

# **THE UKeU REPORTS**

Publications from the Archive  
of UK eUniversities Worldwide Limited

REPORT 01

## **UKeU Overview**

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## 1. Introduction

This Report is designed to give a factual overview of UKeU, based as far as possible on authoritative sources of information. The facts not under dispute include numbers and types of courses offered, student numbers on courses, published salaries, etc.

Such a Report is timely in that due to the closure of not only UKeU but also the UKeU Web site, increasing amounts of misinformation have come into circulation and there is now no easy way of finding out the basic facts about UKeU.\* The loss of data caused by the closure of the UKeU Web site has been compounded by the iron laws of entropy. Even on the Web, information about UKeU is disappearing fast.†

The Report is designed both as an introduction to the other UKeU Reports and as a factual complement and background to the *Select Committee Report* on UKeU. Because of that Report's thorough treatment of the relationship of UKeU to HEFCE and Sun, and in the interests of conciseness, this Report focusses purely on UKeU. (However, Reports 11 and 12 give details of the wider perspective.)

The agreed brief for the Report was to do this (a) from as factual point of view as possible and (b) using source documents where there are strong reasons (including legal ones) for believing that the facts were as described – such as the Annual Report and Accounts, Reports from CAQ, reports to the Holding Company, internal planning documents, administrative records, etc. In particular, no use at all was made of any UKeU promotional literature and care was taken when extracting from presentations that only matters of fact were cited.

We shall as usual in these reports refrain from mentioning any individuals by name even when the information is in the public domain (except, when necessary, those senior staff called as witnesses by the Select Committee). Likewise we shall on the whole not cite specific information about individual HEIs and never any judgemental information except praise.

In order to help future analysts, some insight will be given into various issues within UKeU. Some of these have already received attention from commentators, others not.

The author was from June 2000 an advisor/consultant to the e-University Project and later to UKeU. He joined UKeU as Director of Special Projects (part-time) from May 2003 and resigned in January 2004, leaving in March. He then edited and published, on behalf of HEFCE, the *e-University Compendium* of 23 reports commissioned by HEFCE on the e-University project (<http://www.heacademy.ac.uk/e-university/>.)

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\* One utterance from a senior European e-learning expert heard recently at a prestigious European conference was that UKeU did not generate any courses and had no students at all!

† A Google search on 26 May 2005 revealed 84 PowerPoint presentations mentioning the word “UKeU” – those citing synonyms include “eUniversities”(29), “e-University” (173 – but no doubt many false positives), “UKeUniversities” (only 4), etc. Some of these presentations, especially recent ones, are pegs to hang a different agenda on and not much to do with UKeU; many of the early ones are prospective, some even whimsical, dating from the days when optimism was rife and audiences were rapt. Many more presentations have vanished – it is most unlikely that natural selection on the Web means that only the best survive.

## **Contents**

For reasons explained later, this Report has not given a chronological approach. It focusses on the period of most relevance to the HE sector now, then looks back and finally forwards. A similar approach is taken in Report 12 on CAQ. It has the advantage for readers in a hurry that they need only read Sections 1 and 2.

- 1 Introduction (this Section)
- 2 UKeU in its Heyday. This describes the situation in UKeU around September 2003, the date when the main range of courses was launched and before the major reorganisations took place.
- 3 Changes from the Original Model. This section looks back to earlier plans for the UKeU organisational structure and how this played out in 2002 and the first half of 2003.
- 4 The Later Days. This is a brief section on the progress, challenges and changes that occurred up to the time that HEFCE announced on 27 February 2004 its plans to restructure UKeU.
- 5 The Legacy of UKeU. This looks at the “facts on the ground” as to what UKeU has left as a legacy. Matters of opinion are out of scope for this Report but some pointers are given.

Appendix A on Overseas Partner strategy adds some further context to the issues around selection and management of the Overseas Partners. This is based on a position paper prepared by Sales and Marketing department staff in April 2003 and clearly illustrates some of the challenges they faced.

There is also a separate Annex, “Partnership with UKeU – A Guide for HEIs”. This is a very useful guide that provides more context for the overall UKeU-HEI compact. It was written in mid 2002 and circulated widely to HEIs who were collaborating with UKeU, or wished to. A set of footnotes (from the editor) identify the main points where information changed in later years.

## ***A Note on Provenance***

The majority of material cited here was taken from the UKeU electronic archive. There was no need to scan in paper documents. The main documents consulted were (in order of “seniority”):

- Supplementary Memorandum (provided by HEFCE to the Select Committee)
- The Annual Report of UKeU for 2002/03
- Board Meeting Minutes and papers for UKeU (not HoldCo)
- Monthly Management Reports (produced by the CEO for the UKeU Board and circulated to the Senior Management Team)

- Job descriptions (for various UKeU posts)
- Other Human Resources papers (but none referring to individuals)
- Presentations – a few used with care, including the New Projects Briefing
- Extension Lists (a list of staff telephone numbers updated every few weeks)
- Enterprise: eUniversity, one of the additional e-University reports produced by PriceWaterhouseCoopers in July 2001 (not reproduced in the e-University Compendium Volume One)
- The Chronology of the UKeU, one of the “back matter” documents in the e-University Compendium Volume One.

We did not use the *Select Committee Report* or the PA Consulting *Business Review* of the UKeU (commissioned by HEFCE in autumn 2003) as primary sources, regarding them rather as useful sources of confirmation and amplification of primary data.

### ***Production Notes***

Due to the age of some of the documents here, there are particular inconsistencies over the name for UKeU. The organisation started as being called “the e-University”, “the Operating Company” or “OpCo”; then evolved to its full official name of “UK eUniversities Worldwide Limited”, with a semi-official abbreviation to “UKeU” (as used on the Web site); but there are legal documents which use the short name “eUniversities”, and even the usage “UKeUniversities” is found (e.g. in CAQ documents). Indeed the original name “e-University” took a long time to fade away.

There are similar but much less well known issues with the name of the Holding Company. Its full name is “e Learning Holding Company Limited”, with a short name “e Learning”; but some documents refer to it as “eLearning” (without the space) and early documents (written before it was formally set up) refer to it as “HoldCo”.

### ***Information not Covered***

Out of scope for this Report is anything to do with the decision-making and working of e Learning Holding Company Limited. However, much of the “control” that e Learning maintained was delivered through the Committee for Academic Quality (which was actually a Committee of UKeU), and this is covered in Report 12. Also out of scope are the relationships with HEFCE and with Sun, and any events to do directly with UKeU after the HEFCE restructuring decision on 26 February 2004.

HEFCE have just released a summary paper “The e-University project: lessons learned by HEFCE” which among other things, summarises the relationships of UKeU to HEFCE etc.\* The *Select Committee Report* is also useful in this context.

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\* See <http://www.hefce.ac.uk/learning/tinits/euniv/lessons.doc>, released on 17 June 2005.

## 2. UKeU in its Heyday

The time stamp chosen for this pen-picture is early September 2003. Staff, both in UKeU and in universities, were coming back from holidays. The September launches of over a dozen courses were getting very close and management were beginning to prepare for the “Awayday” meeting and the Board on September 25.

Over the summer there had been discussions about the need to move to blended learning, an approach strongly encouraged by some of the recently interested HEIs. The *August report*\* to the Board (in September) noted that “current student interest by course remains extremely disappointing” (just under 100 acceptances on the autumn launches).

The UKeU Learning Environment continued to give difficulties of functionality and performance in its latest release. The report went on to note: “Important lessons need to be learnt, particularly for the future releases of new functionality and any necessary maintenance. UKeU is currently reviewing a proposed revised plan by Sun.” There had even been some discussions (not only in Management Team) during June and July about buying in a commercial VLE, to run initially alongside UKeU’s platform.

Yet it did not all seem like bad news. By later September the numbers on the Autumn launches had crept up, and by the time the Autumn launches were over the *November report* (to the Board in December) could report that:

The Autumn, 2003 course intakes have now closed, and the student numbers (898) are provided in the Appendix; these student numbers have now been made public. There are students from 38 countries.†

There was also (still) a good deal of interest from a range of HEIs. The *August report* noted that:

In the last two months an encouraging trend has been for courses that have already been delivered over the Internet to be offered as potential partnerships, presumably because the HEIs concerned have the experience to realise their need for better service 24x7 provision, course administration and marketing services.

The launch of the Research Centre, finalised in early August 2003 after months of negotiation, also provided a focal point for attention, as did a number of bids in progress to European and UK funding agencies.

### 2.1 The Mission

The mission of UKeU had not changed since the early days. As the *Annual Report*\* put it:

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\* By the *August report* we mean the Monthly Management Report for August 2003. These reports were normally finalised within 5 working days of the end of the month in question.

† However, over 400 student places were on courses which had been “adopted” by UKeU and not on the UKeU Learning Environment; and over 200 more were on the Prime: Leadership course (see later), which was CPD and again not on the Learning Environment. New sales of places on courses on the Learning Environment remained defiantly low.

UKeU is a unique company. Backed by the UK Government with an investment of £55 million, UKeU has been specifically established to deliver online and worldwide the best degrees and degree-level learning that UK universities can provide.

The goals are threefold. UKeU will:

- Provide the means for overseas students to access UK university degrees and engage in degree-level learning while continuing to live and work in their own countries.
- Provide business and industry with degree-level content from the best institutions, integrated as customised modules into corporate education and Continuing Professional Development (CPD) programmes.
- Help to broaden access to university education for any UK individual at any stage of their life or career through online courses.

What did change from time to time was the balance between these three goals and the type of courses offered in each category. The first category was the most successful, relatively speaking. The second had one reasonable success. The third category, which corresponded on the whole to the Public Good courses funded by HEFCE under the so-called 08/02 initiative, was less successful, at least in terms of student numbers.

## 2.2 The Courses

At our time stamp, UKeU had two courses under way and was about to start delivering several more. Courses started being delivered in March 2003. As the *Annual Report* noted:

UKeU launched its service in March 2003 with a postgraduate certificate, Learning in the Connected Economy, from the Open University and the University of Cambridge, followed in April by a Masters in IT and Management from Sheffield Hallam University. On these courses, there are students from 24 countries.

At year end, 13 courses, in total, had been contracted with UK universities.

These courses came from a range of subjects. In terms of level, most were at postgraduate level, in line with earlier market research advice. In terms of subjects, the UKeU strategy for subject coverage was given in the *Annual Report*:

UKeU is concentrating on seven subject clusters for foundation degrees, undergraduate and postgraduate studies and for CPD.

- Business and management
- English language
- Environmental studies
- Health

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\* The phrase *Annual Report* refers to the document “The foundation year: UKeU Annual Report 2002/03”, which covers the development of UKeU from 1 April 2002 to 31 March 2003. It was printed in October 2003 and distributed widely.

- Law
- Science and technology
- Teacher training.

The *Annual Report* went on to say that:

We have 19 courses in our portfolio currently,\* and this is expected to continue to grow.

Additionally, UKeU is involved in two ‘public good’ initiatives: one to help widen access in UK higher education; and the other to manage the Higher Education Funding Council for England (HEFCE)/Ministry of Education (China) eChina initiative for in-service teacher training in China by eLearning (see page 11).

The widening access initiative was launched by HEFCE in its Circular Letter 08/02 of 26 March 2002.† Many universities seemed interested but for various reasons few universities had made much progress by September 2003.

In contrast, the eChina initiative caught the attention of a number of prestige universities both in the UK and in China. At our time stamp, plans were being finalised for a study trip to China by a UKeU technical team to understand the various e-learning platforms offered by Chinese universities and to make recommendations to UKeU and the HEI partners on what platform or platforms to use. (It was known internally that the UKeU Learning Environment could not handle Chinese characters without significant extra work, and cost.)

The eChina Programme has continued to develop, gradually overcoming the technical, pedagogic and cultural challenges of working with Chinese institutions.‡

### 2.3 The Organisation and its Structure

At our time stamp, the *Extension List*§ records that UKeU had 75 staff and 10 contractors/temporary staff. Not all were in the building since a few were part-time and worked partly from home, and there were 6 international business managers around the world. The *August report* noted that:

The current UKeU headcount is 72, with an expected financial year outturn of 89,\*\* against the budget of 84. The additional people are in Learning Programmes and Sales and Marketing.

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\* The implicit date referred to by “currently” is likely to be the time that the *Annual Report* was being finalised, probably in summer 2003.

† This is the letter “eUniversity: Invitation to bid for additional student places to meet public service objectives” ([http://www.hefce.ac.uk/pubs/circlets/2002/cl08\\_02.htm](http://www.hefce.ac.uk/pubs/circlets/2002/cl08_02.htm)).

‡ Refer to <http://echina.langcen.cam.ac.uk> for the main project and <http://www.nottingham.ac.uk/education/centres/crsflp/eChina/> for the research programme.

§ The phrase *Extension List* refers to the document “Telephone List” of 22 August 2004. A new telephone list was produced every few weeks.

\*\* That is, up to the end of March 2004.



Since some staff were part-time these figures are in close agreement, on the assumption that the figure of 72 is an FTE figure. The figures also include any consultants who were used on a less regular basis – there were a few “regular irregulars”, as is typical of many similar organisations.

UKeU was organised into a number of groups. There was no agreed phrase for these groups, but the word “department” is used in the *Annual Report*, so that we shall stick to that. The large departments were:

- Sales and Marketing (16 – including the overseas staff)
- Business Development (7)
- Learning Programmes (10)
- Learning Systems (15)
- Operations and Customer Services (15)
- Finance (8).

In addition to these there were the smaller departments (in staffing terms): Chairman’s office, CEO’s office, Company Secretary, Communications,\* Organisational Development,† and Special Projects.

Now follow descriptions of some of the key departments. There appears to be little information in the UKeU electronic archives which directly describes their mission, so that we shall have to rely on secondary sources in the archive, including job descriptions in staff recruitment material and the extension lists (which conveniently list job title and department as well as name and extension number).

### ***The Board and Senior Management Team***

As usual for companies, UKeU had a Board of Directors. This included the Chairman and CEO of UKeU, together with some of the Directors reporting to the CEO, as well as non-executive directors. The *Supplementary Memorandum* provides details.‡ The Board met monthly except for August. A standing item was a monthly report on UKeU progress for the preceding calendar month.

Day to day management of UKeU was carried out by the Senior Management Team (SMT). This was chaired by the CEO and consisted of all Heads of Department. These were the Directors (both Board Directors and non-Board Directors) and Managers who were not Directors (essentially the top layer or two of the organisation chart). There were periods when SMT met weekly on a Monday morning but in later 2003 this was regarded as rather too intrusive and it moved to fortnightly meetings.

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\* Including Public Relations and the Web information service.

† Including Human Resources.

‡ See <http://www.publications.parliament.uk/pa/cm200405/cmselect/cmeduski/205/4062310.htm>.

As usual for Boards and as required under governance rules, the Board had clear agendas, meticulous minutes and well-prepared papers. SMT ran in a more informal way with action notes and several “any other business” items.

Discussion of issues in UKeU tended not to happen in SMT, it was more for information sharing and motivation. Discussion of issues happened in “one to one” meetings held fortnightly with the CEO, and in many informal meetings in and out of the building. There is often little record in the electronic archives of much of the discussion on issues, which could give the impression to “outsiders”<sup>\*</sup> that not much discussion took place. That would not be true.

### ***Learning Programmes***

Apart from the Director and his PA, the Learning Programmes department consisted in the main of Learning Programmes Managers, with a few Project Managers. There was also a Learning Programmes Manager specifically for the eChina programme.

General background about the Learning Programmes department can be gleaned from the material in Report 12 on the Committee for Academic Quality.

The duties of a Learning Programmes Manager were given in a typical *Job description* as follows:

Learning programme managers in the learning programmes team are responsible for the successful inception and subsequently the operation of related learning programmes, possibly within a specified geographical region or ‘cluster’ of subject areas. Your role encompasses the effective and efficient development of a negotiated and agreed set of learning programmes from UKeU to all its customers.

The duties were spelt out in more detail as:

- Assisting in the sourcing and selection of new Learning Programmes, including dealing with academic referees.
- Consultation with the marketing team to assess programme viability.
- Assisting institutions to develop their programme proposals. You will assist the HEIs who accredit the Learning Programmes under your control to provide a high quality service to the customer in the most cost effective way possible, consistent with the UKeU brand.
- Managing the progression of learning programmes through the development and delivery phases.
- Application of agreed programme quality assurance processes.
- Monitoring the quality of existing programmes and ensuring that they are upgraded as necessary.

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<sup>\*</sup> That is, those not part of UKeU. This very phrase typifies the rigorous distinction between UKeU staff and the outside world, a much starker division than in HEIs. This was only partly because there were no students and visiting staff to blur the boundaries.

Project Managers had more specific liaison-oriented duties, working to Learning Programmes Managers:

- Project managers look after the progress of course development projects through to delivery to students. They liaise closely with programme managers and learning technologists in UKeU, and with project managers in our partner universities so as to bring each project to successful delivery:
- assisting as requested by the Learning Programme Manager in the assessment of course proposals;
- developing for each proposal a techno-pedagogic review for CAQ, which involves a review of the HEI's capability to resource and complete the project within proposed time-lines;
- managing the development, testing and integration of academic courses onto the learning platform. For this, experience in courseware development in a virtual learning environment would be an advantage, but is not in itself essential;
- providing project leadership for the HEI development teams;
- managing project risk by identifying, reporting, mitigating, and re-evaluating issues;
- controlling change by identifying, managing, and evaluating the success of change during the project;
- conducting performance measurement on projects by tracking interim deliverables and working with Learning Technologists to evaluate ongoing pedagogic elements;
- reporting the status of projects to the Learning Programmes and Learning Systems teams;
- contributing as requested to reviews of the appropriateness of the UKeU portfolio. [etc.]

They were a slightly later addition to the Learning Programmes team, and, it has to be said, contributed to tension\* between Learning Programmes and Learning Systems which was ongoing at the time of this time stamp. Project managers had originally been part of the Learning Systems team.

### ***Sales and Marketing***

The mission of Sales and Marketing was to sell the courses that UKeU negotiated with HEIs to develop, and to provide feedback to course developers as to what would sell. In terms of specific goals this could be broken down as:

- Market research, including pricing research and analysis of competitor courses
- Market development, including appointing and managing the overseas partners

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\* There were many aspects of the UKeU working environment which are not susceptible to analysis by documentary methods. This is one of them. There are 34 documents in the UKeU electronic archive citing "tension". Not one of them refers to staff tension. There is not one reference to the word in my own emails. In my personal experience, such issues were discussed 1:1 and off-premises – but discussed they were.

- Sales to end-users, primarily via the overseas partners, but as time went on, an “interactive channel” was developed
- Feedback to UKeU as to what would sell, at what price and with what pedagogy
- Sales support information via a “Web community”, brochures, events and other means.

In terms of market research, this was done both by ongoing study of the market situation for specific courses (including analysis of competitive offerings) and at a more strategic level, by externally commissioned market research studies. Four of these studies are included in this Round of Reports. Reports 02 on Market Trends and Report 03 on Pricing of MBAs (and related courses) were particularly influential. These were done in January and April 2003.

With hindsight, some might argue that they should have been done earlier, but it was not until May 2002 that the Sales and Marketing team was operational and in March 2002 the UKeU Board had received a briefing on the HEFCE-commissioned *Impact of the Internet* studies which contained, inter alia, a great deal of market and competitor research.\*

In terms of territories, there was a gradual reduction in territories regarded as realistic but gradual growth in territories covered, with a convergence between the two. Appendix A to Annex 1 of this report lists the countries foreseen in July 2002. We have changed the format in the interests of saving space but it can be seen that several of the countries might be regarded as rather “challenging” to make money out of.

Brazil, Canada, China, Gulf, Hong Kong, India, Indonesia, Japan\*, Malaysia, Philippines\*, Singapore, Thailand, Vietnam\* (\* means more long term than short term)<sup>†</sup>

Other, even less imminent, targets were described as follow:

We will keep a watching brief in the US through partners. Some countries such as EU countries may increase in importance. The UK will be a major target for some programmes (by agreement). Other countries in North Africa and the Middle East may also be considered.

Currently there are no plans for the Spanish-speaking world, nor for countries of the former Soviet Union. Other omissions include Australia, New Zealand, and central and southern Africa. However, individual programmes may choose to market in these areas through their own partners.

The *Annual Report* provided the following information as to the situation on the ground in April 2003:

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\* These are now available in the e-University Compendium, Chapters Four through Fourteen. See <http://www.heacademy.ac.uk/e-university/>. Again, with hindsight, one might say that there were obvious gaps in coverage of these reports. However, some of these gaps were put right by UKeU in 2003; see in particular Reports 06, 07 and 08 on Interactive University, eCollege and Phoenix Online.

<sup>†</sup> Some countries later covered by UKeU are not on this list, such as Korea and Taiwan. The *Minutes* of the October 2002 Board meeting noted that “Taiwan appeared a more difficult environment.”

A local market presence has been established through International Business Managers in Dubai, Hong Kong, Kuala Lumpur and Sao Paulo.

Agreements had been signed with local sales agents in countries including Malaysia, Singapore and Hong Kong.

By our time stamp, the *Extension List* demonstrates that there were in addition International Business Managers in Singapore and South Africa. Later, some further ones were added. (See Section 3.)

The Annual Report lists six Overseas Partners by 31 March 2003 – in the natural choices of Hong Kong, Malaysia and Singapore, as well as the more opportunistic choices of Malta, Mauritius and Sudan, based on local contacts and serendipity. There does not seem to be a list of Overseas Partners with a date around our time stamp, but in December 2003 the list included partners in the following countries:

Brazil	Two partners
China	Beida Online, Beijing Foreign Studies University, China Radio & Television University (CRTVU), and two more
Hong Kong	Hong Kong University of Science & Technology (HKUST) and one more
Israel	One partner
Kenya	Learning Resources Kenya Ltd
Korea	Two partners
Kuwait & Iraq	British Institute for Training & Education (BITE)
Malaysia	Four partners
Malta	The European Institute of Education (EIE)
Mauritius	The Advanced Education Academy Training Centre
Saudi Arabia	One partner
Singapore	Management Development Institute Singapore, two other partners
Sudan	Khartoum Academy of Technology
Syria and Lebanon	Syrian Virtual University
Taiwan	Chinese Cultural University (CCU), one other partner
United Arab Emirates	Higher Colleges of Technology (HCT).

There are some challenging issues about selection of Overseas Partners: in particular the dilemma between choosing a prestigious (but often conservative) HEI versus a more commercially oriented HEI or college of less “rank”, or even a commercial partner. While the QAA and many UK HEIs understand these issues, some HEIs still have little international exposure and relatively few have experience with these issues in an e-learning/blended learning context (as the UKeU files make clear). Thus we feel it is helpful to include Appendix A on just this matter.

One must note that there are some territories such as Hong Kong where some of the most prestigious universities are also the most commercially minded in terms of delivering overseas courses (and of course nowadays, their own courses, especially into mainland China).

### ***Business Development***

The prime mission of Business Development was similar to that of Sales and Marketing but with a focus on mass sales to the government and corporate sector, and more emphasis on short courses of Continuing Professional Development, some which would be parts of degree or MSc/MBA programmes, with others not of university character but accredited by other kinds of institutions.

Several HEIs know that governments and corporates are notoriously cautious about new suppliers, especially those without many courses, and it was generally accepted within UKeU that this department had a tough challenge. Nevertheless, one particular CPD course did rather well and helped substantially to lift the overall final student numbers.

A briefing document to the UKeU Board in April 2002 clearly made the key points:

February and March have seen extensive primary research and contact being undertaken with potential corporate clients in the UK, China/Hong Kong and the US. In the UK, UKeU held its third focus group with our initial target list of clients. In the US, we completed detailed questionnaire research with thirty corporates and then followed up with focus group meetings in New York and San Francisco with a further twelve target companies. In China and Hong Kong, we visited 25 organisations looking for customers and partners. These organisations included multinational and national companies, government, NGOs and training companies. Although each region will require its own market entry plan, there were some common issues:

- The student experience will need to be stimulating and motivating as well as academically sound. Students working in corporates are used to media rich and interactive eLearning content.
- Brand – UKeU need to continue to emphasis that the accreditation is being given by an established university not a private education company (such as Cardean, Phoenix, and so on) – key UKeU differentiator.
- Within corporates, UKeU need to target the heads of HR and Training and Business Unit heads.
- Modular delivery is key to corporates.

- UKeU must establish the ROI\* case by understanding the needs of the business and demonstrating the value of the UKeU offering in fulfilling those needs.
- UKeU will need to offer ‘consulting’ support to the corporates to facilitate their uptake of our programmes and to market internally to their potential staff/students. We also need to support students taking courses to avoid drop-out.
- The concept of 100% online is not established and faces competition from class-room, blended and distance learning programmes. We must, therefore, reinforce our arguments for our approach and demonstrate benefits.

There is no doubt that there is a positive response amongst corporates to UKeU and, although hindered by the current global economic conditions, there is a genuine market opportunity for us. We will need to focus on the content and regional areas with greatest potential, choose our national and global partners carefully and explicitly address each of the points above.

As noted in the above quote, Business Development commissioned a number of CPD-oriented market research studies from external agencies and it is hoped to publish these in a future Round of UKeU reports.

### *Application Service Provision*

A secondary role of Business Development, carried out in conjunction with other departments, was to try to interest customers (universities, colleges, government departments or companies) in using the UKeU Learning Environment in so-called Application Service Provider (ASP) mode, where they essentially would rent space on the UKeU server for their students or trainees and develop their own courses. This is a standard business practice in the US where for example eCollege is a successful company† but it has never proved an easy market in the UK. The matter was made worse by the fact that the UKeU Learning Environment was far from complete and so did not offer the wide range of features that customers nowadays expect. Towards the end of UKeU one sale was made to a Middle Eastern e-University, but it was all too late.

In the months previously, much effort had also gone into discussions with the NHS University over whether they would use the UKeU Learning Environment. As a concept it had much appeal, and a degree of high level support in government circles, but the deficiencies in the Learning Environment and the seemingly complex and slow procurement methods adopted by the NHS meant that it all came to nothing.‡

### *Learning Systems*

Learning Systems was the department in charge of the specification of the UKeU Learning Environment and of the techno-pedagogic interface with HEIs. The *New Projects Briefing presentation* given to HEIs listed the main functions of Learning Systems as:

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\* Return on Investment. The UKeU electronic archives contain some interesting material on this issue.

† See Report 07 for an analysis of eCollege.

‡ In the end the NHS University itself was closed down as an independent operation.

- To identify and codify methods and processes for the production of high quality online courses.
- To direct the development of the eUniversities Platform and associated tools.
- To support development partners.
- To research new approaches to e-learning.

Apart from the Chief Architect and his PA, at the time stamp Learning Systems consisted mainly of Senior Learning Technologists and Learning Technologists, with also a Technology Manager (who was on part-time secondment to NHS University), a Training Manager and two Technical Writers.

The role of a Senior Learning Technologist was described in the *Job Description* as to:

... help an HEI provide an optimal learning experience for students studying a UKeU programme or module. To fulfil the role the persons appointed will provide academic and learning technology input to the requirements and design phases of projects. Senior Learning Technologists need to guide a partner HEI in the selection and implementation of appropriate methods, tools, techniques, services and online environment. They will also provide mentoring support to Learning Technologists.\*

In more detail, their role consisted of:

- assisting a partner HEI (when required) to plan its teaching and learning processes in a form appropriate for online distance learning.
- advising a partner HEI (when required) on the options available to them for the creation/delivery of learning resources supported by UKeU.
- carrying out an initial documented review of an HEI's technological and pedagogical readiness/willingness to undertake UKEU sponsored programmes or modules
- assessing the techno-pedagogic quality of a UKeU programmes
- proposing improvements/enhancements to the UKeU LE.
- assisting in the testing and evaluation of new iterations of the UKeU LE.
- evaluating those learning technologies or services which are identified as of potential interest to UKeU.
- making inputs via seminars, workshops or other modes of delivery (when required) on e-learning for a partner HEI.
- introducing the UKeU Learning Environment (UKeU LE) to potential HEI partners
- in collaboration with other UKeU personnel assisting those customers who wish to do so begin to plan their migration to the environment.

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\* This is taken from a rather late job description of January 2004, by which time the Senior Learning Technologists and Learning Technologists had been moved to Learning Programmes, but it is believed to be reasonably consistent with the situation in September 2003.



Note that the HEI-facing parts of these duties are moderated through a Learning Programme Manager and Project Manager, with whom Senior Learning Technologists must develop a close working relationship.\*

### ***Other Departments***

Other departments were more or less as expected in a company oriented to delivery of e-services with need for tight cost control plus rapid organisational development and recruitment; with the possible exception of Special Projects.

The mission of Special Projects was to oversee a set of projects which did not fit neatly into the corporate structure. The department was set up in March 2003, with an initial brief of looking at:

1. Competitive providers of (a) services and (b) platforms
2. Oversee the initial creation of the Research Centre
3. Monitoring/CAQ aspects
4. Retail marketing aspects especially internet marketing.

By perhaps not more than its very existence – or the close attention initially paid to it by the CEO – the department seemed in the early days to encourage desired changes and in particular item 4 was reasonably rapidly taken over by Sales and Marketing as the so-called “interactive channel”. The initial focus of Special Projects was very much on competitor analyses (item 1) above, done in liaison with Sales and Marketing and later with Business Development, especially in terms of the ASP proposition<sup>†</sup> and various other issues (such as blended learning and e-foundation degrees). By our time stamp, Special Projects had fully taken over and finalised negotiations on the Research Centre and was in the countdown to the Research Centre launch and staffing.

## **2.4 The Building – 14 Buckingham Gate**

We have added information on the building for two reasons: (a) to remind readers that virtual organisations like UKeU typically have a physical existence too, and (b) at a deeper level, to provide some background to the allegations that the building adversely affected some aspects of UKeU working, especially inter-departmental liaison. The building was arranged on four floors with an approximate layout as follows:

Ground	Reception, Stores, Sales, Marketing and Special Projects
First	Learning Programmes and Learning Systems; also meeting rooms
Second	Technical, Finance
Third	Chief Executive, Director of Finance
Fourth	Chairman, Legal, Public Relations.

(There was also a basement which was not occupied, though considered on occasion.)

\* This is a vestige of the tensions between Learning Technologists and Learning Programme Managers.

<sup>†</sup> See Reports 06, 07 and 08 on Interactive University, eCollege and Phoenix Online respectively.

The building had 7000 sq. ft. of accommodation, as noted by the firm BCD Interiors who space-planned and furnished it prior to UKeU moving in.\* When the building was first occupied, staff were already allocated in the way described above. This, and the one slow lift, seems to have contributed to the silo mentality that several staff noticed and a few tried to overcome.†

## 2.5 The Finances

As a public company, UKeU had to produce an annual financial report under the government's legal code and guidelines. The *Annual Report* has full details. At a helicopter level it noted a total of £58.8 million committed to the joint venture:

The Higher Education Funding Council for England (HEFCE) has committed £55 million to the business. Sun Microsystems Limited has contributed £3.5 million of professional services and hardware. In addition, the Higher Education Funding Council for Wales is contributing £0.3 million per annum to the business.

A summary of UKeU overall expenditure can also be found in the *Supplementary Memorandum* from HEFCE.‡ This notes that the following funding was deployed:

Public Good	Funding (£m)
eChina	3
e-learning research centre	1
Research studies and other publicly disseminated outputs to inform development of eLearning <sup>1</sup>	2
Advisers (legal and business)	1
Commercial	
Technology Platform development	14.5
Learning programmes development	10.9
Sales and Marketing (includes overseas)	4.2
UKeU operating costs <sup>4</sup>	12.9
Total	49.5

\* See [http://www.bcd-interiors.biz/casestudy\\_UKeU.php](http://www.bcd-interiors.biz/casestudy_UKeU.php). The figure of 7000 refers to the building without the basement. It seems from the figure of 10000 sq. ft. given in the June 2002 Board meeting that the Board had considered using the basement at some stage.

† Similarly to other issues, there is no trace of this usage in the 11 documents citing “silo” in the UKeU electronic archives.

‡ The *Supplementary Memorandum* submitted by HEFCE can be found at <http://www.publications.parliament.uk/pa/cm200405/cmselect/cmeduski/205/4062310.htm>.

<sup>1</sup> [footnote in the table] “Research studies include: PricewaterhouseCoopers business model, CHEMS study on marketing and HE aspects of eLearning, technology studies (e-Tools, content and learning resources and disability and technology), additional PwC work on production process in eLearning. These studies are presently being edited into a web-publication overseen by the HE Academy/ eLearning Research Centre, and will be disseminated to inform the strategic development of eLearning.”

Note that many but not all of these reports are now published in the e-University Compendium Volume One – see <http://www.heacademy.ac.uk/e-university/>. There are some still to do. It is important to stress that the UKeU Reports are from work done *after* UKeU started, the Compendium is from work done *before*.

<sup>4</sup> [footnote in the table] “Payroll, Fujitsu, finance leases, premises, and other.”

## 2.6 Staffing Issues

Staff were employed on corporate-standard terms and conditions. There was a pension scheme. Holiday entitlement was 25 days per year plus statutory holidays plus “an additional 6 days when the office is closed over Christmas and Easter”. Employees had private health insurance. Middle-level and senior employees had company mobile phones and corporate credit cards. Many had laptops (but the laptop was not provided as well as a desktop, it was provided instead of it). The terms and conditions were on a par with normal commercial practice in similar companies.

There was a variant contract for Directors with somewhat longer notice period and slightly better pension regime.\*

This report will not cover details or issues about the salaries of the CEO and Board Directors, which have had considerable airing in the *Select Committee Report* and the Press, except to note that such details were given in the *Annual Report*, as is usual for companies. Instead it focusses on the salary levels of “ordinary” UKeU staff.

General perception was that salaries for personal assistants, sales, marketing and finance staff were around the median level for similar companies in London, bearing in mind that UKeU was an inevitably risky start-up which needed talented people.

For those UKeU staff in departments which were HEI-facing, the perception in HEIs seemed to be that UKeU staff “similar” to them – some of whom were indeed recruited from academia – were paid better and had better conditions (e.g. company mobile phones and company credit cards are rare in academia, even if laptops are now not so rare). Indeed, this may have contributed to the level of *schadenfreude* when UKeU was closed down.† It is true that some staff from HEIs got substantial “pay rises” when they joined UKeU. (UKeU argued at the time that the individuals were underpaid in their particular HEI jobs.) The evidential basis for salary differentials is as follows.‡

First, the posts were in London – never an easy city in which to recruit talent. Second, UKeU was (like the OU 30 years earlier) a risky start-up with little guarantee of a long-term future. Third, unlike the OU, it was set up with full commercial rhetoric and panoply. It had to grow fast, and unlike when the OU started, there was no “pool of inactive academics” waiting around for jobs – e-learning was in 2002 (and remains even now) notoriously hard as an area to hire talent in.§ Fourth, there was a further issue which affected those in mid career in HEIs – though the UKeU pension scheme

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\* The grade of “Directors” included Board Directors as well as some non-Board directors. Several senior managers were not Directors but (as often in companies) there was a slow drift towards “Directorisation” – details are available but too specific for this overview report.

† It may not have helped that in the case of a few members of staff hired or seconded from HEIs, an HR paper noted that “the salaries offered... were supplemented by... additional expenses payments” and “in my view it was unsustainable”.

‡ Some of this material is taken from an interesting HR paper “Comparison of HEI Employee Benefits with those offered by UKeU” prepared late in the life of UKeU, perhaps in the context of some staff transferring to HEIs. (Only one did.)

§ This is confirmed by recent recruitment exercises for e-learning professors and senior research staff in a number of UK HEIs.

was good as a corporate scheme, it could not (by 2002) compare with the final-salary schemes (USS and TPS) used for UK HEI staff in academic and many operational departments.\*

As the Annual Report notes: “By the end of March, 2003, UKeU employed 54 people.” Virtually all of these had had to be hired in the last 12 months. As noted earlier in this report, the UKeU staffing target for the end of March 2004 was to be 89 – already 75 staff were in place by September 2003 (not to mention consultants). These were ambitious recruitment targets in a market where talent was scarce.

Having said all that, what were the salaries like? Until a year ago it used to be easy to tell – all one had to do was to check the Web for old job advertisements – but all UKeU job advertisements have (at last) vanished from the Web. However, the UKeU electronic archives provide key information.

A typical advertisement used in the 2002–03 period for a Learning Programmes Manager, responsible directly to the Director of Learning Programmes, for “The initial planning phases of sourcing learning programmes, management of each through a defined workflow and their review”, attracted a salary “to be negotiated in the range £35,000–£45,000” (which would attract a bonus of up to 10% also). Similar salaries were paid for Senior Learning Technologists and slightly lower ones (typically £30,000–£35,000) for Learning Technologists.

It was always hard to decide on salaries for specialist posts. The original advertisement for the Research Centre Project Manager offered a salary of £40,000–£45,000 (plus bonus) against a job specification as follows: “an e-learning expert with demonstrable experience in the project management of complex projects to short deadlines” who<sup>†</sup> is “already RAE research-active or be able to convince us that you have the capability to become RAE research-active at international level within 3 years”. This post was interviewed for in December 2003 but not filled despite over 30 applications (most of whom, it has to be said, had not read the person specification) – which hardly suggests that the salary was too high.<sup>‡</sup>

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\* On pensions, the paper notes: “This is a major difference”. Other points made about HEIs included their sick pay (“typically generous”) and their removal expenses (“usually will pay either all, or a contribution to”).

<sup>†</sup> The full person specification also required:

... teaching (or training or presenting) experience, financial experience and writing experience (papers and reports).

In terms of attributes, you must have excellent communication and interpersonal skills, be self-motivated, able to work as part of a team, yet to your own schedule and within tight deadlines, while remaining enthusiastic and alert.

Ideally you must be used to working in a collaborative environment involving multiple stakeholders.

<sup>‡</sup> It was said by a few at the time that those who knew enough to be suitable for such a job also knew that it would be unwise to take it.

### *Consultant Contracts*

These were of a standard form. There were the expected restrictions on confidentiality and IPR. One typical example states:

You shall not, during the term of this Contract or thereafter, disclose to any third party the content of any material not in the public domain to which you may have access while undertaking the services provided by this agreement.

Any information gathered during the course of this Contract and not in the public domain remains the property of the eUniversities. On completion of the Contract, the information shall become the property of the eUniversities.

Most consultants were not paid particularly high daily rates by HEI or HEFCE standards, except for some key IT consultants – but this was at a time when (despite the alleged dot-com bust) even just-trained Java programmers in London were being sold on at £600 per day.

## **2.7 Thematic Issues**

This is a catch-all subsection covering some other topics of interest that did not fit neatly into the departmental structure.

### *Links with Sector Agencies*

UKeU was one of a number of large e-learning players close to the post-16 education world but not formally within it. This gave rise to some issues about how it would engage in particular with the sector agencies of that world, especially JISC.\* Due partly to the background of some of the more senior staff, there were good links with JISC and LTSN (now part of the Higher Education Academy). There were also good links with the Association for Learning Technology (ALT). On the whole, the more “academic” staff were encouraged by their managers to attend (and to speak at) e-learning conferences: in the UK these included ALT-C (where there was always a strong UKeU showing) and the bi-annual Networked Learning Conference, but staff also spoke at e-learning conferences in Europe, US and beyond including Online Educa, EADTU and Ed-Media. In that sense UKeU behaved like a “typical HEI” – it was also a member of UCISA and some other sector bodies. Interestingly, Ufi (Learndirect) has over the years taken a not dissimilar approach; NHSU also did but to a lesser extent, partly due to its short life and partly (one suspects) due to the non-HE background of its e-learning staff.

As the *Select Committee Report* points out, there were meetings from time to time with HEFCE and DfES at senior levels.

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\* The Joint Information Systems Committee (JISC) “supports further and higher education by providing strategic guidance, advice and opportunities to use Information and Communications Technology (ICT) to support teaching, learning, research and administration. JISC is funded by all the UK post-16 and higher education funding councils.” See <http://www.jisc.ac.uk>.

## Collaboration

UKeU was a member of IMS (the global trade association setting standards in e-learning) although it also stayed in close liaison with CETIS (set up by JISC to support e-learning standards work in UK HE and FE). This was basically because of the need to ensure that the UKeU Learning Environment would be as standards-compliant as feasible. Because of the large-scale nature of its (hoped-for) e-learning deployment, the problems faced by UKeU were rather unlike any but the very largest of UK universities. Consequently UKeU set up a group of itself and various other like-minded agencies which became called the *Major UK e-Learning Implementers' Group*. Membership gradually grew until late in the life of UKeU the membership of MUKeLIG consisted of UKeU, Ufi, Open University, NHSU, MoD Directorate of Training & Education, and Scottish Ufi (learndirect scotland). This had a common agenda of work on standards relevant to large-scale e-learning and in particular prepared position papers on related matters, for example a joint submission to the DfES Consultation Paper on e-learning. Its brief was defined as follows (taken from a UKeU Board briefing for October 2003):

- Using collaboration to generate investment leverage.
- Acting as a collective lobbying body with Government and other stakeholders.
- Combining effort on practical pedagogic research around “what makes eLearning work”, focusing on such areas as peer support and rules of programme commissioning.
- Speaking collectively for the UK as the centre of e-expertise in developing and operating major eLearning services.

There was a particularly close collaboration with Ufi, even though the two organisations ran quite different e-learning systems (from different vendors) and had no staff (or former staff) in common. Among other things this led to the TELCERT consortium and the project of the same name under Framework 6.

On the whole UKeU maintained good relationships with several vendors, in particular since substantial parts of the UKeU Learning Environment were bought-in, or COTS\* packages, to use the jargon. Even vendors not currently supplying to UKeU, such as FD Learning, were involved in some projects or potential projects such as LearnTV – in that case because of their involvement with Ufi and as supporters of MUKeLIG.

## Blended Learning

The original UKeU techno-pedagogic vision was to deliver learning purely online and purely via the UKeU Learning Environment.† Under the twin impacts of delays in the Learning Environment and pedagogic, sales and institutional realism, by September 2003 this vision was blurred. See Appendix A for more details.

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\* COTS = Commercial Off The Shelf.

† It is interesting to note that a “pure-play” e-learning solution was *not* recommended by any of the original consultants’ reports to HEFCE in the e-University planning phase.

### 3. Changes from the Original Model

This section gives some historical perspective on the UKeU organisation described in Section 2. Readers not interested in this can skip to the next section.

The “modern” era of UKeU can be deemed to start from the date that John Beaumont started as CEO. In archive terms, this could be taken as the date of the first UKeU Board meeting on 19 March 2002.

However, there had been an earlier era of development under the so-called Interim Management Team since October 2001, when the company had been established in its final form and the major agreements stabilising it had been signed. Indeed, there was a period of pre-history before that, stretching back to early 2001. As the *Chronology*\* notes:

[three staff] join the e-University Planning Team as interim CEO, interim technology director and interim, part-time, commercial director, respectively (21 February).

Even though all three of the Interim Team had left UKeU by September 2002, the pre-history is relevant in terms of this Report since it was as early as June 2001 that the first work on an organisation and process chart for (what was to become) UKeU was commissioned. (Note that the PriceWaterhouseCoopers’ *Business Model* report† was silent on this topic.) This was the Report *Enterprise: eUniversity*‡ which was not well known except to a few “old-timers”.§ It contains the first organogram for the UKeU staffing structure. In its Introduction (paragraph 1), it provides the background:

In June 2001, PricewaterhouseCoopers was asked to by the Interim Management Team of the eUniversity to undertake a process mapping and modelling exercise. Specifically, we were asked to produce a business model in order that Sun Microsystems could design and build an infrastructure and systems capable of delivering the eUniversity products and services. PricewaterhouseCoopers proposed IDEF0\*\* as the business modelling tool for this exercise. The eUniversity Interim Management Team, PricewaterhouseCoopers and Sun Microsystems agreed that the information produced in IDEF0 would dovetail with Sun Microsystems’s chosen systems modelling tool, UseCase.

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\* See [http://www.heacademy.ac.uk/learningandteaching/eUniCompendium\\_chronology.doc](http://www.heacademy.ac.uk/learningandteaching/eUniCompendium_chronology.doc).

† See [http://www.hefce.ac.uk/Pubs/HEFCE/2000/00\\_44.htm](http://www.hefce.ac.uk/Pubs/HEFCE/2000/00_44.htm).

‡ The full title was “Enterprise: eUniversity – Supporting Documentation for eUniversity IDEF0 Modelling” (PWC, 16 July 2001).

§ Reasons for this seem to include the fact that in later months it appeared only as an appendix to the system specification documents, which were always long and in PDF format; thus there was a temptation not to print out appendices.

\*\* A JISC InfoNet page has a good description of IDEF0:

... a process modelling method that was developed from a well established graphical language (the Structured Analysis and Design Technique – SADT) for the US Air Force. It is a top-down, hierarchical method of analysing activities. The analysis consists of an ordered collection of diagrams, text and index, all cross-referenced to one another.

See <http://www.jiscinfonet.ac.uk/InfoKits/process-review/process-review-9.6> for this. For more general aspects of Process Review in a JISC context see <http://www.jiscinfonet.ac.uk/InfoKits/process-review/>.

PWC stressed that the model was “built from a steady state perspective, which focuses on the likely operation of OpCo\* once the organisation has established its position in the market place.” Such a steady state (never actually reached in the time that UKeU had available) was unlikely to have been reached for two or three years, even in the fastest of start-ups. The report made the following assumptions (paragraph 3):

- OpCo is accountable to HoldCo;†
- There is a clear and agreed corporate strategy in place, which is reviewed and changed;
- eUniversity has established a customer base within target markets;
- A portfolio of Learning Programmes already exists;
- There are established relationships with overseas partners;
- eUniversity has gained experience in the delivery of Learning Programmes to each of the target customer bases;
- IT infrastructure and support are in place.

Of course, this was far from true in early 2002.

The report contains process maps and supporting information for a set of high-level processes. A template was produced for each of these processes. Information in these templates was given as detailed in the table below (taken from the table after paragraph 7 on page 3 of the report):

<i>Section Heading</i>	<i>Description</i>
Process ID	The identification number given to the process in the process map.
IDEF0 Level	The level of IDEF0 decomposition.
Process Name	This is the name of the process as it appears in the process map.
Process Description	A more detailed explanation of the process, incorporating the Inputs, Controls, Outputs and Mechanisms. Where appropriate, this takes into account the impact, which they may have on the process.
Process Objectives	The objectives for each individual process, which could also be viewed as criteria for success for the process.
Process Deliverables	Identifies any deliverables associated with a process. These can be tangible as well as intangible.
Process Actors	Identifies those parties who are involved in or contribute to the deliverable associated with a process. Most of the job titles listed in this section have been taken from Appendix 1.
Process Owner	The owner of the process is accountable for achieving the related objectives, and producing deliverables identified.

As an example, to provide a little more feel for this approach in a relevant situation, we include the table for the process “Analyse results of supply and market research”.

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\* As noted in the Introduction, OpCo was the placeholder name for what became UKeU (but was often called eUniversity or e-University in early material).

† And HoldCo was the placeholder name for what became e Learning Holding Company Limited.



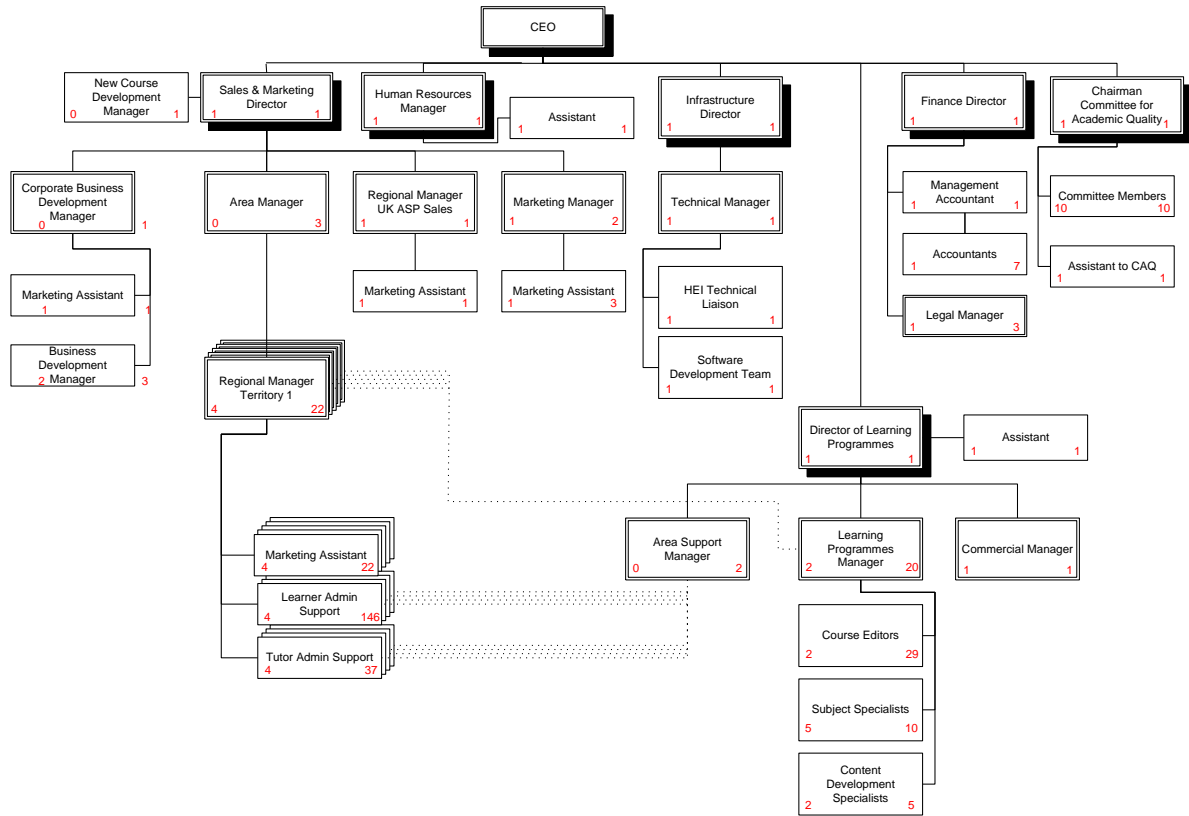
<b>Process ID:</b> 1.1.2	<b>IDEF0 Level:</b> 2
<b>Process Name:</b> Analyse results of supply and market research	
<p><b>Process Description:</b></p> <p>Following the completion of data gathering exercises, the data needs to be transformed from its raw state into valuable information. This can be used in order to inform decision-makers within different parts of the organisation. The type and level of detail of the analysis is to be confirmed, however modelling tools could be employed in conjunction with the data gathered e.g. testing the elasticity of demand for Learning Programmes in target markets, based on pricing information gathered from supply data.</p> <p>This is an IT dependent process, with the need for modelling and analytical skills. The marketing manager is likely to be the process owner, and accountable to the Sales and Marketing Director for delivery.</p>	
<p><b>Process objectives:</b></p> <p>Successfully manage the transformation of the supply and market data into intelligence. This will enable the identification of potential products and services to be sourced and marketed.</p> <p>Deliver the report at intervals to be confirmed.</p>	
<p><b>Process deliverables:</b></p> <p>Market intelligence – a detailed report which provides an in depth analysis of the market for e-learning. This intelligence can be used in order to inform decisions.</p> <p>Supply intelligence – a detailed report which provides an in depth analysis of the potential suppliers of e-learning. This intelligence can be used in order to inform decisions.</p>	
<p><b>Process actors:</b></p> <p>Sales and Marketing Director</p> <p>Marketing manager – Process owner</p> <p>Marketing team</p> <p>HEIs</p>	

It should be stressed that the Process Actors are not derived from the processes, they are imposed on the process maps yet were produced by a separate analytic method. No details of that method were given, except the note in paragraph 1 that “The organisation structure and job titles are similar to the organisation chart attached in Appendix 1”.

Appendix 1 to Enterprise: eUniversity gave a “Draft eUniversity Organisation Chart, July 2001”, which is reproduced on the next page.\*

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\* The size of print is from the original; some readers may need to Zoom. Please ensure that your printer is also set to maximum resolution if you want to read it on paper – and even then you may need a magnifying glass.



Readers should again note that this was a chart designed for a steady state. This is likely to explain some omissions, like Learning Systems, which some have found surprising. There is also a hint in the staffing of Course Editors, Subject Specialists and Content Development Specialists under the Learning Programmes Manager that the thinking in those early days favoured a more in-UKeU model of content development as a steady-state strategy. To go beyond that would lead us beyond description into analysis.

Despite its steady-state paradigm, the model was quite close to many parts of the organisation at the time stamp of September 2003. For example the team of the Human Resources Manager plus one Assistant was the HR staffing for a large part of UKeU’s existence, although by September 2003 there were three staff in that area and the Manager was a Director (with an expanded remit).

Some parts of the model were only just being put into place when UKeU was restructured. For example, in 2002 and 2003 there was no specific Assistant to CAQ. The CAQ “secretariat” function was carried out by the Director of Learning Programmes (who wrote most of the papers, with help from members) and committee administration was done by his PA. However, in January 2004 an advertisement did go out for an “e-Learning Quality Coordinator” at a salary of £30,000–£35,000.\*

\* Interest was not overwhelming and the post was never filled due to the start of restructuring.

## 4. The Later Days

This section looks at changes in the organisation after September 2003. To understand why this section was not presented first, we review the reasons that we chose early September 2003 as our time stamp. They are twofold:

- 1) From September 2003 on, although there were improvements (both real and apparent), there was an increasing picture of deterioration of morale and staff losses within UKeU and increasing antipathy to UKeU from outside the organisation. By December 2004, it was evident to at least some who had seen the PA Consulting *Business Review*\* that things were not going to be the same again, whatever the outcome of HEFCE's decisions on that.
- 2) Due to increasing budgetary pressures, caused not only by lack of income (expenditure was always professionally controlled) but also the need to put the company in the best financial shape for the future, a number of rapid but (to many staff) hard to understand organisational changes took place, coupled with the lack (as it appeared to them) of any improvement after the changes took place. Thus the later organisational model would be regarded by many (not all) former UKeU staff as a worse guide for the organisation of future e-universities than the one described in the previous section.

The time horizon of this section runs only up to 26 February 2004, the day that the UKeU Board were told by HEFCE that they would restructure UKeU.

### 4.1 Advances

#### *Programmes*

A briefing paper for the Board on 26 February 2004 noted:

Learning programmes division has been focused on ensuring that the 'Spring' [2004] programme launches have been accomplished on schedule. By the end of February we will have launched a further 11 programmes in fields as diverse as Tourism and Travel Management, International Marketing, Business Information Systems, International Information Technology Law, Health Sciences, Information and Library Studies, Knowledge Management, e-Business, Asset Management, Oil and Gas Engineering, and Field and Well Management. This is in addition to second presentations of some of the early courses.

An Appendix to the paper, on Student Numbers by Course, listed 18 institutions or consortia (with some overlap of individual institutions) aiming to deliver 32 programmes on or before April 2004. There were a further 3 award-bearing programmes to be delivered in September 2004.

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\* As the *Chronology* notes for December 2003, "PA Consulting reports to HEFCE on the business review of the UKeU". See Paragraph 23 of the Select Committee Report.

### *Public Good*

However, the Public Good programmes were a disappointment internally. As a briefing note on *Public Good*\* noted in February 2004 (my italics):

We have four ‘Public Good’ programmes under the 08/02 initiative, and a fifth not yet contracted. HEIs receive funding for Additional Student Numbers (ASNs) from HEFCE if the programme is hosted on our platform. They handle UK/EU marketing and UKeU handles all overseas marketing, with the exception of [one] programme. International marketing has only commenced for one programme and *to date UKeU has not recruited any students.*

### *Overseas Activity*

By the end of January 2004, there were International Business Managers not only in the original locations of Dubai, Hong Kong, Kuala Lumpur (for Malaysia) and Sao Paulo (for Brazil) but also in Cape Town (for South Africa), Beijing (to begin to cover China), and Seoul (for Korea).†

The list of countries and of Overseas Partners had also grown. In addition to the countries listed as of early September 2003 (Brazil, China, Hong Kong, Israel, Kenya, Korea, Kuwait & Iraq, Malaysia, Malta, Mauritius, Saudi Arabia, Singapore, Sudan, Syria and Lebanon, Taiwan, and United Arab Emirates) were added Ethiopia and India; but many more partners were signed up (35 in all). In addition to the countries where partner and sales activity was under way, there were other countries such as Thailand where substantial pre-sales activity had taken place and Vietnam where there was reported to be‡ a supportive climate at government level. Indeed, tentative plans for an “eVietnam” project had begun to surface by late 2003 after two UKeU visits to Vietnam punctuated by a Vietnamese delegation to London.§ There was also activity in Sri Lanka and the Philippines for particular courses.

However, despite all this effort, surrounded by massive marketing and promotional activities,\*\* with a correspondingly large number of initial enquiries, growth in student numbers, though positive, was agonisingly slow. A report on student numbers for 25 February 2004 (prepared for the Board Meeting) reported that just 143 student places

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\* “UKeU Public Good – a review of options”, 26 February 2004.

† As recorded in the *Extension List* for 15 January 2004.

‡ It was normal in UKeU for visit reports to be upbeat when the visiting team returned to the UK. In the few situations where independent checks had been made (in particular, Brazil), the situation in the visited country did not always seem to match up to the report. This report typically noted:

Following a visit..., the prospects for a collaborative project with Vietnam seem promising as there is a very good match between their Government’s objectives for higher education (rapid expansion strongly supported by eLearning), lack of prior commitments to commercial platforms (Blackboard, WebCT, and so on) and an enthusiasm from Vietnamese universities, particularly the two open universities, to embrace the UKeU concept. Discussions are continuing with a view to establishing a project proposal that will be used to attract support from funding agencies.

§ It is outside the timeframe of relevance but a further Vietnamese delegation came in late March 2004. There is no information on Vietnam on the HEFCE Web site since then.

\*\* The sheer scale of the activity is clearly documented in the UKeU electronic archives, with copy invoices and other supporting material (promotional plans, brochures, etc.) filed in the paper archives.

had been sold across the whole range of courses being launched in early 2004 (January through April). Only five courses had sold more than 10 places, with most courses having 0 or 1 students. (However, UKeU would argue that some of these courses were not starting until a few weeks later – there is evidence from HEIs that students are increasingly “last minute” bookers on courses.) Three “star” courses, including the one which started off the whole UKeU range of programmes, got more than 20, one of these nearly 50. However, even the highest levels of sales – a “couple of cohorts” – would be regarded outside as well within what most UK HEIs who put their mind to distance learning can achieve themselves.\* The writing was clearly on the wall.

Though still tinged with the optimism typical of (and perhaps necessary for) Sales departments the report on student numbers was mostly realistic and factual. It noted:

Early repeat courses have same characteristics as last intake and have proved no easier to attract interest.

[A key partner has] not completed any validations yet so we are still unable to go to market with our most market led courses. We have substantial interest from many countries and so as a positive step we intend recommending selling into June [2004] start as soon as we are able and gaining acceptances and payment this quarter.

Scottish courses look good and will make up much of any shortfall. Early days for them so forecasts have been kept conservative. [specific example given]

New Government regulations in Malaysia have halted all activity there – CEO to visit [Malaysia] in February. In other countries we are gaining some successes with Government recognition which clears the way for sales.†

English language levels asked for are still the major restriction to development in Brazil, S Korea, China and Middle East countries.‡

### ***Business Development***

By February 2004 the Business Development activity had achieved only minimal success. There were 4 non-degree programmes of which one (the Prime: Leadership pro-

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\* In some cases, UKeU believed that the HEIs were not always willing to let student numbers soar. The Minutes of the May 2003 Board meeting noted about one course,

the number of students being constrained in part by the reluctance of [the HEI] to appoint further tutors. [A Non-Exec] commented that removing any such constraints should be addressed with all HEIs for the Autumn intakes. It was noted that while local overseas tutors could be used, this presently posed some QAA issues.

† This problem with government recognition was flagged in the e-University Compendium – see Chapter Three ([http://www.heacademy.ac.uk/learningandteaching/eUniCompendium\\_chap03.doc](http://www.heacademy.ac.uk/learningandteaching/eUniCompendium_chap03.doc)) where it cites an interesting article by Professor Fred Litto on “The Hybridization of Distance Learning in Brazil – An Approach Imposed by Culture” (International Review of Research in Open and Distance Learning, January 2002, [http://www.futuro.usp.br/producao\\_cientifica/artigos/fl\\_hybridization.htm](http://www.futuro.usp.br/producao_cientifica/artigos/fl_hybridization.htm)). It also crops up regularly in the analyses from the Observatory on Borderless Higher Education (<http://www.obhe.ac.uk>) – see in particular their recent story “Kaplan acquires major Singapore business school: massive shake-up predicted for private higher education in Singapore” (May 2005).

‡ This point is made by sales people for many UK HEIs; it is a challenge to decide what to do about it.

gramme)\* had delivered a “useful” number of students, and one other was always regarded as “promising” (a view sustained over several months without much evidence), and two others which internal and consultant studies had viewed rather negatively† but for which the sponsor universities were keen.

### *eChina*

This continued its steady development, overcoming various bureaucratic and technical obstacles. The January Board of UKeU were briefed that:

The eChina Workshop was a great success. 28 people attended; 7 of these were Chinese partners. The project teams each reported formally on their projects; for example, Nottingham described their plans for the overarching research, Chinese and British participants gave presentations on eLearning in China and on eLearning design, UKeU explained the scope and benefits of an eChina Developers’ facility, and there was extensive discussion and informal sharing and networking. The following outcomes were achieved:

- A clearer understanding of eLearning in China
- A clearer understanding of eLearning design issues, both in general and in relation to Western and Chinese perspectives
- A shared understanding across the projects of each of the project’s goals, progress to date, problematic issues and necessary actions
- An integration of the overarching research plans with the needs of the individual project teams
- A strong sense of an eChina identity, with plans to collaborate across projects through sharing of ideas, feedback on each other’s materials development, sharing of useful resources.

In contrast with the earlier remarks about overseas visits, the eChina project (and its management) was typically much more realistic than some other parts of UKeU. In particular, its team had come back from a China visit in September 2003 with a quite realistic, some would say depressing, reading of various technical and political matters (unusual in a UKeU context).

### *e-Learning Research Centre*

The e-Learning Research Centre had a successful “soft launch” at UKeU on 1 October 2003 with a small group of senior staff from UKeU, e Learning and the HEI partners associated with the Centre. An interim Project Manager was appointed on a consultancy basis from late October 2003. However, it proved impossible to recruit to the substantive Project Manager post and the situation then became overtaken by the restructuring of UKeU. After a difficult few months in early 2004, the Centre contin-

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\* See <http://prime.cmps.gov.uk/about.htm>. Various traces of the relationship of this with UKeU remain on the Web.

† Due to the HEI-specificity of the consultants’ report and some IPR issues associated with it, the editors decided to defer it until the next round.

ues its existence as a joint project of Manchester and Southampton Universities (both members of the Worldwide Universities Network), under the general direction of the Higher Education Academy. See <http://www.elrc.ac.uk>.

The dissemination function of the Centre that was begun by UKeU was first taken up by HEFCE directly and then transferred to the Higher Education Academy, to run alongside specific eLRC researches.\* See <http://www.heacademy.ac.uk/e-learning.htm> for the entry point to this range of material.

### ***TELCERT***

From early 2003, UKeU became involved in a detailed way in two EU Framework 6 bidding consortia (in the way typical of EU bids, there had been tentative discussions involving several more but they had come to nothing). These were TELCERT and LearnTV. Bids were submitted for both, and TELCERT was approved, with a grant to UKeU of €147,000 over 30 months. However, after a successful first project meeting, losses of staff key to TELCERT and the impending closure of UKeU meant that the project had to be relinquished by UKeU and the UKeU effort transferred to a new partner, the Dutch Open University. See <http://www.opengroup.org/telcert/> for current information.

## **4.2 Retreats**

### ***Staffing***

Although UKeU staffing continued to grow in net terms, a number of key staff especially in Learning Systems left to go back to the HE sector in the period up to December 2003. Some got new jobs, others had actually been on secondment from HEIs, and at the end of their initial secondment period it had been mutually agreed that they should return to base. It was a little-known fact within UKeU that some staff were on secondment, and a situation that some other staff disapproved of in a start-up company (where the normal approach is that staff “bet the farm” on the company),<sup>†</sup> but they were talented, and missed. In fact, all in all the intellectual gap became very evident, at just the time when conventional wisdom indicates that innovative “out of the box” solutions are usually required to save companies in similar situations.

Staff losses had started earlier. While this is to be expected, over the summer 2003 period two key staff in Learning Systems had already left. It was felt by many of their colleagues that the pair’s networking across the departments (often said by them to be easier because they were *not* managers) had been one of the key ways of breaking down the silo mentality typical of beleaguered companies.

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\* The Editor is grateful to HEFCE and the Higher Education Academy for funding and overseeing this enterprise.

<sup>†</sup> A management report “Running on Empty” of December 2003 makes the key point that a secondment from HEI “has some superficial merit... but does not move us towards a sustainable business. We will do better to recruit and train ourselves.”

There was further gloom cast when despite an apparently attractive salary and benefits package, and the opportunity to be in “at the ground floor” of the new e-Learning Research Centre, it proved impossible to attract to UKeU any candidate both able and willing to undertake the project management. This was one of the clearest signs that all was not well with the external climate.

Even TELCERT turned out to be a complication when due to yet more staff losses it became clear that UKeU could not staff it; however, with the help of the TELCERT partners and the European Commission and facilitation from the administration within UKeU, a substitute partner was found.

### ***Organisation***

In mid September 2003 the Director of Business Development left and corporate sales staff were transferred to the Sales and Marketing department. Marketing and business development were combined and in the interim left as a separate group.

In late September 2003, the remaining staff in Learning Systems were transferred to a new Business Service Delivery department. This had a focus on taking a firm grip on the development of the UKeU Learning Environment, which had been falling behind schedule in terms of the functionality and performance expected.

Late in the year, further changes took place, with Business Service Delivery taking over many of the HEI-facing aspects of Learning Programmes. Some other adjustments also took place.

While it might have been possible to argue that some of these changes were necessary changes – and for two of them, several senior staff had had argued internally that they were overdue – there was next to no consultation with staff,\* and much staff energy went in to then making the reorganisation work which could perhaps more profitably [sic] have been deployed.

In January 2004 there were further changes, but the atmosphere was close then to re-arranging deckchairs on the Titanic and on 27 February 2004 HEFCE made its announcement to UKeU and the sector.

### ***Student Numbers***

Student numbers were “dreadful”, as a Board paper noted in February 2004. See above.

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\* For a deeper analysis of such issues (such depth is out of scope in this Report where the emphasis is on description not analysis), readers are referred to the eLRC publication “Learning from the UKeU Experience”, <http://www.elrc.ac.uk/download/publications/ICEpaper.pdf>, March 2005. As the authors delicately put the point, “It is difficult to say exactly what were the motivations behind such a move.”



## 5. The Legacy of UKeU

In keeping with the descriptive approach of the editor in this modality, we focus first on what other people have said so far about the legacy of UKeU. Then we list some of the modest and less visible successes. Given that much of the coverage so far has been negative, it is hoped that the picture here will help to give future analysts a more balanced view than that seen so far. UKeU “failed”, of course, but perhaps it did not fail so utterly as some commentators have suggested.

Not that the last word has been said on negative issues. Possibly some of the most negative aspects of all are not yet clear – one likely outcome is that the reputation of the UK for delivering e-learning (including blended learning) is damaged overseas, among opinion-formers, and potential students. While there is anecdotal evidence of this,\* it may take a few years of conferences and articles before the impact is clear.

### 5.1 “Learning from the UKeU Experience”

There is an interesting eLRC paper by Professor Grainne Conole and her co-workers, “Learning from the UKeU experience” – a fascinating phrase, but one so far not picked up by others. Searching on the phrase does not generate any papers except ones in the eLRC strand of work already referred to. Replacing “UKeU” by the various synonyms yields no hits at all.

Even the shorter phrase “the UKeU experience” does not yield many hits with significant content, even from the indefatigable bloggers. At a strategic level, the *Select Committee Report* on UKeU says (on page 4) that:

Instead it [government] should learn from this experience and, in the future, take a more experimental approach to such high risk ventures. This would involve focussing more on testing various models and prototypes; taking an evidence-based approach; involving the private sector as partners in a more organic process; undertaking effective risk-assessment procedures; and setting open and transparent success criteria for such projects.

One could argue that the JISC e-learning programme has already taken this on board, in particular the issues of “testing various models and prototypes” and “taking an evidence-based approach” (which HEFCE and DfES would certainly support). But the evidence is that the risk assessment procedures of UKeU were as thorough (in procedural terms) as of many other organisations, and further evidence that it was correlated with those of HEIs and discussed with government. So was it the “weak signals” (the risks not on the register) that were the problem, or a combination of risks? There is an interesting eLRC presentation “Lessons Learned from the implementation of the UKeU Business Model” ([www.ce.ucf.edu/asp/aln/sessions/presentations/1193.ppt](http://www.ce.ucf.edu/asp/aln/sessions/presentations/1193.ppt)) which touches on this. The authors suggest on slide 12 that “a combination of problems...” was the problem. In simple terms, they argue that everything that could go wrong, did.

Some might argue that the other two items that the Select Committee focussed on need more attention: “involving the private sector as partners in a more organic proc-

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\* For example, as expressed to the author on a visit to Hong Kong in May 2004.

ess” and “setting open and transparent success criteria for such projects”. However, it is not clear what the first of these means in reality: issues of State Aid and different governance regimes are bound to get in the way.\*

For the second, progress is being made. The current plans for benchmarking e-learning proposed by HEFCE in their e-learning strategy† and implemented by the Higher Education Academy should help.

HEFCE have just released a report “The e-University project: lessons learnt by HEFCE” (June 2005) which distils their conclusions.‡

Searching for the phrase “legacy” in a UKeU context brings up a large number of hits. However, few are useful. The vast majority are secondary hits on an article run by Computing Magazine entitled “The legacy of UKeU’s failure is revealed”. The title must have been inspired, or else the PR was (the eponymous Web page <http://www.computing.co.uk/computing/analysis/2075956/legacy-ukeu-failure-revealed> must have helped to ensure high generation of hits from search spiders) as over 100 hits come up. Even if they are good journalism, there is little detailed information in these articles of relevance to future e-learning projects.

The obvious way of describing the legacy of the UKeU is to focus on verifiable. In the editor’s view, the main ones are listed in the subsection below.

## 5.2 Verifiable Successes

- 1) UKeU set up the eLearning Research Centre, funded by HEFCE, which is continuing now under Higher Education Academy governance with the Universities of Southampton and Manchester carrying out research into e-learning.
- 2) UKeU initially managed the eChina programme, funded by HEFCE, which continues to run, but now managed from the University of Cambridge with the research node at the University of Nottingham.
- 3) UKeU helped to set up the Framework 6 TELCERT programme, which is running well despite UKeU not now being involved. (It is likely that it could have been set up without UKeU, but the centrality of UKeU to government e-learning agendas at the time was believed in TELCERT circles to be useful in its creation.)
- 4) Staff associated with UKeU, especially (but not only) those in Learning Systems and Learning Programmes, gained substantial experience in managing

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\* It is too detailed a topic for this Report, but there were several issues of State Aid which affected the phrasing of the final brief for the Research Centre – and the changes were not just cosmetic. It is hoped to publish more on this in due course.

† See “HEFCE strategy for e-learning”, March 2005, HEFCE Publication 2005/12, [http://www.hefce.ac.uk/pubs/hefce/2005/05\\_12/](http://www.hefce.ac.uk/pubs/hefce/2005/05_12/).

‡ (Paragraph added in proof stage.) See <http://www.hefce.ac.uk/learning/tinits/euniv/lessons.doc>, released on 17 June 2005.

the pedagogic and organisational aspects of large-scale collaborative e-learning development in HE. Some of these staff had come from a background in UK HE, but only a few had former experience of e-learning at the “industrial-strength level” that UKeU developed. By the end of UKeU, many more staff had this experience. Most of these staff are now back working in or with the HE sector again.

- 5) It should also be noted that three former Directors of UKeU are now (or in some cases, again) CEOs of organisations in or adjacent to the e-learning space. This must be regarded as some kind of industry validation of their experience.
- 6) Finally, there was a great deal of accumulated know-how built up within UKeU. That part which was embedded in internal documents can be (relatively) easily distilled into reports such as the ones in this Round.

#### *Postscript to the Last Point*

In the author’s view, there is a great deal of other knowledge which did not find its way into internal reports. Such tacit knowledge, located with people now spread far and wide, decays fast. It will be a more challenging task to recreate this knowledge, both of the attested failures, and the few (but more than thought of) successes. This knowledge may, in the long term, as e-learning continues its growth, embedding and massification, be the most useful knowledge of all.

## Appendix A: Overseas Partner Strategy\*

Whatever marketing we [UKeU] do globally we do need some overseas partners to act as our sales interface for retail students. This year [April 2003 to March 2004] we have substantial targets and we need to agree a clear approach so that our International Business Managers can address setting up an effective network of channel partners.

UKeU has considered the strategic options and, having made the significant investment in our learning system, have opted for a product-led approach with fully online programmes which will not be supported by any local activity. This is challenging for Sales and Marketing but as long as we have a clarity of purpose we believe we can achieve results by the following partner strategy.

### A.1 Partner Strategy

For each country we will initially establish the following:†

#### 1 *One University or College Partner (Level 1)*

This partner may be public or private sector but we will get as high up the rankings as we can. [Some examples given.] We will use this partner as a way of achieving Ministry of Education approvals and for PR positioning.

We will hope that some one of our participating UK universities see the benefit in deeper relationships going forward and develop these before our choice of other partners and just acting as a sales agent turns them off.

#### 2 *Recruitment Agents (Level 2)*

Our main channel in most countries will be the same recruitment agents that act for recruiting students back to many UK university courses.

We will pick a number of them, obviously going for the best of those that concentrate on UK recruitment already. They are usually very small operations with no association with in-country courses – but they *are* sales operations!

#### 3 *Other Non-Educational Companies (Level 3)*

We will search out organisations, such as Research and Technology organisations with specific sector interests, to market into niche areas with courses such as our En-

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\* This document was prepared by the Sales and Marketing department in April 2003.

† This global level of analysis was backed up by “Market Entry” strategies for each specific country. It is hoped to publish versions of these in the not too distant future.

vironmental courses or where specialist market knowledge is required for instance with our Health courses.

#### 4 Education Subsidiaries of Public Universities (Level 4)

Particularly in China and India we will use education spin-offs of public universities as an alternate channel where they are available. These have some issues about local support but are more sales-focussed and less operationally driven than Universities themselves.

Once we have this network established and producing student numbers we will consider any other types of partners, but there must be some restraint on this in the early stages if we intend being viewed as a serious HE provider. In parallel we intend ramping up the efforts to establish a productive interactive channel.\*

### A.2 Background to Market Demand for Supported e-Learning

In Asia in particular e-learning is in wider use for Higher Education than in Europe. For example in South Korea there are 16 virtual Universities with quite large student intakes.† In China most of the top universities have intakes on e-learning programmes as large as most UK universities.‡

Although the improvement may not be on the same scale as ours is expected to be, these institutions have clearly learnt from early experiences and are delivering far better quality courses than in the pioneer days. But they also believe that for academic courses blended delivery is the way to get student acceptance and motivation.

This is not unusual; in fact an advisory report entitled “Survey of Pedagogic, Assessment & Tutoring Tools” was prepared for UK eUniversities in its early stages.§

The final paragraph summarises as follows.

However, if the market of the e-University is seen to be students in developing countries who have no home access to IT, poor study skills, English as a second language, and lack of fa-

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\* This was a Web-based sales channel direct from UKeU to potential students worldwide. It was not part of the early vision but was brought into place during 2003.

† There is a useful overview of the “Virtual University Trial Project 1998–2000” at <http://aped.snu.ac.kr/cyberedu/cyberedu1/eng/eng28-01.html>. Korea was not regarded in the 2000–2001 period by most analysts as a prime target country for e-learning, which was when the pre-UKeU market research was being done, so that there are only a few references to Korea in the e-University Compendium. However, by late 2003 UKeU did have an International Business Manager based in Korea and as this document shows, the country was of interest to UKeU. (There are also some references to UKeU marketing activity in Korea in the *Select Committee Report* on UKeU.) Now, Korea is regarded as a prime target by the US for-profit e-learning HE institutions. Hezel Associates’ *Index of E-Learning Market Opportunity* “ranks South Korea, Japan, and Germany as the top three markets closely followed by the UK and China” (<http://www.hezel.com/globalreport/>).

‡ See Report 04.

§ See Chapter Sixteen (and also Twenty One) of the e-University Compendium Volume One.

miliarity with the world of online learning... some form of face-to-face contact will be necessary to prevent large drop-out rates.

There will be opportunities to work overseas Governments but these are likely to require a true partnership model which involves local institutions and can lead to some transfer of skills. This is how we will work on the eChina project.\*

So overall it is hard to escape the fact that the *market-led* solution involves some form of locally supported solution. Most UK universities, including OU, recognise this and where they are delivering e-learning they follow a blended model.

*The big factor that none of these markets can appreciate is how our second-generation e-learning environment alters this picture.*

At UKeU we have confidence that it will be a substantial step forward so we have chosen a wholly *product-led* business model. We intend winning students by demonstrating a new approach to e-learning, exhibiting world-class excellence in both product and service levels.†

### A.3 Implications of this Channel Strategy

- Although we will find it quite difficult to get an HEI to sign up as a sales agent on a low commission (i.e. 15%) we believe we can still get one in each country.
- Selling the best University brands may not be so affected but without a strong local brand as comfort, many markets are sophisticated and brand conscious; thus selling the lower brand courses will be that much harder. We may need to consider such lower-branded courses carefully.
- These recruitment agents would agree that they are not regarded as the most “respectable” parts of the local HE sector. Thus once we are seen as working with them and delivering unsupported courses, if we later experience any difficulties it will be difficult to change our profile. Some HEI partners may pull out if they see we are also promoting the courses via lower-ranked channels.
- We may find it difficult to get Ministry of Education approval for courses in some countries without a local sponsoring HEI. This may have serious effects

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\* And this is how it turned out to be on the eChina project.

† By late September 2003 there was a volte-face at the September Awayday and Board Meeting after some UK HEIs persuaded UKeU that *blended learning had to be offered*. As the Techno-Pedagogic Review (a document prepared for UKeU) for one of these programmes noted: “There is a self-directed element of around 70%, *but face-to-face tutorials and instructor-led content dissemination is key to success.*” (My italics.) By that time UKeU had also agreed (although hoping it was only for a “transitional period”) to offer HEI courses on standard platforms (both WebCT and Blackboard) which made it intellectually impossible to justify the “third generation” rhetoric of the brochures concerning the UKeU Learning Environment. Around the world, many large distance e-learning HEI programmes (Capella, Hong Kong OU, Ulster, Middlesex, etc) now use WebCT and quite a lot also use Blackboard (including Tec de Monterrey and the UK Defence Academy – see <http://ollkg.rmcs.cranfield.ac.uk/>).

on sales where the targets are public sector employees – e.g. Public Policy, Health sector courses.

- One of the best additional service opportunities going forward could have been to carry out on-line placement for universities through our 1+2 programmes and onward. This will be precluded, as we would be in competition with our own channel.
- As we will not be working post sales with any local organisations, it will prevent us having any soft entry point for managed service sales, as for instance we had expected with in Hong Kong.
- More courses put through Channel Partner give better economics of scale and easier management.
- Undergraduate courses are not suitable for recruitment agencies.
- Drop out rates can affect reputation.
- There is no proof agents can sell, and they show considerable scepticism about, non-supported online courses.
- Branding selling through agents can erode the relationship with our main HEI partners.
- Constraints are to do with revenue split – HEI partners are happy to run 100% online.
- We miss out on multi-nation deals with a country-based agent strategy.
- We need to negotiate a better rate with partner universities in order to improve the margin for local partners.

#### **A.4 Financials**

One of the main advantages is in reducing the amount of agents' commission that we will have to pay.

In recognition that UKeU pay anything between 20% to 50% to overseas partners where some support is included in the deal, we had previously expected to pay maybe 20% to 25%.

However using recruitment agents with no support we will be able to keep this within 15%.

However typically Universities have to pay for marketing costs as well so where we were expecting to only pay a contribution we may pick up the whole tab with this different group of agents (i.e. 10%) which will reduce the overall benefit.

## A.5 Corporate Channel Partners

Whilst considering agents it may be sensible to ensure there is no conflict with our corporate team.

The way we understood how UKeU is approaching corporate sales is basically about “bulk” and “bespoke”.

On the bulk side we understood that our corporate team would target large multinationals at their head offices and make deals across such organisations.

We understood the main aim was not in award-bearing courses but in the re-use of our first-rate material for continuing professional development courses in major corporates. In conjunction with this we might encourage corporates to commission developments such that the end-product became a tailored company course.

The fact that most of our courses are aimed at working adults means that on the retail side we have to sensibly target sections of potential students including using opportunities to directly target their employers who may part-fund or recommend courses. For most of our courses this is just sensible efficiency in using our marketing spend whatever medium is used – electronic, inserts or seminars.

We understand that our corporate team are considering setting up a parallel channel – there have even been approaches to potential partners currently discussing contacts with retail – to market to organisations at a local level.

In small markets like Singapore, as an example, the current UKeU partner or the retail team may have to reconsider investing marketing spend if it turns out to be in competition with a second partner doing the same thing for the same company.

In addition we had presumed that where a major corporate bought in bulk they would expect a discount. We would need to be clear whether we could be undercut by our own colleagues and if so how will that work together with an agent’s commission all out of 15%. We had presumed that the 15% would be what a global corporate got for dealing direct.

The retail team have worked well in sharing all our preparations and market knowledge with the corporate team and we wish to ensure for both teams’ benefit that we are not in direct competition.\*

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\* In May 2003 a Board paper reported that the Corporate Marketing Team:

...have agreed with the retail marketing team that their IBMs will now also be responsible for achieving corporate sales outside of the UK, US and Western Europe – 50% of our total corporate sales target for 2003/4. We will proactively support the retail team to identify potential partners and major direct accounts..., however, the day to day management of these markets will rest with the IBMs.