



COLLEGIUM: THE LEARNING CONTENT HUB— COLLEGES AND UNIVERSITIES

The traditional U.S. colleges and universities are at the center of a higher education system that is being disrupted by consumer, funding, regulatory, and competitive business model forces. The distribution of power is shifting from incumbent players to different long-time stakeholders and new entrants. As a central and substantial element of the learning content ecosystem, colleges and universities and the changes they are undergoing must be understood and monitored.



Key Points

1. Higher education institutions have occupied the central position in the learning content ecosystem for more than one thousand years.
2. The physical form of the modern college and university has not changed tremendously since the 12th century.
3. However, today's landscape consists of a diverse mix of public, private, independent, religious-affiliated, and grant, research-intensive, two-year, four-year, non-profit, for-profit, online, and on-ground institutions whose missions, structures, business models, and economics may all vary widely.
4. Changing student preferences, growing budgetary and regulatory pressure on public universities, a softening of enrollments nationwide, rising concerns of rating agencies, destructive tuition discounting among many private non-profits, and a steady U.S. slide in world ranks in key measures of success like graduation rates, lead many to conclude that U.S. higher education is ripe for disruption and ultimate transformation.
5. Characterizing all colleges and universities as "perpetuities" distracts from the pressing existential challenges many particular institutions may soon face. Astute college store leaders need to understand the financial health and sustainability of the institutions they support.
6. A short list of potent trends that all campus leaders should be aware of includes:
 - a. Cost disease—the rising "sticker price" of a college or university education
 - b. Cost shifting—the shift of higher education cost burden from states to students
 - c. Slow enrollment growth—a mature teaching and learning business for which increasing participation rates is slow and difficult
 - d. Growing pressure to standardize and demonstrate results
 - e. Rapid adoption of online education
 - f. Venture philanthropies/private equity firms leading a "siege of academe"

Mapping the Learning Content Ecosystem SCORECARD

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Supplier Power

- Power of state (and potentially federal) government as funders is rising
- Cost of new faculty hires in STEM is rising
- Cost of library materials is rising
- Power of faculty and many publishers is declining

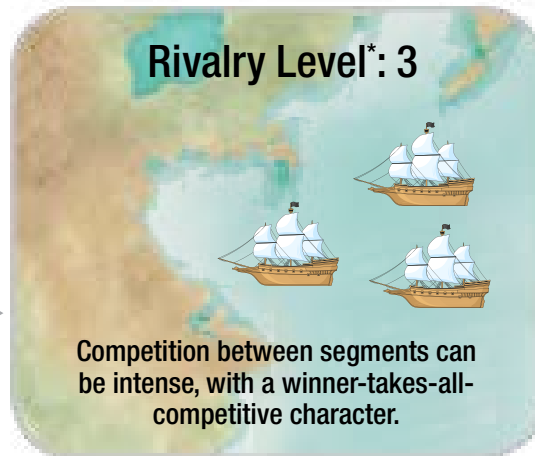


Buyer Power

- Bargaining power of students, overall, is weak but rising.
- Students at tuition-dependent institutions have considerable bargaining power
- Greater articulation provides more buyer choice
- “Hot” employers like Google de-emphasize the college degree
- Do-it-yourself preference may lead to free agency among some buyers (students)



Rivalry Level*: 3



Competition between segments can be intense, with a winner-takes-all-competitive character.

New Entrants

- Overall threat of new entrants is low, but include:
 - MOOCs (e.g., Coursera, EdX)
 - New models such as Minerva and Pearson College
 - Western Governors University



Substitutes

- To extent primary purpose of college is to secure earning potential, alternative avenues of lifetime employment are a threat
- No potent substitute for the “life experience” or social network development components
- Threat of existing educators expanding their markets is high
- New models like MOOCs challenge some important revenue streams
- Expanded credit transfer enhances substitutability; certificates may substitute for degrees in some arenas



*Rivalry is an indication of competition in the segment from 1-lowest to 5-highest; both among current players and between them and new entrants.



Critical Questions: The Learning Content Hub—Colleges and Universities

- 1. What is the nature of your campus—public, private, independent, religious-affiliated, land-grant, research-intensive, two-year, four-year, non-profit, for-profit? How do your institution's mission, structure, business models, and economics impact its approach—and the campus store's approach—to learning content and the future of course materials on your campus?*
- 2. What is the status of your institution's financial health and sustainability? How does this impact decisions and strategy you should be aware of or addressing?*
- 3. What is the condition of bargaining power for the state, publishers, distributors, and campus stakeholders (such as faculty and campus administrators) for your campus?*