examples of how technology solutions, already widely used in the commercial sector, can be implemented within your institute.

1

**Expectation:** Customers expect businesses to have omni-channel capability so that communications can be in the channel of their choice. Students expect the ability to self-serve, and they expect quick responses and turn-around times.

**Example solution:** Employ the use of chatbots to understand requests, as well as the traditional phone and face to face methods. This will add another channel for interaction, significantly speed up the communications and allow students to self-serve.

2

**Expectation:** Customers expect consistent quality in business response and turnaround – especially for transactional enquiries. Students expect Universities to be able to apply standardised responses that are consistent, irrespective of channel. They also expect response time to be consistent irrespective of the time of year.

**Example solution:** Robotic process automation can deliver responses automatically and consistently at any time and on any day. This means all communications from the institute are instantaneous, responding to students quickly and efficiently.

# STUDENT EXPECTATIONS AND HOW THIS COMPARES TO COMMERCIAL BUSINESSES

3

**Expectation:** Customers expect services to be efficient, timely and seamless. Students expect to deal with a single point of contact for 'services' such as examinations.

**Example solution:** Teams internally need to be realigned and organised. There needs to be a central owner, in a single department, responsible for that end-to-end service to deliver the personalised experience a student expects.

4

**Expectation:** Customers expect that straightforward transactional requests can be made at any time. Students expect transactional requests to be completed at any time, 24/7.

**Example solution:** If enquiry responses are limited to work hours, automation can play a huge part in filling the time gap between the student making the enquiry and receiving a response.

5

**Expectation:** Customers expect the entities they interact with to 'know them' and have a full history of interactions. Students expect hyper personalisation of services so that their University can support them to achieve their goals. This means the education provider intervening and providing additional support when engagement drops.

**Example solution:** Disparate data systems make analysing data trickier than it needs to be. By connecting systems and harnessing data, institutions can leverage this knowledge to know when to intervene and when offer additional support.

# WHERE DO YOU START?

The good news is with every great challenge comes greater opportunity. If you resonate with the challenges outlined, you should be considering one of the following ways forward:

- Student voice initiative
- Other income streams
- Digital strategy
- Innovation hub
- Intelligent automation

## **The Student Voice Initiative**

Start a student voice initiative to gain valuable insight into where you are to where you are going. When sufficient insight is gathered, unpick and define your students by creating personas. Personas are fictional characters based on real life findings and help make sure everyone in the team understands the goals and motivations of the students.

Create a student experience map to outline their experience in dealing with you across platforms. Here, you can then dive into where you think you are meeting their needs, and where you may be falling down. Identify how you think certain steps in the process makes students feel, whether that's happy, irritated or otherwise.

Armed with this information, engage with your student audience. There is nothing richer than the opinions of your students. They will tell you what they need, want and desire, and as such, identifying the future campus becomes much clearer.

# WHERE DO YOU START?

## Multiple streams of income

As mentioned, the landscape is unpredictable and tough to navigate, so those who want to survive need to look at different commercial models.

Taking an entrepreneurial stance and focusing in other areas away from student fees is pivotal for determining multiple revenue streams. Perhaps you have come up with something innovative, ask yourself, can you create an additional revenue stream to sell to others in the sector? Again, this is no new concept. Over the last decade, we've seen some higher education institutes striking up commercial partnerships with retailers and banks, and with property deals.

One article on University Business stated, 'the University of Hertfordshire embarked on a strategy to boost income by securing commercial deals with businesses such as Ocado and Regus for office space, as well as commercial leases with bank Santander and the NHS which runs a GP clinic on campus. The university's income rose to £1,477 per square metre in 2014/15, an increase of 6% from 2012/13.'

This is a great example where this university strives to achieve the best possible student experience as it has recognised that the experience is crucial to attracting students and staff alike. Instead of focusing with a solely educational stance, this university has looked at life in general and life on campus and has utilised this to give its students a seamless experience. So, look at your products, think outside the box. Can you deliver differently?

## Digital Strategy

It's undeniable that a serious amount of incredible work was put in place to digitalise the classroom in 2020. Yet, there is still a lot work to do and keeping up this momentum is crucial. For example, professional services remain digitally immature and need investment too.

A digital strategy will focus on improving business processes via technology. However, it's important to note that a successful digital strategy is influenced by the overall mission and vision of the company, and therefore you must not start with the technology, but start with areas that need improvement and the areas that don't align with the company vision. For example, let's say your institute prides itself on being efficient and responding to students quickly. However, at certain points in the year, this is not the case as staff are overwhelmed with the number of applications. This means that the speed in which they can respond to enquiries, or other general support tasks, is significantly impacted because most of their time is spent on administrative tasks around applications. With this issue in mind, part of the digital strategy may be introducing automation to handle these applications. With automation in place, it can be easily scaled up and down according to demand, take pressure off your workforce and allow them to focus on the important one to one interactions with students

# WHERE DO YOU START?

## Intelligent automation

Intelligent automation is a simple way to add real value to everyone who interacts with the institute, from students to staff. With it comes a multitude of benefits:

- **Cost reduction.** Intelligent automation will bring down the cost of many support functions across an institute.
- **Accurate results.** The tasks which are usually handled with automation are those which involve processing a lot of data. Employees will often find this challenging, and therefore the results are prone to human error.
- **Increased focus on core competencies.** Automating arduous, manual tasks means staff can focus more on their core competencies and tasks which add real value to their role. This then has a knock-on effect and leads to higher student satisfaction ratings.
- **Improved productivity.** By minimising human error, you will spend less time spent correcting the mistakes, and in turn this leads to greater productivity. Naturally in higher education, where the workload will ebb and flow depending on what time of year it is, a bot workforce, unlike employee headcount, can be scaled up or down very quickly.
- **Better compliance.** Any actions performed by intelligent automation bots are easier to audit, which makes it easier to track and correct deficiencies in business processes.

Alistair Sergeant, CEO, and Janine Chasmer, Consultant at Equantiis, support higher education leaders to bring positive change to within their institutions. We will question and analyse every part of the challenge you face to ensure we solve the right part of the problem, and ultimately deliver the best outcome. By engaging the business internally with a real focus on working together, delivering effective change and transformation is realised.

Through our experience, methodologies and frameworks, we focus internally and build a well-grounded business and technology strategy that enables the positive change needed to level up.

From strategy, vision setting, customer experience mapping, organisational design, technology selection, process engineering, cyber security, data and change management, these initiatives transform the things that drive your business forward.

Change has to happen in higher education, and it has to happen now.



# LET'S TALK!

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