REPORT 08

University of Phoenix Online

Sara Frank Bristow

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Edited by Paul Bacsich

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Editor’s Introduction

The University of Phoenix Online is a thriving organisation, growing solidly over several years – and giving the lie to those doomsayers who claim that university-level distance e-learning cannot be successful. The University recently reported that:

As of February 28, 2005, 283,844 students attend Apollo Group, Inc. institutions, of those, 143,846 attend through Apollo’s Online Campuses.

This is good business by anybody’s standards. (Especially since in May 2004 they already reported 109,000 attending via the Internet.)

Thus it should be no real surprise that UKeU decided to keep a close eye on UOP Online and in particular commissioned a specific study in the summer of 2003, which produced its final report (reproduced here) in September 2003. This was done as one of a number of overseas competitor studies including UNext/Cardean and eCollege.†

Those who worked on the general studies in 2000–2001 that led to the setting up of UKeU were already well aware of the existence of UOP Online. As Quentin Thompson noted in a report of November 2001 to HEFCE (now published as “Overview of the e-University Concept”, Chapter Two in the e-University Compendium):‡

The successful providers are those which have devoted considerable thought, research and analysis to the markets which they intend to target, and have developed an approach which is particularly suitable for each market. Perhaps the University of Phoenix is the best-known example of a provider which has done this, but so have eCornell, the University of Maryland University College (UMUC) and parts of the operations of NextEd.

And later in the report, he notes:

Of the other known providers in the frame, some have yet to make a serious showing in the actual market... Others have ... stopped operating altogether; yet others, including Cardean/UNext, Fathom and NextEd, have all changed and/or reduced their original ambitions (e.g., by moving to providing shorter offerings). In contrast, UMUC, UOC and Phoenix stand out.

However, none of the specific market research work commissioned by HEFCE or UKeU in the 2001–2002 era focussed on UOP Online, even though some of the other main players (including UMUC and UOC mentioned above) were covered in depth – the HEFCE Invitation to Tender in 2001 had made it perfectly clear that US e-universities were very much in scope for such studies. In the end, the second case study on the US plumped for UNext (which has not done well) rather than UOP (which has) – which with 20:20 hindsight now could look like a mistake – and one that was not put right until summer 2003.

* By Paul Bacsich.
† See Report 07 for eCollege. There was a case study of Cardean in the e-University Compendium Volume One (Chapter Eleven) which used UKeU material to provide updating footnotes to the original HEFCE report, thus it is not likely that there is a need to publish the actual UKeU report on Cardean. See http://www.heacademy.ac.uk/learningandteaching/eUniCompendium_chap11.doc.
‡ See http://www.heacademy.ac.uk/learningandteaching/eUniCompendium_chap02.doc.
By that time UOP was seen in UKeU not so much as a potential threat (given the geographic separation of the target market areas) but rather as a “comparator”, an organisation from whose approach one could learn.

**Note on Provenance**

This document was in wide circulation at UKeU in late 2003. It was stored in the Sales and Marketing area in the UKeU electronic archive.

**Production Notes**

There were no specific issues.

**Additional Reading**


*The original document now follows, starting on the next page.*

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* UKeU had decided from its start not to target the US in the early years.
1. Brand and General Company Data

To understand the University of Phoenix Online it is necessary to place it in its proper context. This requires brief introductions to the parent company Apollo Group, to University of Phoenix as an entity that also offers face-to-face courses, and to Apollo International, an Apollo Group offshoot venturing into the overseas market.

1.1 Apollo Group

The University of Phoenix Online is a division of the University of Phoenix, which is in turn a wholly owned unit of Apollo Group, Inc. The Apollo Group has been offering education opportunities to working adults for 25 years. Other subsidiaries are the Institute for Professional Development, The College for Financial Planning Institutes Corporation, and Western International University, Inc. The Apollo Group’s combined degree enrolment was 187,500 as of May 2003, up from 71,400 in 1998. Apollo Group offers courses and services from 67 campuses and 118 learning centres in 37 USA states, Puerto Rico and Vancouver, Canada. It expects revenue of roughly $1.7 billion for fiscal 2004, of which $793 million is expected to come from the University of Phoenix Online.

Apollo Group is said to be gearing up for international expansion, which may take place through any combination of its subsidiaries. Establishment of campuses in Europe, Asia and Latin America have been named as likely avenues for expansion, and plans are said to be underway at present. Partnerships worldwide are expected to be part of the expansion formula. See below for UOP Online’s specific plans for international expansion.

1.2 University of Phoenix

The University of Phoenix is a private company created in 1976. As of May 2003 it had 164,000 students, compared to 125,000 one year earlier. It offers working adults Associate’s, Bachelor’s, Master’s and Doctoral degrees in Business, Management, Computer Information Systems, Education and Health Care; as well as multiple certificates. University of Phoenix has 128 physical campuses and learning centres located in 26 US states. Its 1,600 faculty members have masters or doctorate degrees and are said to be company CEOs, CFOs, managers, business owners and executives whilst not teaching.

University of Phoenix offers on-campus, online, or blended (the new FlexNet) learning. On-campus opportunities are established via partnerships with local institutions, and are held in a familiar night/weekend school format. Brief FlexNet courses, which can count toward degrees, consist of both online and face-to-face workshops.

1.3 University of Phoenix Online

University of Phoenix Online students comprise 40% of the Apollo Group’s total enrolments (there were 72,000 UOP Online students in May 2003), and represent the company’s primary source of growth at present. UOP Online was founded in 1989
and graduated its first class in 1991. It is now the USA’s foremost online university; this spring it awarded 3,000 Bachelor’s and Master’s degrees. The average age of its students is 34–35. *UOP Online* forecasts a 50% rise in its online student numbers by the end of 2004 (compared to the present). 95% of alumni express a high level of satisfaction with their *UOP Online* experience.

*University of Phoenix Online* faculty includes over 8,000 highly qualified instructors, all of whom hold advanced (i.e. Master’s or Doctoral) degrees.

*UOP Online* has plans for international expansion, specifically into Europe and Latin America. The company has recently hired 80 enrolment counsellors to recruit overseas students, primarily in Western Europe (with more new hires expected). Its first overseas recruitment office recently opened in Germany, targeting both Europeans and American military personnel. Plans are underway to offer courses in Spanish and Mandarin (courses are presently in English only). 4% of online students are presently from outside of the US; this percentage is expected to reach 20% in a few years time. Students presently represent 90 countries. Non-US residents may be eligible for a 20% discount on tuition.

1.4 Apollo International

*Apollo International* seems to be part of the *Apollo Group*’s plans for expansion into the overseas market, but note that it is a separate entity from the *Apollo Group* and its subsidiaries. This small, privately-held company, which targets traditional college-age students (unlike the *University of Phoenix*), is partly owned by *Apollo Group* and partly by some of its founders. As of July 2003 *Apollo International* had 1,500 students at its five overseas campuses, including its own *UOP* campus in the Netherlands offering MBAs to roughly 100 students.

In 1999 *Apollo International* ventured into the realm of elementary/secondary education in Brazil and currently has plans to develop campuses in India and Mexico. However, plans to open a German campus were abandoned earlier this year.

2. Offerings and Prices (Including Other Services – Admissions, Online Library etc.)

2.1 Course Offerings

Individual students may choose from 11 Bachelor’s, 22 Master’s, 4 Doctoral and 38 certificate programmes. Offerings are divided into Business, Technology, Education, and Nursing. Courses are designed to be taken one at a time, contributing (in the end) to the full degree.

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* That is, 2003.
University of Phoenix also offers Microsoft, PeopleSoft, Cisco and other certification that is not traditionally considered to be “academic”. This is not marketed in the same way or via the same Web sites.

Please see the Offline Services/Techno-Pedagogy section for further details on the UOP Online course structure.

Please see Appendix A for a full list of course offerings.

### 2.2 Other Offerings

Most of UOP Online’s administrative services are available online, e.g. application, registration, payment, academic counselling and technical support (services are also available by phone). Students can access an online library for journals and periodicals, or order printed books/articles for courses and research. A Student Union is available for social and career-related discussions. Students can access an online diary and review academic records, and after graduation have access to an online Alumni Network (with networking/career resources and discounts on products and services for professionals). Alumni Network chapters hold face-to-face meetings locally.

Extensive assistance from named individuals is provided to all students. Each is assigned UOP Online employees with whom to work, as described below:

- **Financial Advisors** assist with financial aid and related matters, e.g. student loans, grants and outside funding.

- **Admissions Counsellors** process applications, ship required software, assist with ordering textbooks and other course materials and see students through their first class.

- After the first class, an Academic Counsellor replaces the Admissions Counsellor and then remains a point of contact for the duration of the programme. Academic counsellors provide schedules for the entire degree programme (including graduation date) and then check in periodically. Students can contact counsellors at any time regarding any university matter, e.g. classes, instructors, attendance and grades.

### 2.3 Prices

The University of Phoenix sells degree and certificate programmes directly to individuals, and posts its pricing scheme on its Web site. Individuals in many groups are offered discounts, and credits can be transferred from external institutions for credit toward UOP Online degrees. Students may pay for a single course at a time (rather than a full semester or year).

The UOP Online Web site estimates that most students pay under $10,000 per year, or less than half of what most private US colleges and universities cost.

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* PeopleSoft has now been bought by Oracle and integrated into it with effect from 1 June 2005.
At full price, a student would pay the following:

Undergraduate tuition $25,000–$40,000 total:

- $422/course credit, with 60–120 course credits.

Graduate tuition $17,000–$25,000 total:

- $518/course credit, with 60–120 course credits

Doctorate tuition $40,000 total:

- $595/course credit, with 62 course credits.

Other fees include:

- application fee: $85
- late payment fee: $30
- graduation audit fee: $50.

However, prices vary as follows:

- Many US companies reimburse part or all of an employee’s tuition.
- Multiple US financial aid options are available, with federal financial aid among them.
- Non-US residents may be eligible for a 20% discount. (International course credits may be transferred after a review, according to standards approved by the National Council on the Evaluation of Foreign Credentials.)
- The number of courses required to complete a degree will vary according to the credits a student can transfer in from other institutions. UOP Online accepts subject-relevant transfer credits from regionally and nationally accredited institutions of higher learning. Credits awarded through the Assessment of Prior Learning or the College Level Examination Program (CLEP)* will be considered for academic credit. Those who have professional training or have served in the military may be able to convert previous experience into academic credits; military students are usually able to complete their Bachelor’s degree in two or three years.
- There is a 20% discount for all active duty military members, full-time National Guard and full-time Reserve personnel; as well as to all military spouses. There are multiple other military-specific tuition schemes.

* See [http://www.collegeboard.com/student/testing/clep/about.html](http://www.collegeboard.com/student/testing/clep/about.html).
2.4 Requirements

Admissions requirements for applicants to Bachelor’s degree programmes are as follows:

- **Business**: High School graduate/GED; 21 years of age; employed or has access to work environment

- **Nursing**: High School graduate/GED; Associate degree/diploma in nursing; 30 transfer credits in nursing; valid Registered Nurse license; one year experience as practicing nurse; liability insurance of $1,000,000 per occurrence

- **Education**: Undergraduate degree from an accredited institution; 2.5 or higher GPA; 3 years of full-time work experience.

Admissions requirements for applicants to Master’s degree programmes are:

- **Business**: Undergraduate degree from an accredited institution; 2.5 or higher GPA; 3 years full-time work experience in field related to degree

- **Nursing**: Undergraduate degree from an accredited institution; upper division major in nursing; 2.5 or better GPA with overall GPA in nursing of 3.0; valid Registered Nurse license; three years of full-time nursing work experience; liability insurance of $1,000,000 per occurrence; two letters of recommendation.

Admissions requirements for applicants to Doctoral programmes are:

- **Business, Education**: Graduate degree from an accredited institution; 3.0 or higher GPA; three years full-time work experience, including supervisory or managerial experience; currently employed; three letters of recommendation; membership in a research library.

No national admission tests are required for any applicants.

3. ‘Buy-in’ e.g. Partners, Government Support, Accreditation

The *University of Phoenix* is widely-recognised as the most successful corporate online university in the USA, and its present growth rates are expected to continue. Top institutional shareholders include Price (T. Rowe) Associates, Barclay’s Bank plc, Janus Capital Management LLC and Bamco Inc. Given that *UOP Online* no doubt has multiple partnerships, it is not especially forthright in discussing them.

The *University of Phoenix* is a member of *The Higher Learning Commission (HLC) of the North Central Association (NCA) of Colleges and Schools.* It its Bachelor of Science in Nursing and Master of Science in Nursing degree programmes are accredited

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*GED is the Graduate Equivalency Diploma. See [http://www.gedonline.org/facts/facts.html](http://www.gedonline.org/facts/facts.html) for details.

*GPA is Grade Point Average.*
by the National League for Nursing Accrediting Commission (NLNAC). In British Columbia, the University of Phoenix is accredited by the Private Post-Secondary Education Commission (PPSEC)." 

The University of Phoenix is a member of the Servicemember’s Opportunity Colleges (SOC), to which nearly 1500 colleges and universities are affiliated.

It is one of 111 institutions that have been chosen to work with the US Department of Education to provide feedback about best practice in its Distance Education Demonstration Program. It is also working with eight other colleges and universities in the American Association for Higher Education (AAHE) project Best Practices: Toward an Enlarged Understanding of Scholarship (funded by the Carnegie Foundation).

As of 2002, the University of Phoenix had completed more than 350 formal alliance agreements with two-year institutions to successfully provide a seamless transition from an associate degree to a baccalaureate degree and was working with another 298 institutions toward completion of additional alliance agreements.

4. Business Model

Apollo Group and University of Phoenix are publicly-traded companies. Courses are marketed directly to individuals, most of whom are working adults. A system of predictable discounts has been used to attract students from the military.

5. Client Demographic (Including Foreign Language Issues)

More working professionals attend University of Phoenix Online than any other private university in the U.S. Advertising efforts clearly (and successfully) target working adults, with the average age of UOP Online students at 34–35. The average student is said to have been working for at least 10 years. The company is forthright about its shortage of traditional full-time students; that its students be employed while studying is in fact an admissions requirement for most of its degree programmes.

4% of students are overseas customers, representing more than 90 countries. As courses are available only in English, the TOEFL, TOEIC or IELTS examination are required of applicants whose native language is not English. However plans are underway to offer courses in Spanish and Mandarin. UOP Online’s plans to expand into the European, Asian and Latin American markets are discussed in some details above, under Brand/Reputation/General Company Data.

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† Now called the Private Career Training Institutions Agency (PCTIA). See [http://www.pctia.bc.ca](http://www.pctia.bc.ca).
‡ For an overview of these, see [http://www.ielts.org](http://www.ielts.org) and [http://www.ets.org/toefl/](http://www.ets.org/toefl/).
6. **Route to Market (Marketing Strategy)**

*University of Phoenix Online* courses are marketed to “busy professionals who need to balance work, family, AND an education”. Emphasised in particular are the time and cost savings offered by *UOP Online* (via a student’s ability to complete a degree in 2–3 years rather than 4); the potential for lifelong learning to improve workplace performance and salary; *UOP*’s unique understanding of the demands upon working adults; the company’s ability to cater to workers who may literally have to take their classes from hotel rooms and/or between meetings; the uniquely qualified nature of *UOP*’s faculty, most of whom are working professionals themselves while not moderating *UOP* courses; and the breadth of experience that other adult, working students can bring to the classroom experience.

*UOP Online* is said to have succeeded at using internet advertising to improve brand recognition. In 2002 it noted its intention to accelerate spending on the following marketing initiatives: direct marketing via acquiring lists of prospective students; targeted advertising on the internet; advertising through traditional media e.g. television and radio; and expansion of relationships with internet search engines, full-service portals, content providers, and other education-related vendors.

The *University of Phoenix* devotes separate web sites to various target audiences, e.g. those in the military, corporate clients and international clients.

7. **Offline Services/Techno-Pedagogy**

When *UOP Online* refers to a “100% online” course, this is understood to include courses in which all paper-based materials can be ordered online and received by mail. Textbooks and other physical materials are used frequently. Where online learning materials are employed, text and rudimentary graphics are used before advanced multimedia tools. The assumption is that not enough users have access to high-speed connections to make widespread use of complex learning objects worthwhile. Course materials are to be studied and generated offline. Students actively participating in a degree programme can expect to spend only 1–2 hours of time online each month.

There does not seem to be a synchronous component to any online dialogue, with asynchronous discussions playing the starring role. Students must log in at least five times a week and post comments twice in order to pass a unit. Each class shares its own group mailbox, which serves as an “electronic classroom”; this serves as a group forum for sharing and collaborating on assignments. The classroom is broken into newsgroups for discussing various topics, e.g. assignments, group projects etc. Users can interact with newsgroups offline, then go online to synchronise. A customised version of Outlook Express is the primary means of accessing the classroom, with web access also available.

Classes are designed to be taken in sequence, one at a time, with each class lasting between five and six weeks. There are no semesters or terms, so students can begin a course of study at any time, proceeding through sequential units until the degree (or certificate) is attained.
8. **Content and Related Issues**

Little information about *UOP Online* content development, acquisition or partnerships is readily available. However, in 2001 it was publicly announced that McGraw-Hill, Thomson/NETg, Pearson and Wiley would all be providing it with online content.

All content is presumably launched from MS Outlook Express discussion groups. The evidence would suggest that most of *UOP Online*’s content would be fairly “simple” (in terms of presentation technologies).

9. **Technical Issues (Where Relevant)**

A customisation of Microsoft’s Outlook Express is the primary learning environment used. Users may require other Microsoft programs in order to join *UOP Online* courses, e.g. MS Project and Visio*. They also require a system running Windows 9x, NT, ME or 2000.†

Macintosh systems are supported where the most recent versions of *IE* and *Outlook Express* are used.

Other specifications are minimal:‡

- Pentium or better with 16 MB RAM or more
- 1 GB hard drive or better
- SVGA monitor
- 28.8 kbps modem or existing Internet connection.§

*UOP Online* provides complete technical support seven days a week.

Notes

*[These were footnotes in the original document.]*

1 The latter is among the associations that grant membership to all regionally accredited educational institutions (e.g. Harvard, Yale); all such the regional associations co-operate extensively and acknowledge one another’s accreditation. (See [http://www.ncahihe.org](http://www.ncahihe.org).)

2 Corporate clients are offered multiple face-to-face and consultancy-style services. These are not considered part of the *UOP*’s core proposition.

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† Now also Windows XP.

‡ These were the specifications as of September 2003. See the next footnote for how to find out the latest requirements, which are considerably higher.

§ The current system requirements are at [http://online.phoenix.edu/SysRequirements.asp](http://online.phoenix.edu/SysRequirements.asp).
Appendix A: Online Courses Offered by the University of Phoenix*

*This list was correct as of September 2003. A current list of online programmes is at http://online.phoenix.edu/CampusProgramList.asp.

Bachelor’s Degrees (11)

Associate of Arts in General Studies, Bachelor of Science in Business/Accounting, Bachelor of Science in Business/Administration, Bachelor of Science in Business/e-Business, Bachelor of Science in Business/Management, Bachelor of Science in Business/Marketing, Bachelor of Science in Criminal Justice Administration, Bachelor of Science in Human Services/Management, Bachelor of Science in Information Technology (BSIT), Bachelor of Science in Management, RN to Bachelor of Science in Nursing.

Master’s Degrees (22)

Master of Management International, Master of Arts in Education/Administration and Supervision, Master of Arts in Education/Adult Education and Distance Learning, Master of Arts in Education Curriculum and Instruction, Master of Arts in Education/Technology, Master of Arts in Education/Early Childhood Education, Master of Arts in Education/Special Education, Master of Arts in Education/Teacher Education for Elementary Licensure, Master of Arts in Education/Teacher Education for Secondary Licensure, Master of Arts in Organizational Management, Master of Business Administration, Master of Business Administration in Accounting, Master of Business Administration in e-Business, Master of Business Administration in Global Management, Master of Business Administration in Health Care Management, Master of Business Administration/Human Resource Management, Master of Business Administration/Marketing, Master of Business Administration in Technology Management, Master of Health Administration, Master of Science in Computer Information Systems, Master of Science in Nursing.

Doctoral Degrees (4)

Doctor of Business Administration, Doctor of Education in Educational Leadership, Doctor of Health Administration, Doctor of Management in Organizational Leadership.

Continuing Education Certificates (38)

Continuing Teacher Education Units (21)

Health Disabilities, Classroom Management, Elementary Reading Methods, Inclusion Strategies for the Special Educator, Instructional Techniques and Methods of ESL, Methods of Bilingual Education, Orientation to the Exceptional Learner, Secondary Reading Methods, Secondary Methods for Classroom Teachers, Special Education Assessment & Interpretation, Special Education Methods, Teaching Students with Gifts or Talents, Teaching With the Internet, Technology Integration in P-12 Curriculum, United States Constitution.

**Accounting (17)**

Appendix B: Full Lists of Resources Consulted

**Media Sources**


“Students Flocking To University Of Online Classes”, *The Oregonian*, 25 June 2003 Wednesday, C02.


Angela Delli Santi, “NJEA Says Online College Doesn’t Measure Up”, *The Record* (Bergen County, NJ), 9 July 2003, B03.


**Selected Reports and Other Sources**


Hoover’s Company Fact Sheet Database American Public Companies 2003 (entry for University of Phoenix Online).
