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Business Models for online HE in a complex Europe

17/11/16 Paul Bacsich – Sero Consulting Ltd



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Overview

- Definitions
- History and prior research
- General principles
- Case study: Ireland
- Conclusions
- Observations



Definitions (FT, adapted)

- “The method or means by which an institution tries to capture value from its activities”
- “An institution’s core strategy to generate value, normally in the form of revenue (from someone)”
- “An essential part of strategy”
- “The fundamental link between student demand and the *factors of production* especially staff”



History and prior research

- Work done mainly in the decade prior to this: *why?*
- 1999: [*Business of Borderless Education*](#)
- 2000: *Responses to consultation on the proposed e-University business model (UK) – paradigmatic*
- 2010-now: approaches of investors including to co-providers and MOOC consortia (*iversity* etc)
- D-TRANSFORM: [*Business Models for Opening Up Education*](#) (O1.A2, March 2016)



History: fruitfulness matrix England

Part-time (could be blended)

	UK/EU	Overseas
Under-grad	tough prospect	forbidden
Post-grad	best prospect	forbidden



General principles



Courses cost money!

Money has to come from somewhere, year after year:

- European Union
- General government grant to your institution 
- Earmarked government grant to your institution
- Per-capita grant per student from government
- Foundations (e.g. Hewlett)
- Students (either direct from  them or loans to them) 
- Internal to your institution (thus an internal business model)





Ireland...



- 21 public HE providers, a few private ones also
- Intermediate between “England” and “continent” models of university funding
- Some tradition of distance learning, some MOOCs, not much OER (yet)
- “Kindly neighbours” target its DL students too
- I know it well from recent [projects](#) there



Lots of 4-box models and dichotomies

- Public
- Undergrad
- EU
- Full-time
- On-campus
- Accredited
- “Private”
- Postgrad
- Non-EU
- “Part-time”
- “Distance”
- Non-accredited
(**accreditable?**)



Ireland – distance students

Fee levels

Distance learning	Bachelors	Masters
EU students	medium	high
Non-EU students	high	very high

“Need-based grants are provided. Students who qualify for grants also have the student contribution or tuition fees paid on their behalf.” But “*Students have to be enrolled full-time.*”



Conclusions

- In a few Member States, there is a **viable business model** for online learning based on students paying fees. Clever schemes of **fee unbundling** (as seen in some MOOCs and OER u) can make fees more palatable (if allowed under regulations).
- The model works also if the government will provide **extra resources for each new student** to institutions, but there are often quotas.
- A **loss-leader** variant of the model is that the online courses are free but attract new f2f students to the institution (who then pay fees or can be charged back to government).
- All other business models are *marginal*, which does not mean that they are not useful, but they will not scale. Such models include **impact, civic role, research, earmarked funding, hovering** and **third party (sale of data)**.



Observations on US experience

Take great care in drawing *overall* conclusions for EU from US:

- Take special care with experience from California /Silicon Valley
- Note the financial resources and strategic flexibility of many US HEIs
- Check funding sources for developments before making assumptions on **long-term** sustainability
- Understand that population and immigration dynamics are completely different from EU Member States and there are massive skill shortages in some US states
- Accept that employment laws are very different and employment is much less secure, so “hiring mistakes” are more easily corrected.

But there are relevant US practices worthy of attention in EU:

- close integration of the vocational education sector (ISCED 4) with the HE sector (ISCED 5-8) – and uniform quality/funding regime
- the importance given to vocational skills (such as programming)
- systematised easy credit transfer (not rhetoric)
- strong links to employers



Thank you for listening

Paul Bacsich, Sero Consulting Ltd



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