University Business Models & Value Propositions in the Digital Age

Alec Ian GERSHBERG – University of Pennsylvania

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Some current functions of Higher Education

• furthering human knowledge and understanding of the world.

• provide professional and vocational training to students to access employment opportunities and build social capital.
  • equipping students with advanced skills useful in the workplace

• experience serves as opportunity for the students’ personal growth, social development and awareness, generating a sense of independence within a community.

• should also provide tacit value through improved quality of life -- however that is defined by the student/client.
  • This is the inherent value proposition at the center of the student-university relationship.
Value of Higher Education & Labor Markets

• despite much rhetoric to the contrary the return to a university degree is still high in many country contexts and an increasing number of individuals likely need a higher education degree to improve their socioeconomic standing.

• >60% of existing jobs in the U.S require applicants have some type of college degree -- a bachelor or an associate -- to even consider the job application, while only 36% of jobs require nothing more than a high school diploma.
  • median earnings of young adults with a bachelor's degree ($49,900) were 66 percent higher than high school completers ($30,000). High school completers were 20 percent higher than those without a high school credential ($25,000).

• Some traditional occupations disappear, new occupations being created. Some full-time, long-term jobs evolving into uneven flow of “on-demand” tasks.

• Universities challenged to provide new skills to increasingly diverse target and age groups, if they don’t, someone will.

• In the digital age, what is the value proposition of higher education for (lifelong) students?
Worker Tasks in the U.S. Economy, 1960 – 2009:
All Education Groups

Mean Task Input in Percentiles of 1960 Distribution

- Non–Routine Analytical
- Non–Routine Interpersonal
- Non–Routine Manual
- Routine Cognitive
- Routine Manual

Autor & Price, 2013
Comparisons to Developing Countries

From Aedo, et al. 2013, World Bank
Future of the University ...  ... is there a future for university?

... are there futures for universities?
Figure 1: Higher education Ecosystem and University Typology
Source: Price and Kennie (2012)
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• What do we mean by University Business Models?
  • Lessons I learned (the hard way) from a year of speaking to top university administrators at the Universitat Oberta de Catalunya (UOC)
  • What most people think of when asked to discuss “business models” focusses on revenues and costs
  • But this is a Revenue Model, or a Financing Model, NOT a Business Model!
Business Model Canvas

Value creation, delivery and capture
Example - iPod
What are the myriad value propositions of higher education for (lifelong) students?

• Most university stakeholders (especially faculty & administrators) tend to try to recreate what they already do, with some “future feel”
  • Even using the Business Model canvas

• Very hard to conceive of radically different future for (often) staid institutions, even with digitalization of the University of the Future

• “You can’t beat a turtle to move quickly” (Pritchett)
  • Intertia powerful, reform is hard (America’s Underachieving Colleges, Bok)
  • Why does supply of many products on offer change so slowly or rarely?
  • Market entry harder than many thought?
  • Why doesn’t supply easily expand to meet demand?
  • Need “Systems Thinking” and Complexity Analysis (not just “complicated”)

Penn Arts & Sciences
• Strong need for (higher) education & lifelong learning (SDGs) individual & societal gains
• Increasingly inter-disciplinary and multi-stakeholder co-production of knowledge
• Increasing challenges: climate change, population growth, quality of life, urbanisation, economic growth, pollution….-> sustainable development -> wicked problems
• Digital age: even more pervasive & more advanced ICTs
The value proposition canvas

Bad outcomes, risks & obstacles related to customer tasks

Concrete + outcomes that customers want to achieve
Concrete benefits they are seeking

Getting to know (better) our university customers... 
... with the **empathy map**
Getting to know (better) our university customers of the future (year 2030?)... with the empathy map

1. University Customer Groups:
   - Starters ~18-22 year olds in 2030
   - Early career professionals ~ 30 something
   - Mid career professionals ~ mid 40s
   - Forever young (at heart) ~55+

2. University leaders must understand the varied range of personas using the empathy map
Seeking the ‘problem-solution fit’
Seeking the ‘problem-solution fit’

1. Identify higher education digital products & services
2. In which way are they pain relievers/gain creators (in general)?
3. Identify the specific fit(s): between the pain relievers/gain creators & the specific pain/gains of your persona
4. Finally, reflect on the university typology presented. Which quadrant and/or which of the 8 archetypes are likely to serve your student well and thrive as a University of the future
Figure 1: Higher education Ecosystem and University Typology
Source: Price and Kennie (2012)
Thank you

Alec Ian GERSHBERG, Ph.D.
Sociology Department & Urban Studies Program
International Educational Development Program
University of Pennsylvania
Philadelphia, PA USA
alecian@upenn.edu

Uta Wehn, Ph.D.
IHE Delft Institute of Water Education
u.wehn@un-ihe.org