2015 Trends to Watch: Higher Education

Leveraging IT to benefit the institutional mission

Summary

Catalyst

The higher education industry continues to change at an accelerating rate, making it difficult to predict what the outcome will be when the dust settles. But as technology markets evolve, the sector understands that it cannot afford to stand still. Therefore, although institutions are making incremental changes to support immediate needs, they are also readying their operations to make transformative changes to realize more return from IT investments and support business innovation. In this report, we outline the changes in the market and explore which trends will have the biggest impact in 2015. This analysis is important for both vendors targeting higher education and institutions to ensure that they understand the key forces that will shape the education landscape in 2015.

Ovum view

A growing number of institutions are looking to increase efficiency and student satisfaction as higher education budgets continue to be strained and the market continues to be unpredictable. Ovum believes that the business trends to watch in 2015 will be the expansion of delivery models for teaching and learning, progress with student experience strategies, and the improved use of IT for the benefit of the institutional mission. Change in higher education is incremental, and although these trends will not take firm hold for some time, 2015 will be the year of conversation about readying for change.

Key messages

- The conversation about changing delivery models for teaching and learning will continue.
- The student experience will take center stage.
- A more serious discussion on sustainable IT delivery models will begin.

Recommendations

Recommendations for institutions

Invest in the quality of online learning programs

With vendors making major investments to support online learning, and mobile device usage increasing, institutions would benefit from investing in the quality of their online learning programs. Institutions should invest in tools and solutions that will support more innovative pedagogy and assessment. They often have insufficient information to evaluate what goes on in their courses, which could affect future enrollment. Therefore, it is important that all online courses undergo an extensive approval process before they are made available.

Use customer experience (CX) strategies to keep students satisfied and improve services

Institutions will place a renewed focus on meeting student expectations. Over the past year, the US for-profit market has suffered a decline in enrollment, and many institutions have closed. As costs

increase and students are offered more options, institutions are under pressure to improve the effectiveness of their recruitment and retention efforts, and will therefore place a renewed focus on meeting student expectations. Some would argue that higher education has focused less on good customer service and more on the final outcome of producing educated students: if a student fulfills all of their course requirements, the institution will award them a diploma in recognition of their accomplishment. Institutions are now more concerned about bonding the student to the institution through more personalized service, to help them progress through their studies more efficiently and increase their chances of completing their program in a timely manner. Building a strong connection between the student and the institution will increase institutions' profitability because it is likely to increase retention.

Recommendations for vendors

Pitch LMS as a retention tool as well as an online learning tool

Although a handful of vendors are actively engaging in conversations with institutions about the role of the learning management system (LMS) in supporting student retention efforts, others are pitching their solutions on a very basic level. As the LMS today is more about improving learning than simply managing it, vendors must work closely with institutions to help them realize more value from their LMS investments. A solution that grows with an institution's changing needs will be particularly attractive, given budgetary constraints.

Evangelize vanilla implementations

Customizations are time-consuming and require both financial and expert resources. Institutions need to look at their technology inventory and consider standardizing redundant processes and solutions to reduce extraneous costs, such as maintenance fees. By adopting solutions that comply with open standards, institutions can benefit from easier integrations. A standardized platform also enables institutions to be more adaptable, especially in an ever-changing education market where they must be innovative with their solutions. Ovum recommends that vendors encourage standardization and vanilla implementations wherever possible.

Help institutions to understand where cloud works best

Institutions have different orientations to the cloud according to the solution area, and some solution areas will be more difficult to adapt than others. Therefore, institutions must develop a strategy that investigates the costs and complexities of integrating cloud services into an institutional environment. Vendors can help by taking an active role in educating institutions about how on-demand delivery models will both address the critical challenges they face and improve the quality of specific applications. Furthermore, vendors need to show institutions which applications may benefit from software-as-a-service (SaaS) and hosted models, in terms of reliability and stability, and offer more frequent upgrades at a lower total cost of ownership (TCO) to provide a positive ROI in a given period. Security concerns must also be addressed, to reassure institutions that their content will be safe.

Business trends and technology enablers

Key trends and enablers summarized

Table 1: Business and technology enablers in education technology	
Operating environment	The strain on public budgets and high rates of unemployment continue.
	Social media has been widely adopted, increasing technological proficiency, encouraging global connectivity, and contributing to a greater sense of collaboration on the Internet.
Drivers and barriers	Strains on public budgets and reductions in private funding have tightened institutional spending.
	Students are coming to campus equipped with a greater number and range of devices, which they expect to use in both their personal and academic lives.
Business strategy	Institutions must better leverage IT for the benefit of the institutional mission.
	Innovation should be encouraged by creating a learning environment that facilitates the use of modern technology.
	Pedagogy must be developed for an IT-rich world, to increase student engagement.
Technology enablement	The opportunity to invest in on-demand solutions to simplify technology costs is growing.
	Institutions must provide ample connectivity and ensure security measures are in place.
	There is an opportunity to invest in vanilla solutions to streamline operations and simplify technology costs.

Source: Ovum

The conversation about changing delivery models for teaching and learning will continue

The frontiers are shifting to include more online, hybrid, and adaptive learning
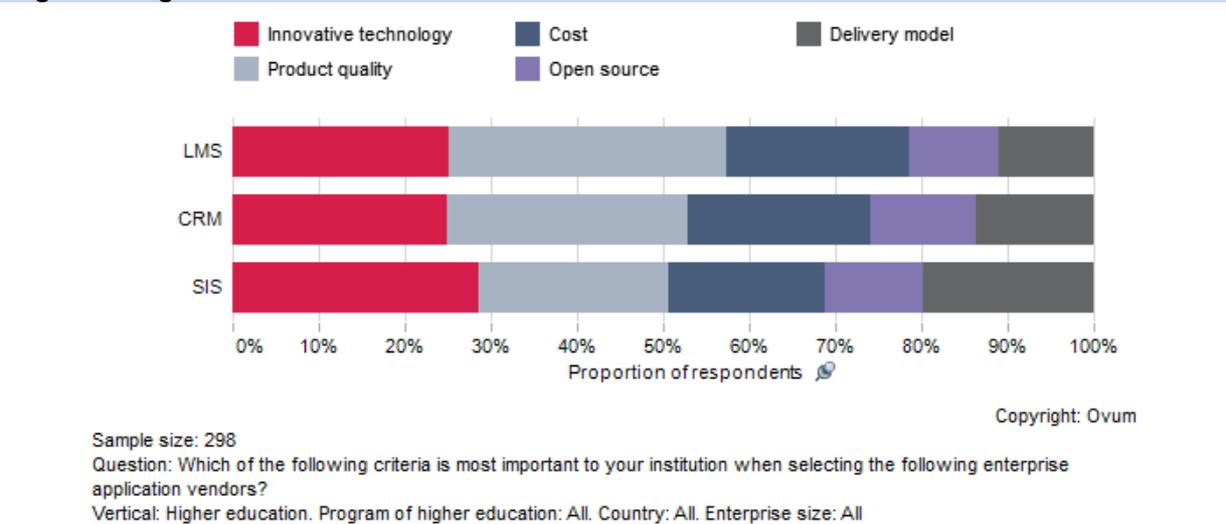
Ovum believes that online, hybrid, and adaptive learning will become more widespread in 2015. Institutions that embrace face-to-face, online, and hybrid learning models have the potential to expand access while leveraging the online skills that learners have already developed outside of academia. Online learning environments can offer different opportunities from physical campuses, including increasing collaboration and equipping students with stronger digital skills. Hybrid models, when designed and implemented successfully, enable students to travel to campus for some activities and use the network for others, taking advantage of the best of both environments. With diminishing resources, offering a choice of learning options will help institutions meet their strategic initiatives, and will be an important differentiator for institutions in the future.

The integrated learning platform drives differentiation

The integrated learning platform (ILP) evolved from basic LMS or "LMS Plus" systems. ILP providers have made significant investments in future-proofing their platforms to deliver considerable long-term flexibility, and will continue to do so in 2015. ILP is characterized by openness, extensibility, and the coherent integration of functionality to drive higher-quality learning experiences, which is inherently tied to managing and improving performance outcomes. Analytics and reporting enable a more dynamic learning environment, where content and pedagogy change according to a learner's specific circumstances. Furthermore, faculty, students, and staff can configure the solution to meet their own preferences and needs, increasing relevance and, ultimately, engagement.

ILP is powerful technology, and some capabilities may be beyond the current requirements of many institutions. However, Ovum argues that given the growing need to differentiate on the quality of the teaching and learning experience, most institutions will want – and need – these expanded capabilities and flexibility. Moreover, having a solution that grows with an institution's changing needs is particularly attractive, given budgetary constraints, and as ILP adoption grows, institutions are more likely to use it for retention efforts to drive ROI. After all, this new generation of solutions – the platform – is more about improving learning than simply managing it.

In Ovum's 2014 ICT Enterprise Insights survey, 32.2% of institutions reported that product quality is the most important criteria when selecting an LMS vendor, while innovative technology was ranked highest by 25.2% (see Figure 1). Ovum believes that this indicates the long-term commitments and investments that institutions are looking to make in 2015 and beyond.

Figure 1: Higher institutions' vendor selection criteria

Sample size: 298
Question: Which of the following criteria is most important to your institution when selecting the following enterprise application vendors?
Vertical: Higher education. Program of higher education: All. Country: All. Enterprise size: All

Source: Ovum ICT Enterprise Insights

Learning analytics enable personalized learning and improve student engagement

Higher education is developing its use of learning analytics, particularly as learning is happening more within online and hybrid environments. Learning analytics leverage student data to deliver personalized learning, enable adaptive pedagogies, and identify learning issues in time for them to be addressed. Furthermore, the analysis of education-related data on a much larger scale can provide policymakers with information about local, regional, and national education progress made, allowing programs to be measured and improved. Adaptive learning data is already providing insights about student interactions with online courseware. Going forward, Ovum anticipates that data will be used to adapt instruction to individual learner needs in real time, in the same way that Amazon and Google use metrics to tailor recommendations to consumers. As the pressure to meet student expectations mounts, institutions will use analytics to develop pedagogy from a one-size-fits-all delivery system into a responsive and flexible framework that meets students' academic needs and interests. Furthermore, LMS providers will further develop visualizations and analytical reports to guide institutions as they target areas for improvement and assess the effectiveness of programs in 2015. Interestingly, 81.4% of institutions responding to Ovum's 2014 Enterprise Insights survey reported that they have deployed or are trialing and planning to deploy analytics to track course performance. Ovum anticipates that embedded analytics will become the sine qua non for LMS solutions in the medium term.

The student experience will take center stage

Institutions will focus on student retention and outcomes

Student retention is one of the most challenging issues facing higher education today, and over the past decade, institutions have been held increasingly accountable for it. As competition for students grows, retaining them becomes even more important. Low retention rates do not only cost an institution financially, but also degrade the quality of the educational experience on campus. Historically, performance outcomes and retention were primarily the responsibility of the student rather

than the institution; if a student left a program for academic or personal reasons, it did not reflect poorly on the college or university. However, as costs have risen and the link between an educated workforce and economic development has tightened, many stakeholder groups, including governments and associations, are holding institutions directly accountable. For example, government agencies are increasingly tying funding – both direct and indirect, through financial aid – to performance outcomes and retention. Yet, regardless of new accountability mechanisms, most institutions are still ill-prepared to address performance and retention in strategic ways. In 2015, Ovum anticipates that institutions will implement retention strategies that are not only effective, but also scalable and sustainable.

Students will shift from consumers to creators

There is a growing trend on campus of student content creation, which will continue in 2015. A shift in the focus of pedagogical practice in institutions globally is taking place, as students across a wide variety of disciplines learn by creating content rather than simply consuming it. This creativity, illustrated for example by the growth in user-generated videos, is increasing the opportunity for active, hands-on learning. Institutional departments in areas that have not traditionally had lab or hands-on components are shifting to incorporate these types of learning experiences as an integral part of the curriculum. Institutions are in the process of changing courses and degree plans across all disciplines to reflect the importance of media creation, design, and entrepreneurship. Ovum believes that when students create digital content that they value, they are much more likely to be engaged. However, giving students the opportunity to create content will require institutions to rethink their IT infrastructure, as few institutions are ready with robust enterprise content management (ECM) solutions and network bandwidth.
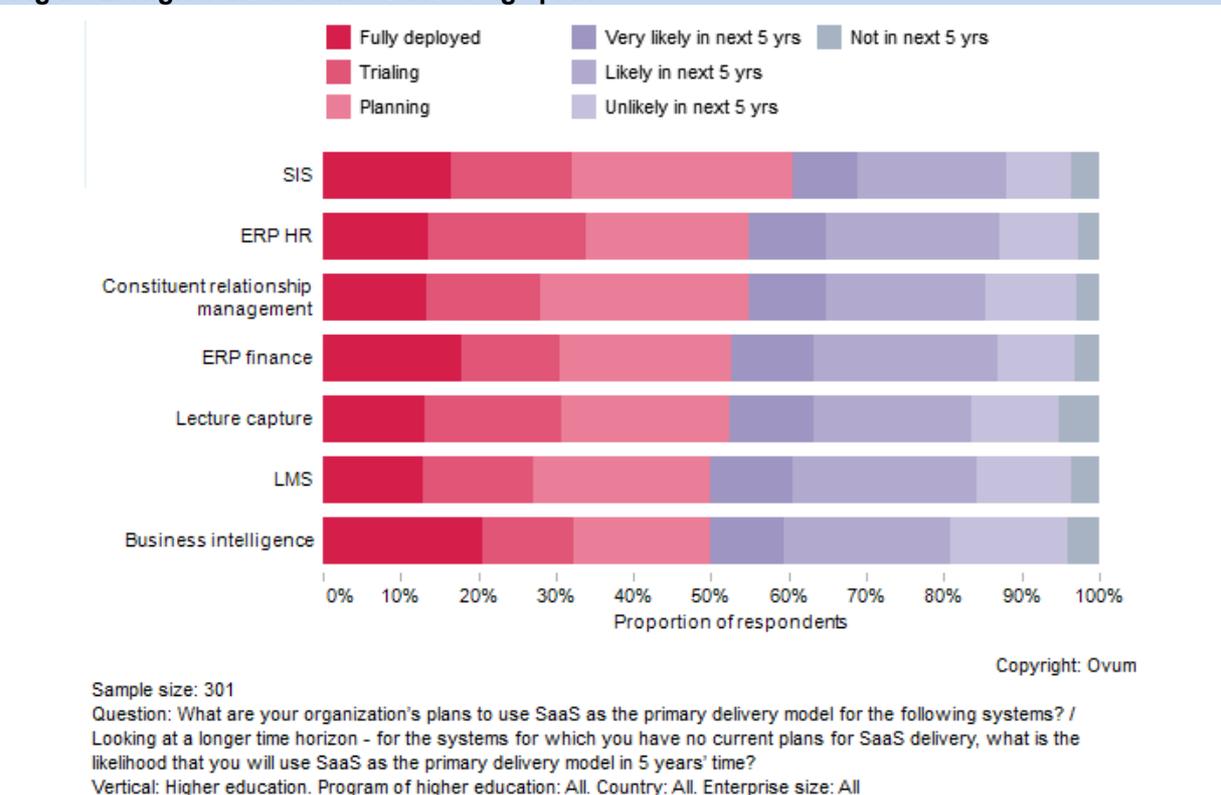
The adoption of enterprise-wide CRM will grow

The need for a customer relationship management (CRM) solution to manage relationships across the entire student lifecycle is a top priority on most campuses, driven by increased competition and the need to recruit and retain students more effectively. Undoubtedly, uptake will be intense: 40.2% of respondents to Ovum's 2014 Enterprise Insights survey reported the intention to purchase a new CRM solution or make major modifications to their existing one in the next 18 months. Moreover, as many institutions will implement a relationship management strategy that supports more than just admissions, there will be considerable demand for CRM solutions designed for enterprise-wide deployments. In 2015, the discussion about CX generally, and CRM more specifically, will intensify. Developing a CX strategy and selecting a CRM solution that can support the entire student lifecycle will be a top-of-mind issue for most CIOs. However, significant challenges will continue to prevent most institutions from taking definitive action in buying and implementing solutions. Not all of the available solutions can support the entire lifecycle, and there are some political issues surrounding the use of student data at the institutional level.

A more serious discussion on sustainable IT delivery models will begin

Cloud momentum is increasing

Figure 2: Higher institutions' SaaS usage plans

Sample size: 301
Question: What are your organization's plans to use SaaS as the primary delivery model for the following systems? /
Looking at a longer time horizon - for the systems for which you have no current plans for SaaS delivery, what is the
likelihood that you will use SaaS as the primary delivery model in 5 years' time?
Vertical: Higher education. Program of higher education: All. Country: All. Enterprise size: All

Source: Ovum ICT Enterprise Insights

The findings of Ovum's 2014 survey show that a number of higher education institutions have either deployed, are trialing, or are planning to use SaaS as the primary delivery model for most solutions areas. Furthermore, where institutions have no immediate SaaS deployment plans for given solutions, approximately 30% stated that they are likely or very likely to use SaaS as the primary delivery model in the next five years. This clearly indicates that SaaS momentum is building in the higher education industry, and reluctance to consider cloud delivery has passed. Ovum believes that this is due to the range of cloud hosting options offered by vendors: Blackboard recently released a SaaS deployment model for Blackboard Learn, alongside its self-hosted and managed hosting options, and Desire2Learn has established SaaS capabilities. For student information systems (SIS), Oracle, SAP, and Workday are currently developing multi-tenant SaaS solutions to be delivered incrementally over the next 36 months.

Vanilla implementations will continue

In an effort to protect existing IT investment and navigate an environment that is changing rapidly and unpredictably, many institutions will continue to take a more vanilla approach to their deployment of enterprise applications in 2015. Not only do these more standard implementations significantly reduce the cost of ongoing maintenance and support, but they also enable institutions to take a more agile

approach to service delivery, because changing the supporting technology is a less time-consuming and complex affair than it is with more customized solutions. This delivers significant institutional value on its own, but institutions will only realize its full potential when they roll out high-quality services to support change management. Vanilla implementation shifts the focus of the value paradigm from what the solution can do, to what the institution can do with the solution.

Appendix

Methodology

The primary research for this report was based on ongoing briefings from technology vendors serving the education industry, and telephone interviews with IT decision-makers at higher education institutions worldwide. Secondary sources of information included industry publications, companies' annual reports and press releases, and data from public databases.

Further reading

Innovation Case Study: DeakinSync, IT0008-000214 (September 2014)

Leveraging LMS to Support Student Retention Efforts, IT008-000202 (March 2014)

Author

Navneet Johal, Associate Analyst, Education Technology

navneet.johal@ovum.com

Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

Copyright notice and disclaimer

Any views and/or opinions expressed in this product by individual authors or contributors are their personal views and/or opinions and do not necessarily reflect the views and/or opinions of Informa Telecoms and Media Limited.

CONTACT US

www.ovum.com

analystsupport@ovum.com

INTERNATIONAL OFFICES

Beijing

Dubai

Hong Kong

Hyderabad

Johannesburg

London

Melbourne

New York

San Francisco

Sao Paulo

Tokyo