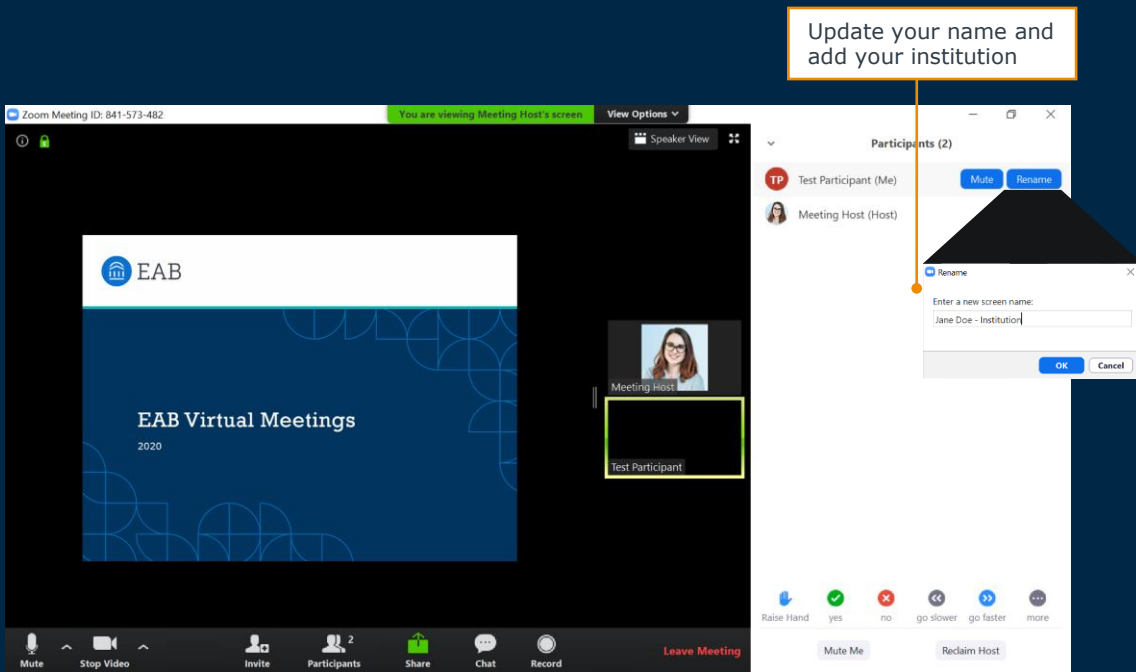


Navigating New Uncertainties in the OPM Landscape

Part I: Exploring New Market Risks

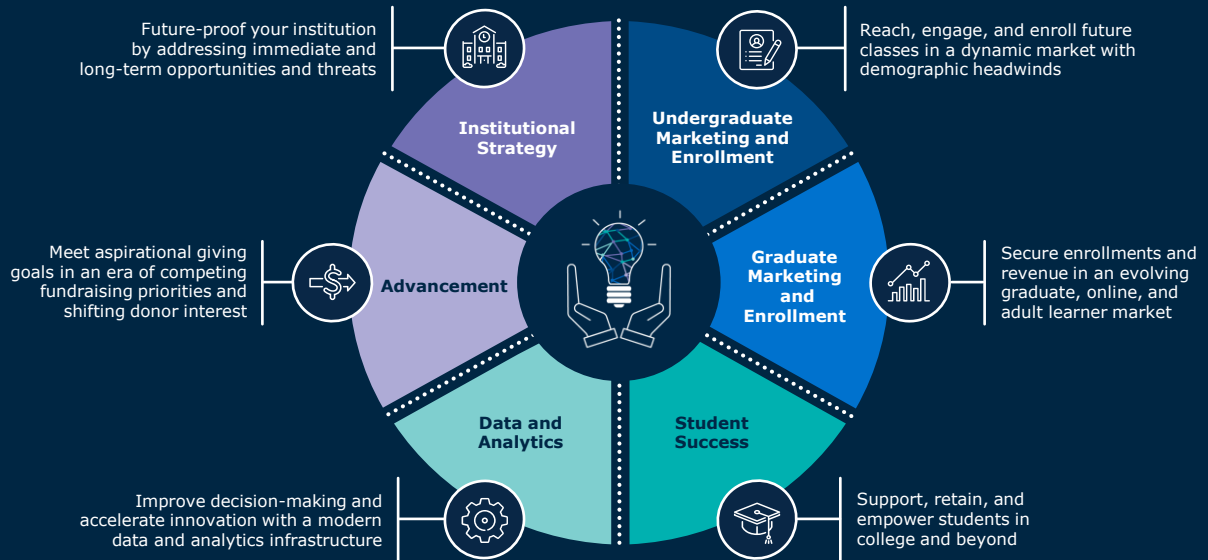
Update Your Name



Update your name and add your institution

Open Participants menu

Insight-powered Solutions for Your Top Priorities and Toughest Challenges



We partner with **2,800+** institutions to accelerate progress, deliver results, and enable lasting change.

95%+ of our partners return to us year after year because of results we achieve, together.

Simply Put, Things Are Changing Quickly



Ongoing Disruptions



An Uncertain Future



Changing Students

- Rise of stealth applicants
- Declining student populations
- Changing student demographics
- Evolving student preferences



Changing Markets

- Growing competition in the graduate and online markets
- Increase in non-university providers
- Soaring digital media costs
- **Disruption in OPM Market**



Economic Headwinds

- Impact of economic change on demand for online and graduate education
- Impact of inflation on university budgets



2024 Election

Potential impacts on:

- International enrollment
- Student debt relief
- Federal funding

Vendor Uncertainty Creates Even More Questions



5



We're Hearing Questions Like:

- ? **Government Regulation & Oversight:** What is our OPM's plan regarding potential legislative changes? Can they continue to operate?
- ? **Financial Concerns:** Why aren't we seeing the return from our OPM that we had anticipated? What does the future look like in a restructured OPM environment?
- ? **Transparency & Communications:** Will our OPM continue investing in our programs and keep recruiting until through the duration of our contract? What should we anticipate as we reconsider our partnerships?
- ? **Marketing & Audience Visibility:** What has the marketing budget and strategy for our programs actually looked like in the last three years and how do we plan for what is ahead? Who are our prospective students, and what is our market position?
- ? **Ownership & Intellectual Property:** Who will own our courses, and can we design and operate them ourselves? What happens to our corporate and clinical partnerships if we end our OPM relationship?
- ? **Contractual & Transition Concerns:** For how long will the OPM continue contacting students after we tell them we're ending the contract? Can I bring this work in-house?

Poll: The Graduate & Online OPM Market

1. What brought you here today?

Select all that apply

- Interest in learning more about what's happening in the OPM landscape
- Skepticism of or dissatisfaction with a current OPM provider
- Strategic guidance as I prepare for 2025—2030
- Desire to stay on top of the changing graduate and adult enrollment market
- Other – feel free to share in the Chat



Today's Agenda

Part I: Exploring New Market Risks

1:15 p.m. ET

The State of the Graduate and Online Markets

Beth Donaldson

2:00 p.m. ET

Understanding New Risks in the OPM Market

Val Fox

2:45 p.m. ET

Closing Remarks and Q&A

Lex Ruby-Howe

3:00 p.m. ET

Adjournment

Part II: Transitioning Away from an OPM

We hope to see you on Tuesday, September 24 for Part II of this event series

Poll: Graduate & Online Markets

2. Which of the following threats to graduate and online enrollment are keeping you up at night?

Select all that apply

- Declining student populations and shifting demographics
- Changing student preferences
- Growing competition from other institutions and/or non-university providers
- Increasing marketing and recruitment costs
- Potential impacts of economic change on student demand and university budgets
- Potential impacts of the 2024 election on funding, market dynamics, etc.
- Others? Feel free to share in the Chat





The State of the Graduate and Online Markets

Beth Donaldson, *Managing Director*





The Latest Enrollment and Conferral Trends

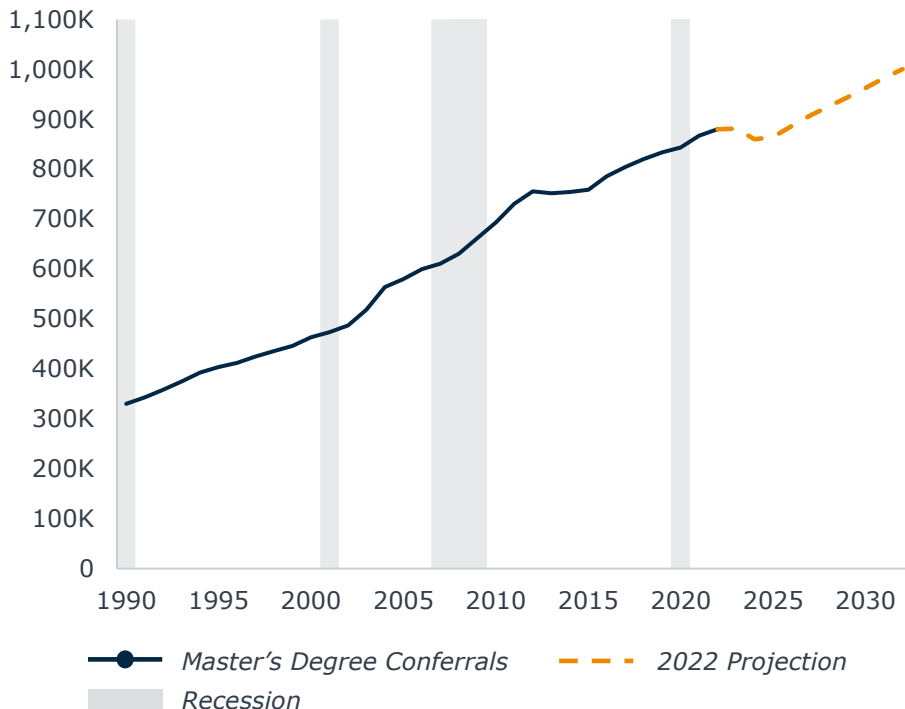
SECTION

1

Long-Term Picture Shows Durable, Slower Growth



Master's Degree Conferrals and Projections, 1990-2032



1.3%

Projected Annual Growth,
2022 - 2032

3.1%

Actual Avg. Annual
Growth, 1990 - 2022

**Completions to slow
in 2024 & 2025**

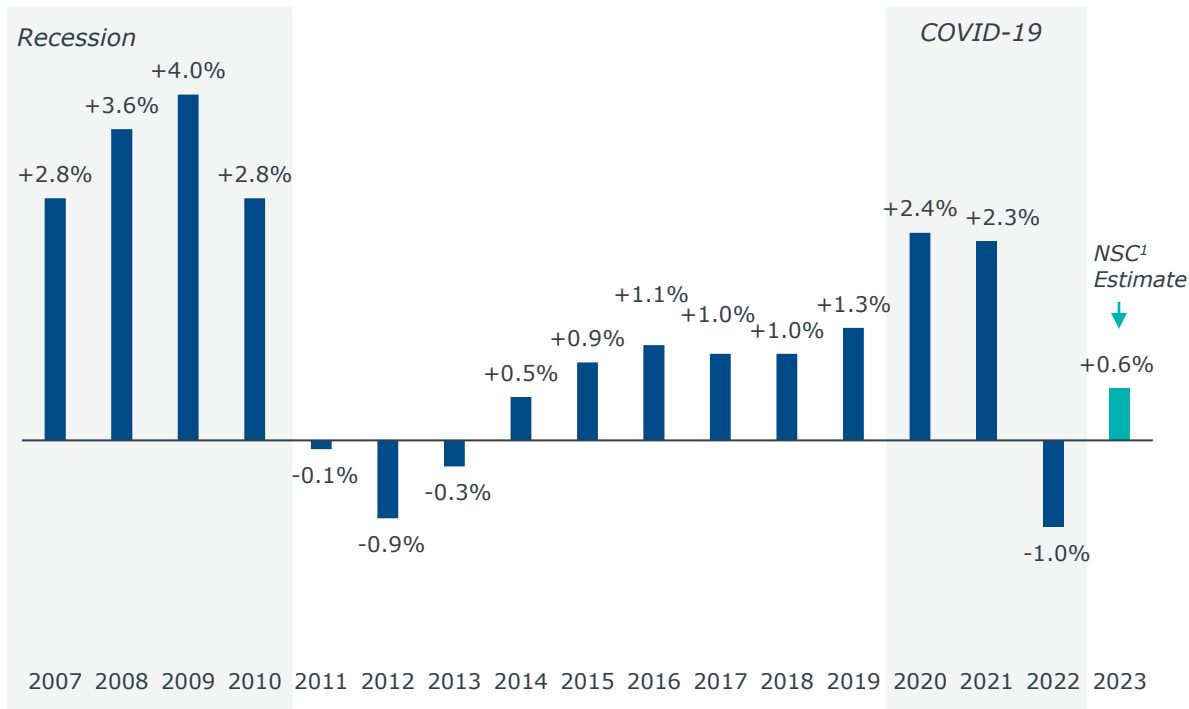
*Post-pandemic grad
enrollment slowdown
in 2022 leads to fewer
completions ~2 years
later*

Grad Growth Returning to Long-Term Trend



Pandemic-Fueled Growth & Hangover Shorter, Less Severe Than Great Recession

Year on Year Growth of Total Graduate Enrollments – All 4-Year Institutions



1) National Student Clearinghouse..

Poll

3. How have online graduate enrollments changed at your institution since 2020?

- Increased
- Stayed the same
- Decreased

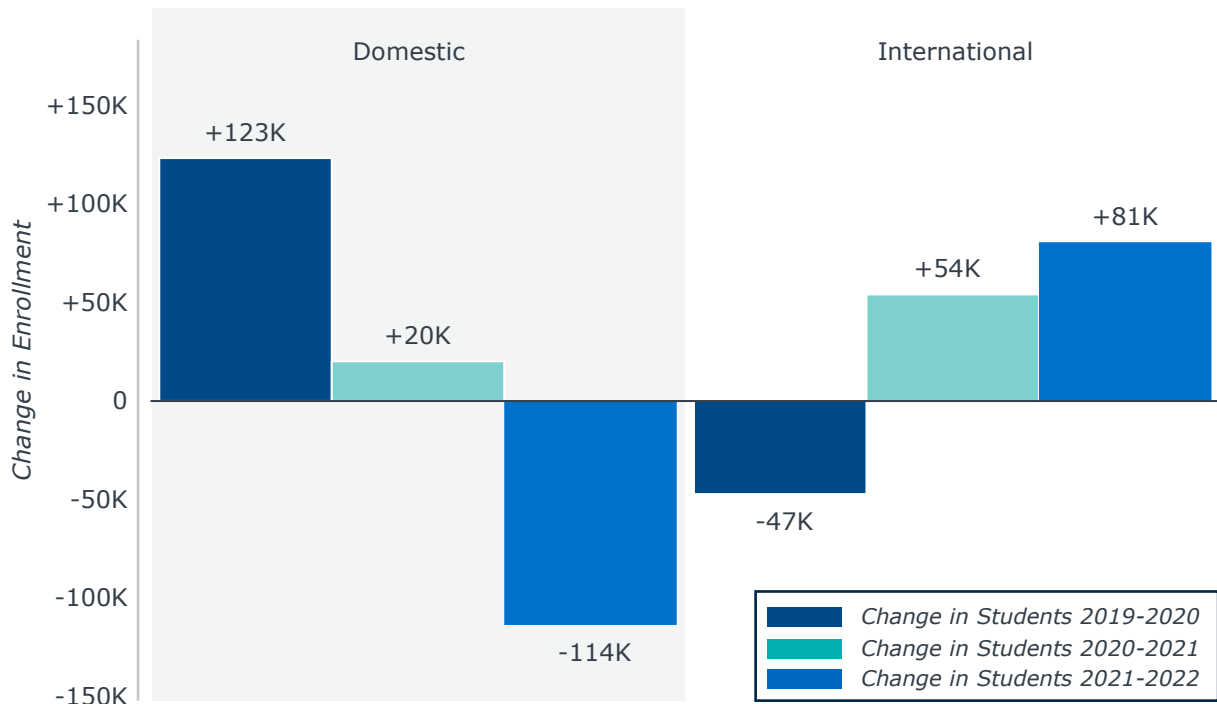


Intl. Enrollment Soars Amid Domestic Slowdown



Domestic Enrollments Decline from Pandemic Highs While Intl. Enrollments Rebound

Change in Graduate Enrollment: Fall 2019-Fall 2022



Source: EAB analysis of enrollment data from IPEDS Fall Enrollment Surveys 2019-2022; EAB interviews and analysis.

Post-2020 Program Growth More Broadly Distributed



Change in Master's and Doctoral Conferrals: Eight Largest Fields 2020-2023

Graduate Field	Size in 2020	Avg. Annual Growth (2020-23)	Change in Conferrals
Computer Science	54,192	+14.1%	+26,400
Health Professions	219,638	+2.8%	+19,200
Business	203,283	+1.8%	+11,300
Psychology	36,746	+7.1%	+8,300
Engineering	59,370	+3.7%	+6,700
Public Admin/ Social Services	51,280	+1.1%	+1,800
Law	43,030	+1.2%	+1,672
Education	164,147	0%	-200

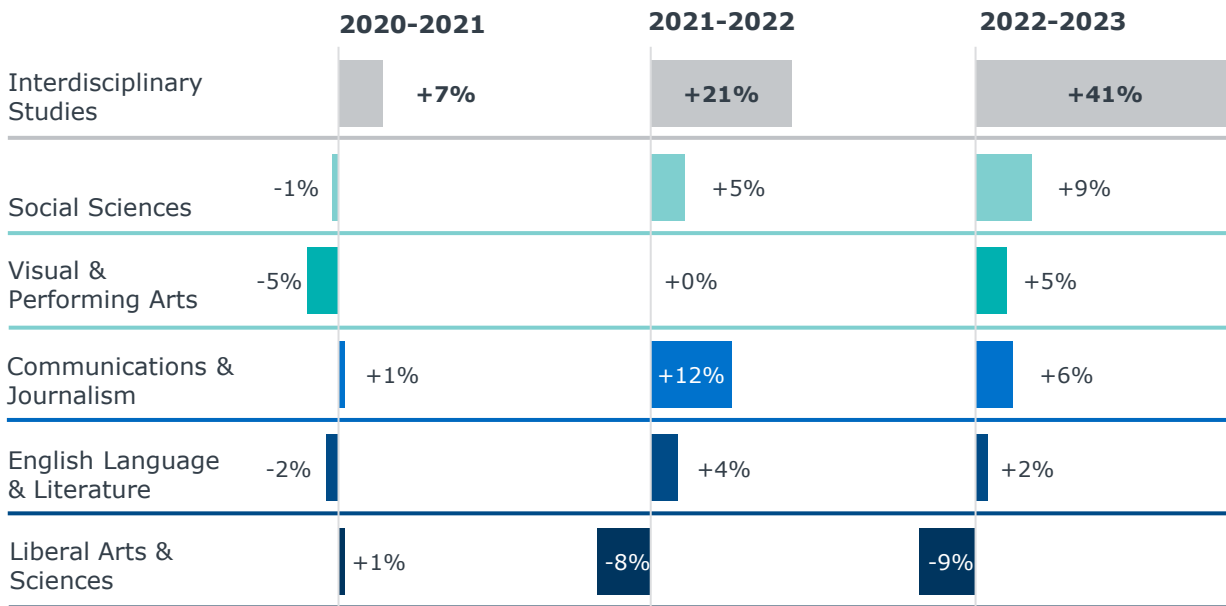
3.2%
Overall Annual
Growth Rate
*Total Graduate Degree
Conferrals 2020-2023*

+105K
Net Increase in
Conferrals
2020-2023

Are Cross-Discipline Grad Programs All the Rage?

The Rise of Interdisciplinary Studies: Demand for Flexibility, a Marketing Push from Online Giants, or Something Else?

Percent Change in Grad Degree Conferrals by Field, 2020-2023



Poll

4. In what program areas do you anticipate the greatest enrollment growth at your institution in the next two years?

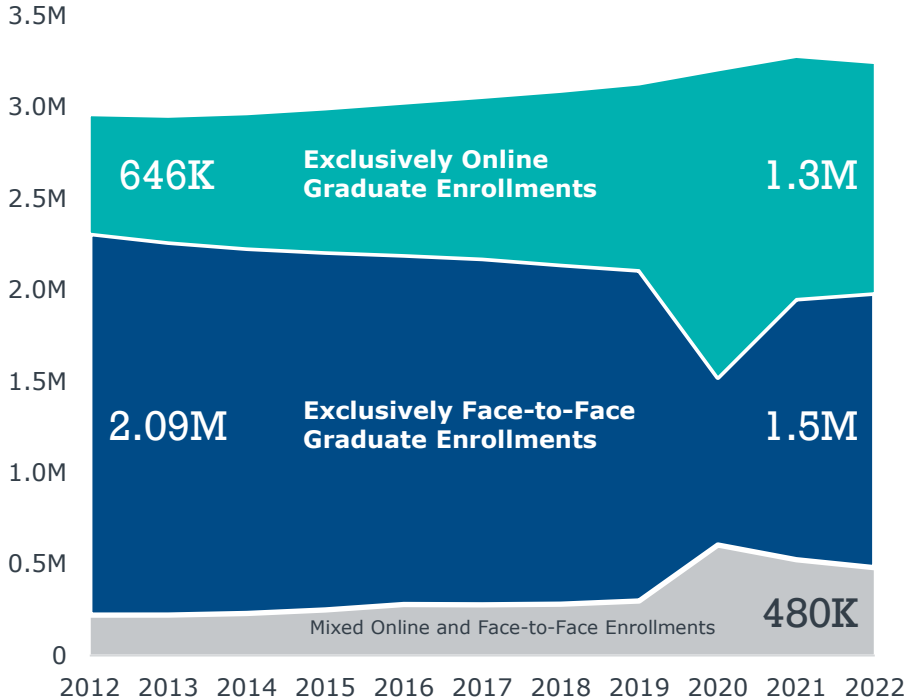
- Health Sciences
- Nursing
- Business
- Engineering
- Education
- Computer Science
- Interdisciplinary
- Other – feel free to share in the Chat



No Post-Pandemic Online Paradigm Shift

However, More Grad Students Now Enroll in a Mix of Online & F2F Courses

Graduate¹ Enrollments 2012-2022: Exclusively, Some, and No Online² Courses



Avg. Annual Growth Exclusively Online

+6.7%

Pre-Pandemic
2012-19

+7.4%

Recent Growth
2019-22

+182K

Increase in Graduate Students Taking both Online and F2F Courses 2019-22

1) Graduate students include both master's and doctoral students.

2) Recorded as 'Distance Education' in IPEDS data



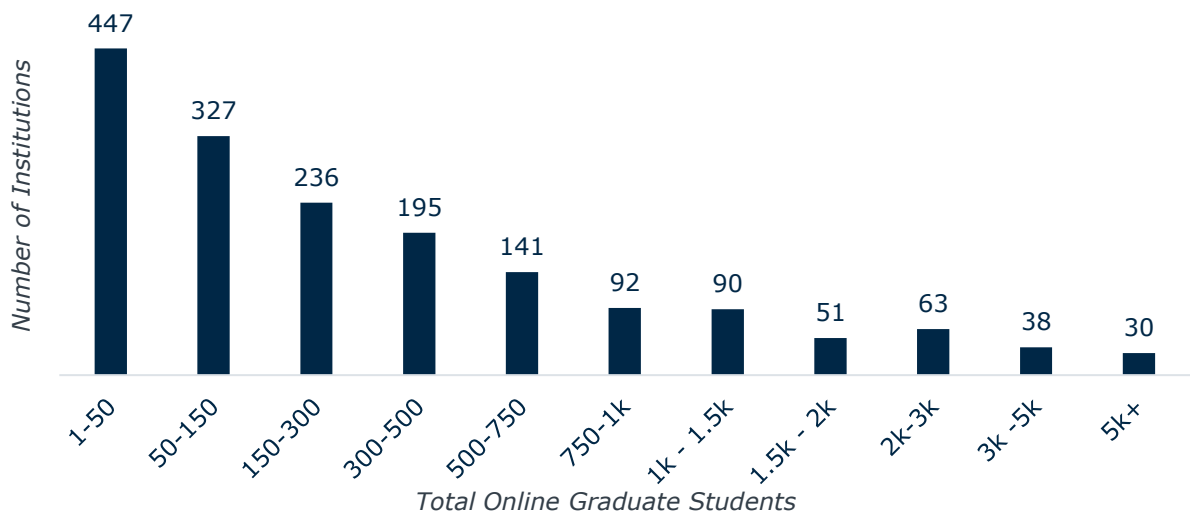
Many Will Play—Few Will Get Big-2022

Even after the Pandemic, Online Grad Enrollment Stays Small for Most Institutions by Total Exclusively Online¹ Graduate Enrollments, Fall 2022

59%
Of institutions enrolled **fewer than 300 online graduate students**

84%
Of institutions enrolled **fewer than 1,000 online graduate students**

1.8%
Of institutions enrolled **more than 5,000 online graduate students**



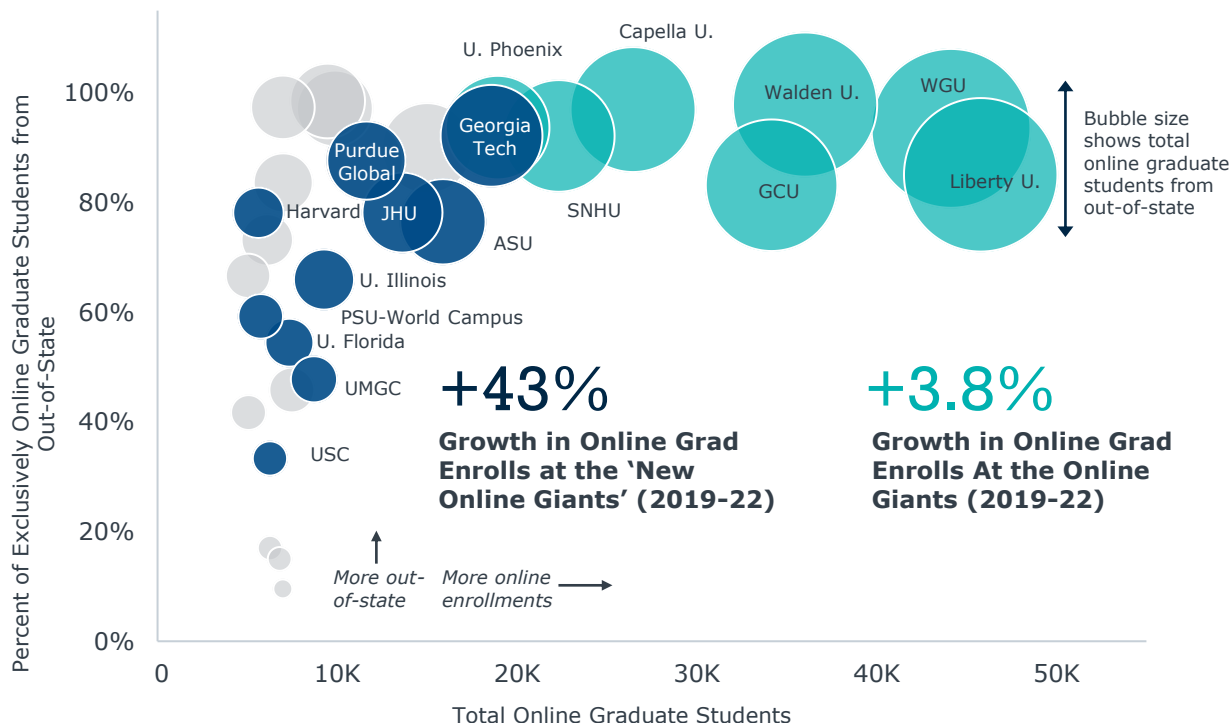
¹) Recorded by IPEDS as exclusively distance enrollments.
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Source: EAB analysis of distance enrollment data from IPEDS Fall Enrollment Surveys 2012-22

Established Brands Staying, Competing in Online



Institutions with More Than 5,000 Exclusively Online¹ Graduate Enrollments, Fall 2022
 Total Exclusively Online Graduate Enrollments and Percent From Out-of-State

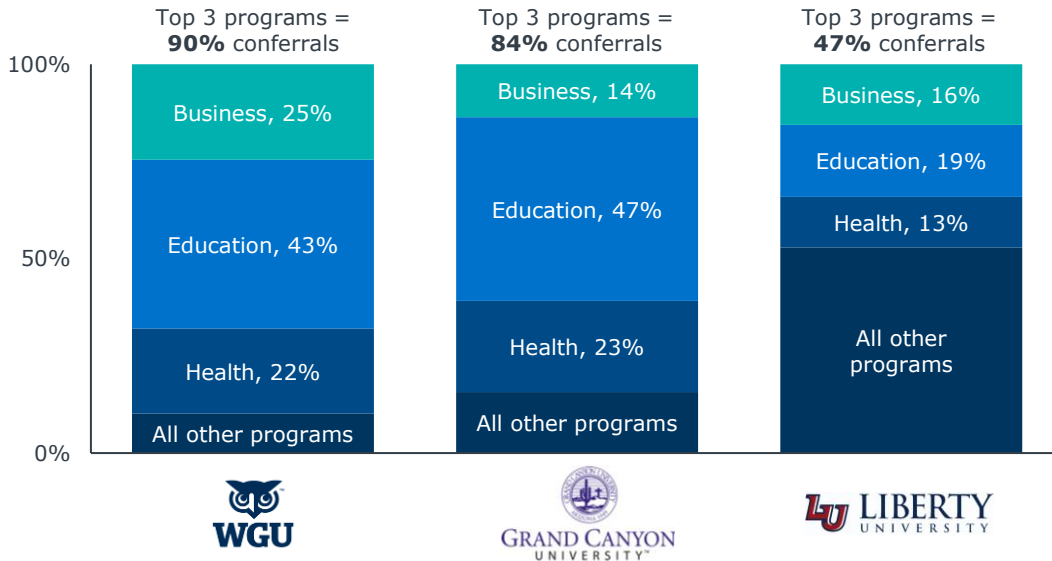


1) Recorded by IPEDS as exclusively distance enrollments.

Is There a Single Online Program Portfolio Playbook?

For the Online Giants, Bigger is Usually Boring-er

Fields (two-digit CIP) by Share of Total Institutional Master's Conferrals, 2023





Changing Student Behaviors

SECTION

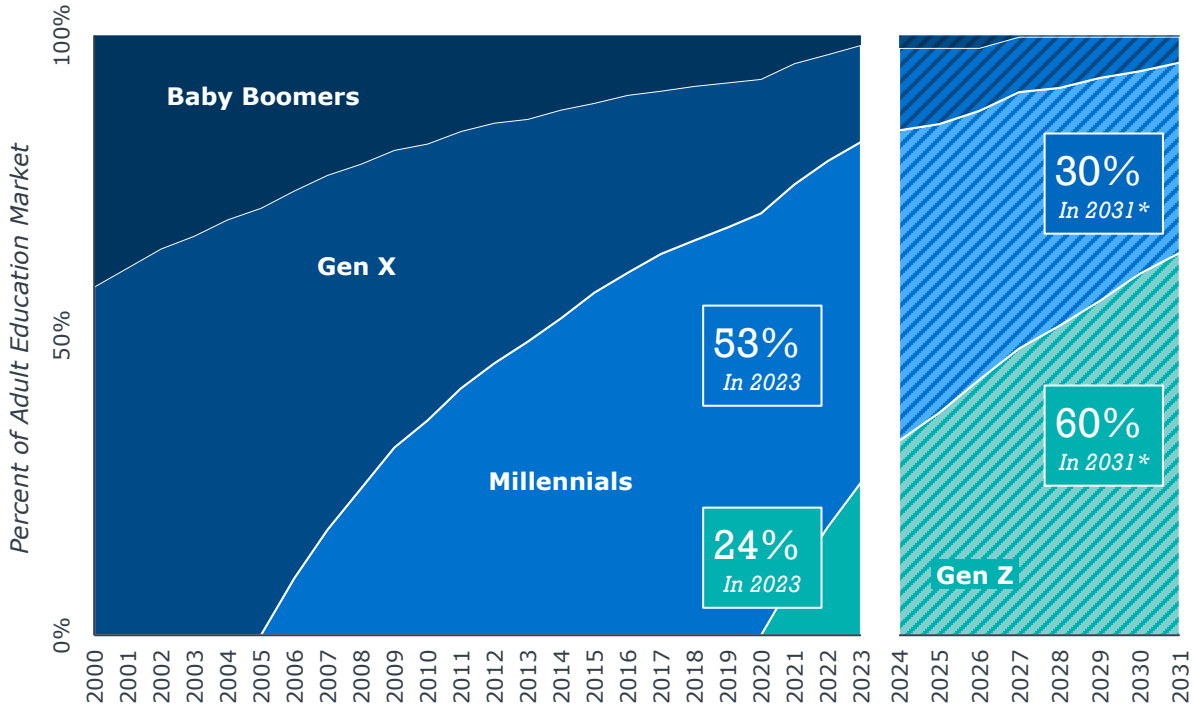
2

Generational Takeover Swift for Adult Ed



Millennials Dominate the Market Today, Gen Z Right Around the Corner

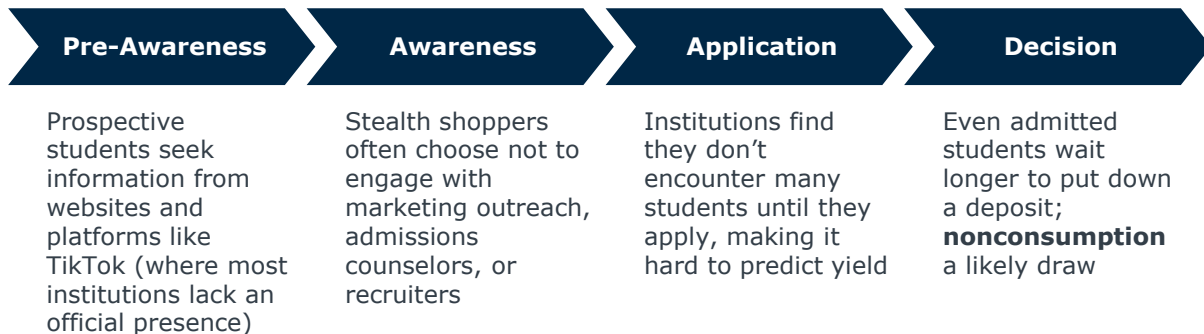
Real and projected composition of adult learners by generation, 2000-2031



1) * Projected

Mega-Stealth Shopping Is Here

How Mega-Stealth Shopping Manifests Throughout Recruitment Funnel

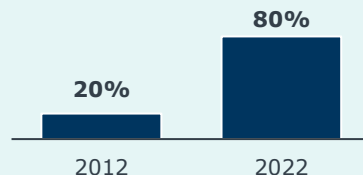


Changing Privacy Behaviors and Preferences

- Consumers eager to protect their identities online as a response to “doxxing” and other threats
- Greater adoption of encrypted messaging apps (e.g., Signal) and private chats (e.g., Discord servers)
- Slow phaseout of third-party cookies; Apple now prompts users to opt into data-sharing with apps

What Qualifies as Mega-Stealth Shopping?

Stealth Shopping Rates for PCO¹ Units²



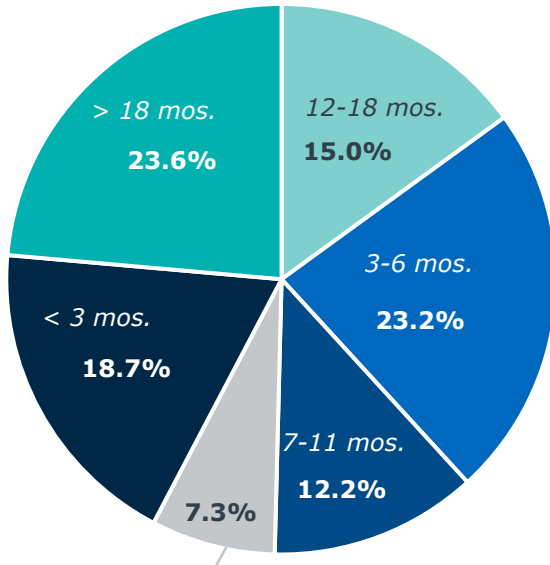
1) Professional, continuing, and online education
2) Based on research interviews conducted by EAB.
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Adult Learners Linger in the “Search” Phase

Don't Overlook Prospects Who Haven't Engaged With Your Marketing Recently

“How long have you been actively searching/did you search for information about furthering your education?”



I don't remember

38.6%

of respondents searched for information about going back to school for **at least 12 months**

80%

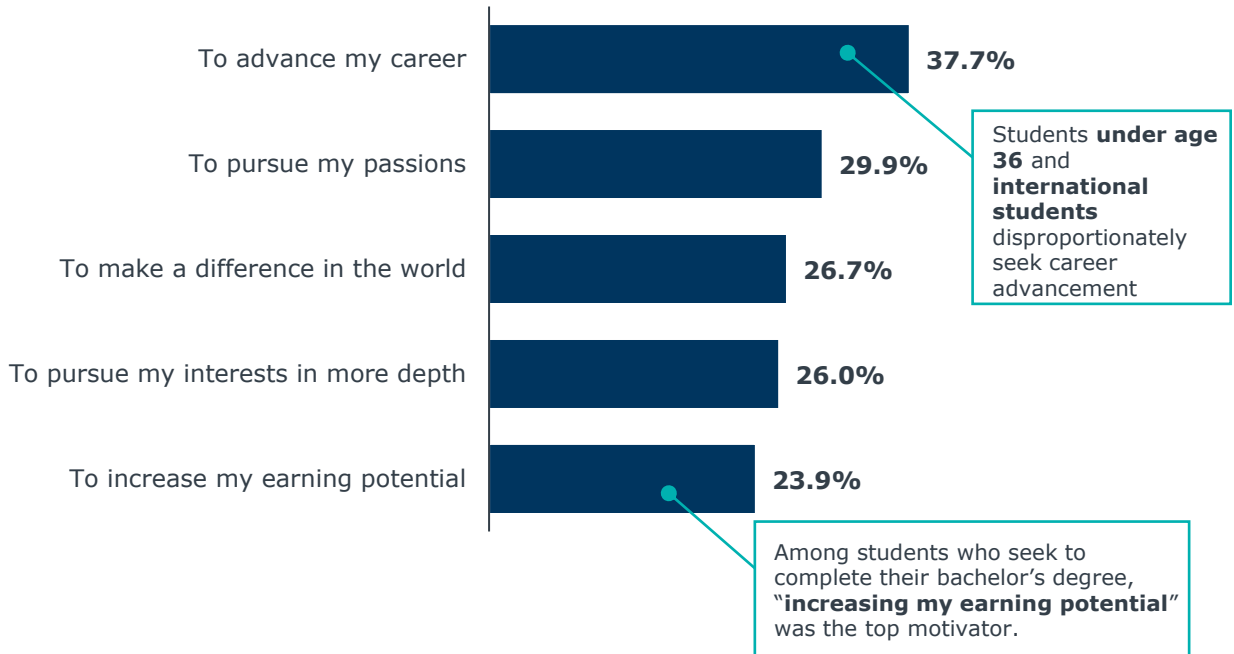
Reported **stealth shopping rate** among interviewed Professional, Online, and Continuing Education units

Prioritize Understanding Student Intent



“What Are Your Primary Reasons For Furthering Your Education?”

Asked of students who are currently enrolled or planning to enroll in the next two years; top five answers



A Growing Cost Consciousness



“In terms of your enrollment decision, please indicate the importance of the following.”

Respondents ranked the factors on a scale of 1-5, with 5 as “extremely important.” Top five responses.

	2021	2023
Financial aid/scholarships	4.08	4.41
Program accreditation	4.37	4.40
Cost of attending	4.13	4.35
Research/academic focus of the program	4.06	4.02
Online support services (application for admission, class registration)	3.70	4.00



Financial aid, cost of attendance, and availability of online support services of increasing concern to students



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EAB

Understanding New Risks in the OPM Market

Val Fox, Consultant and Principal

Adult Learner Recruitment

University Leaders Place High Hopes on Online Enrollment and Revenue

Pandemic experience with remote learning

Declining undergraduate enrollment

Ongoing perception of online as “cash cow”

Stop Me If You’ve Heard This One

Online growth, always seen as panacea solution for enrollment challenges, now under more pressure despite heightened competition and few to no new resources.

“

The provost came to me and said we need to generate two thousand additional online enrollments this year. And then he came back and doubled it.

”

*Associate Vice President for Online Learning,
Large Public Institution*

Poll

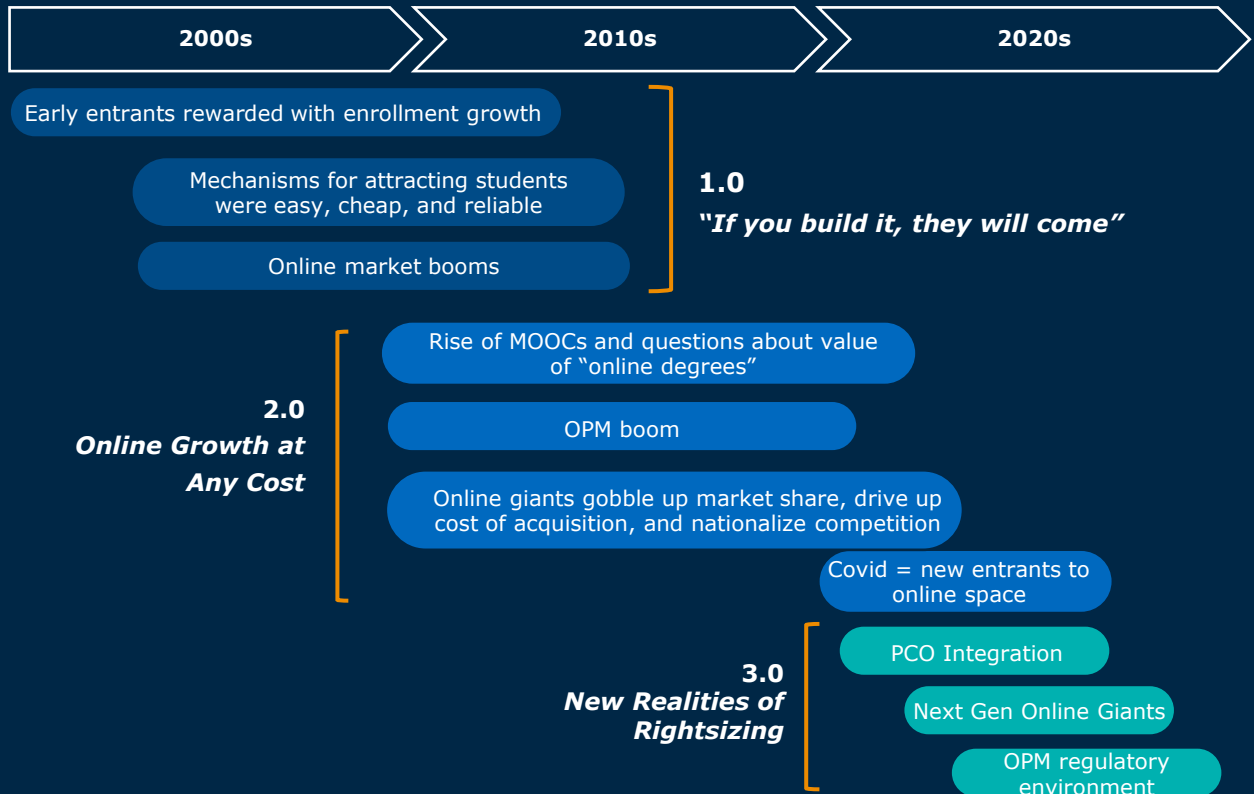
4. Which best describes your online platform?

- We work with an OPM(s)
- We work with an OPM(s) and manage our online platform in-house
- We built our online platform entirely in-house
- Still under review
- Other – feel free to share in the Chat





Entering a New Chapter in Online Education





OPMs in the Headlines Has Higher Ed on Alert

OPMs the Target of Negative Media Coverage since 2022



Democrats Seek Crackdown on Online Program Managers



OPMs on Life Support in Changing Online Marketplace



Online Program Manager 2U Sues Ed Dept over New Regulation



Minnesota Lawmakers Push to Regulate OPMs

Key Themes Driving Regulation & Actions to Take if You're Working with OPMs



Consumer Protection: Revisit program price points to ensure alignment with typical student outcomes



Ethical Standards: Document in OPM contracts institutional expectations and procedures for ethical recruitment practices



Quality Assurance: Ramp up reviews of course structure and content, looking for consistent quality across online offerings

Regulations Changing the OPM Landscape



Dear Colleague Letter (Feb 2023)

- ▶ **Expands definition of Third Party Servicers (TPS)** to include student recruitment and retention, a key function of OPMs
- ▶ **Cites TPS compensation incentive ban**, calling revenue share into question by challenging bundled services exception from 2011 guidance
- ▶ **Pushes new guidance to 2025**, tying decision to elections

State Regulations (2024)

- ▶ **Minnesota bans revenue sharing** between state universities and OPMs, setting path for others to follow
- ▶ **UC system has one year to address transparency and oversight** across its OPM contracts per state auditor

Market Downturn and an Uncertain Future for OPMs

Market Is Crowded, Chaotic, and Evolving Rapidly



OPMs Lose Ground in the Market

- Prominent OPMs are declaring bankruptcy, selling their online operations and/or adopting new operating models.
- While reflective of larger tech downturn, EdTech is unique due to regulatory space, skeptical investors; may not follow same patterns as other tech



As Economic Realities Change, OPMs Innovate

- Mergers and acquisitions will cause market to shift and downsize, with potential to leave schools scrambling
- OPMs adopting fee-for-service contracts and other economic models, new approaches to partner experience, and contract bundles to drive partner retention



Future Limitations on the Growth OPMs Can Provide

- Increasingly competitive market calls into question OPM ability to meet recruitment goals

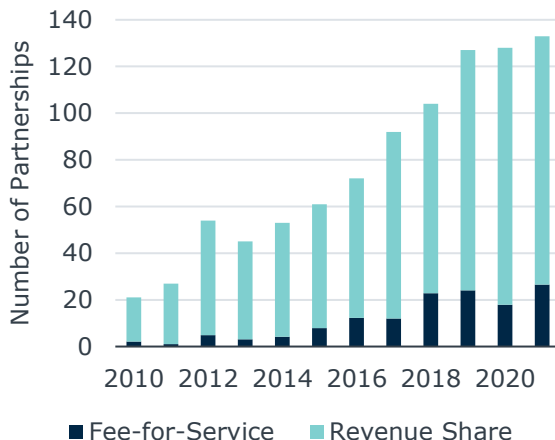
Fee-for-Service Model on the Rise



Unbundling and Fee-for-Service

- ▶ Full-service OPM offerings unbundle as institutions build own infrastructure and market crowds with competitors.
- ▶ Choices for unbundled offerings include marketing and recruitment, course design, course implementation, student services.
- ▶ Unbundled offerings more workable at institutions with stronger internal online program and marketing capabilities.

Revenue Share Maintains Strength Among New Contracts



Impacts of the Growth in Fee-for-Service Models

- 1 Traditional models still dominant, fee-for-service option still evolving
- 2 Fee-for-service makes possible hybrid approach: growing with combination of in-house and outsourcing

- 3 Fee-for-service creates new opportunities for negotiation, more flexible OPM contracts



OPM Becomes OPX

Complex Range of Models Difficult to Navigate

OPX Definition

“ OPX is a new category, collectively defining the entire spectrum of service models supporting universities in the design, development and delivery of online higher education. It includes OPM, OPE, MOOC-as-OPM, University-as-OPM and emerging models. ”

Holon IQ, Education Intelligence Unit

▶ **MOOCs Operating as OPMs**

Coursera, Udacity, edX all now offering full degrees at undergraduate and graduate levels

▶ **Institutions Self-Launch in For-Profit Conversions**

Purdue and Kaplan University. Currently, a losing effort with large expenses

▶ **Expansion of Education Benefit Companies**

Guild and InStride stake out significant market share and partnerships

▶ **Smaller Companies Stay the Course**

Noodle continues to compete by offering lower tuition revenue-sharing percentages, stresses university brands

A Delicate Moment for Those With Contracts



Balancing Need for Results with Uncertain OPM Future

A Few Typical Partner Experiences

Lackluster Results, Unclear Next Steps



Regional Private used OPM contracts to build multiple programs, seeking significant growth, but the partnerships are falling short, especially on enrollment promises. Regular OPM staffing and strategy shifts generate work without the rewards for higher ed leadership.

“Right Fit” Contract, Maintain Status Quo



State Flagship decided to explore online Master's degrees 7 years ago. A full-service OPM contract helped them stand up a program quickly and recruit students without much investment. With many years left on the revenue share, status quo is comfortable.

Ready to End Contract, Move In-House



Large Public University was an early adopter of OPMs and has spent the last 10 years learning how to run online operations. They're now ready to build in-house, but the path to scaling up internal capacity and ending the OPM contract is complex especially given lack of transparency from OPM's with regard to their marketing and recruitment.

1) Online program managers.

Poll

5. How uncertain or concerned do you feel about the OPM landscape, on a scale of 1-5?

- 5 – very uncertain or concerned
- 4 – somewhat uncertain or concerned
- 3 - neutral
- 2 – somewhat certain or not concerned
- 1 – not at all uncertain/concerned



Two Distinct Paths Moving Forward



Continuing with OPMs

- ▶ Monitor state and federal legislation post-election
- ▶ Prepare for additional compliance tracking and documentation
- ▶ Plan to potentially develop courses or services in-house to be compliant
- ▶ Shift away from revenue-sharing to fee-for-service

Transitioning from OPMs

- ▶ Negotiate contract termination including intellectual property rights, liabilities, etc.
- ▶ Transition your learning environment
- ▶ Identify a new enrollment marketing partner for OPM-supported programs or build capabilities in-house

Key Takeaways



Negative Press Influences OPM Perception

- Exposé-style stories have potential to influence public view and work with OPMs
- Revisit price points, invest in detailed contracts, review online course content



OPM Regulations at Federal and State Level

- Ed Dept. 'Dear Colleague' Letter warns of ban on revenue share agreements with TPS while states like MN begin to ban these agreements with state universities
- Prepare for audits by allocating staff time to ensure course and program compliance



Ed Tech Market Troubles Continue

- Ed tech companies continue to report revenue loss, market projections uncertain
- The market will likely stabilize, but pay attention to the future of your OPM partner



Unbundling and Fee-for-Service

- Management models unbundle and fee-for-service grows as market matures
- While revenue share remains dominant, alternate options provide promise, flexibility



OPM becomes OPX

- Rapid expansion and experimentation across OPM space leaves complex market
- Risk management is critical in a changing and complex environment

Interested in More?

I'd like to speak to an EAB expert about...

- 1 Identifying online, graduate, or adult ed **programs to launch or refresh**
- 2 **Generating leads** for online and graduate programs
- 3 **Developing marketing campaigns** to reach and recruit online and graduate students
- 4 Transitioning **away from an OPM**

Q&A



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Managing Director

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Val Fox

Consultant and Principal

VFox@eab.com

Please consider our team a resource—and let us know what content we can share in follow-up via the **exit survey**

Join Us on September 24

Part II: Transitioning Away from an OPM

2:00 p.m. ET

Planning Your Enrollment Marketing Migration

2:45 p.m. ET

University Spotlight: *Northeastern University*

3:15 p.m. ET

Succeeding in a New Era of Graduate and Online Enrollment

3:45 p.m. ET

Q&A

4:00 p.m. ET

Adjournment

If you're not already registered for Part II, you may **register via the exit survey** at the end of this session

EAB Adult Learner Recruitment

Secure Your Future in a Changing Graduate, Online, and Adult Learner Market

Outperform the Market at Every Stage of the Funnel



Strategize

Identify and build market-ready programs for competitive advantage



Curate

Expand and diversify your pool of right-fit students



Cultivate

Customized campaigns to drive students to application



Convert

Improve yield and retention to maximize enrollment potential

What Makes Us Different

40+ Years of
**Higher Ed
Expertise**

**Unrivaled
Access** to New
Audiences

Seamless
**Marketing
Orchestration**

Visibility into
Full-Funnel
Performance

Proven Results in a Dynamic Landscape

200+

Partner institutions

6:1

Average ROI across
multiyear partnership

18%

Average graduate
enrollment growth

\$2M

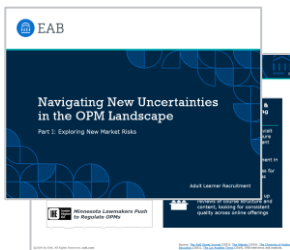
Average NTR influenced
per partner

Next Steps

Today's Slides

1

Receive a copy of **today's presentation slides**



Connect with an Expert

2

Speak with an EAB expert about the **research and insights discussed today**



Keep the Conversation Going

3

Join us October 8-9 in Washington, DC



4

Get the latest insights on online, graduate, and adult education
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