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Fit for the new normal

How Australia's higher education institutions might grow in the 2020s

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Overview

In 2020 the COVID-19 pandemic ushered in a new world of economic uncertainty, geopolitical volatility, exponential digitisation and, in all likelihood, ongoing physical distancing. Like many other sectors, the higher education sector has been plunged into a 'new normal'.

Rather than seeing it as a temporary disruption before a return to business as usual, it is a timely opportunity to look at how the sector can respond to this disrupted environment, so that it continues to be an engine of innovation, creativity and productivity.

In the 20 years before COVID-19, the higher education sector in Australia has successfully grown international sources of income, with campuses designed for large-scale in-person engagement. At the same time, increasing digitisation has introduced more online alternatives from local and international providers in short-courses and professional development that cover the full cost spectrum of no, low and high fees. In a COVID-19 disrupted world, higher education institutions are left with many choices in how they respond and what this means for their multiple purposes.

To reposition and grow, PwC thinks that institutions now need to clarify what they want to stand and be known for and plot their path ahead so that they become fit for the new normal aligned to a clear purpose. This will energise their faculty, students and communities and help them make important trade off choices on where to channel their resources.

While national policy settings should also be considered, there is much that higher education institutions can do themselves to determine their growth path through the 2020s.

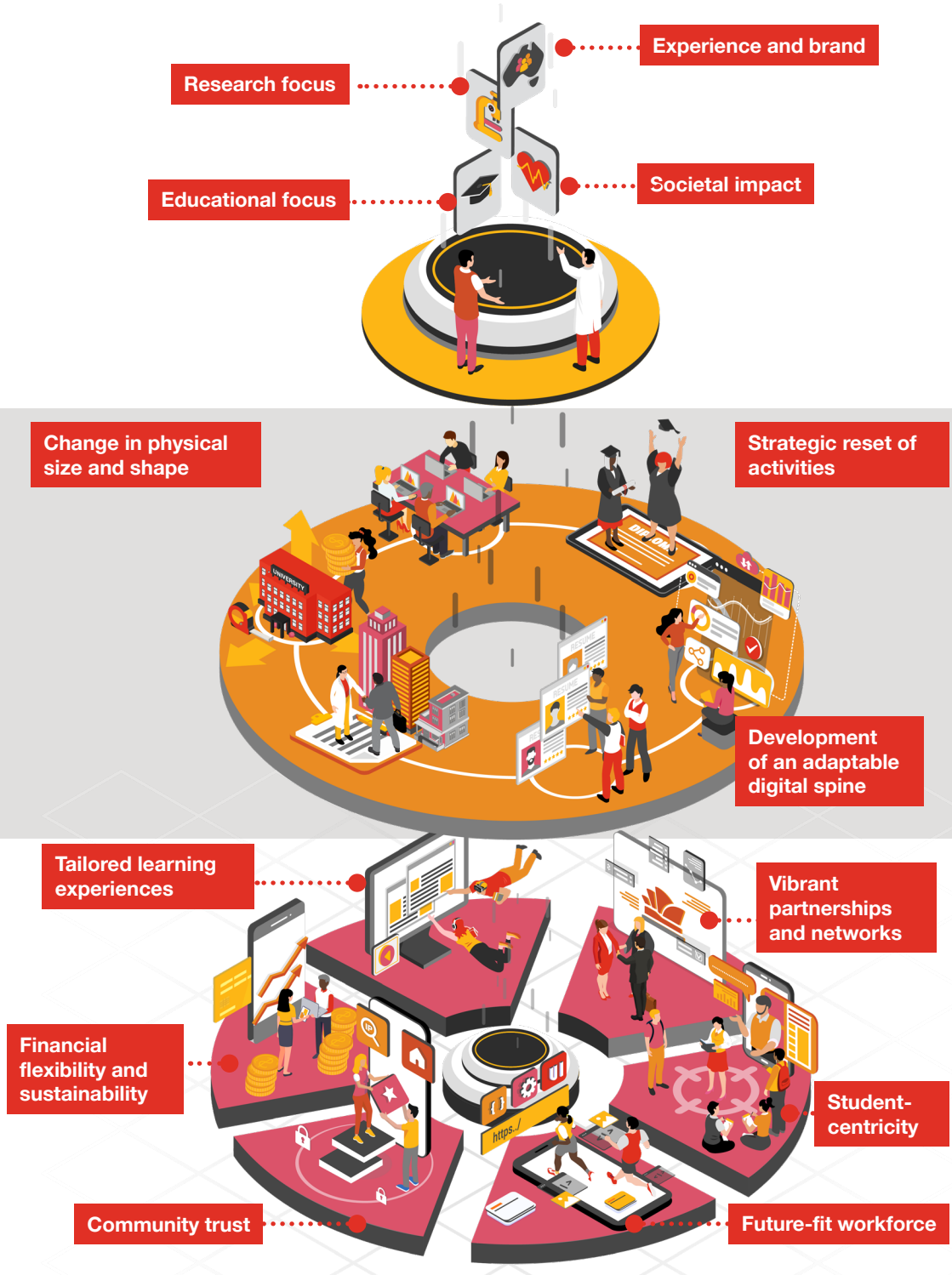
Becoming fit for the new normal

The questions that higher education institutions are asking themselves today include:

What is our purpose and differentiated proposition?

How does our purpose determine our future activities and our size and shape?

How will we develop the enablers for success in the new normal?



01 Purpose and differentiated proposition

Tomorrow's successful educational institutions will have distinctive brands that reflect their purpose and a clear focus on excellence in defined areas (e.g. disciplines, geographies).

As an institution, you will need to be as clear about **what you don't represent** as you are about **what you stand for**.

This clear-sightedness of purpose is key to reshaping your institution to be fitter, more impactful and more adept at securing the funding and talent you need to provide the services that will be expected of you.

Given this, what do you want your institution to be known for?

What is your promise to students, staff and society?

Research focus

In what areas of research can you exert disproportionate impact, at national and international levels?

Scale and depth in a specialisation can generate greater impact, which in turn attracts more funding and talent.

Education focus

What learning and employment outcomes fit with your purpose? What combination of students, courses and delivery modes will most effectively meet these goals?

Through deliberate targeting of resources and avoiding the trap of being all things to all students, your institution will have greater impact in living up to its purpose.

Experience and brand

What strengths, experiences and qualities can you offer that have a disproportionate impact on attracting and retaining students and academic talent?

Is a student's or employer's experience of interacting with your institution consistent with your brand? For example, does a university of technology have effective and current digital tools for its staff and students?

Do the heritage features or central location of your campuses provide students with varied work and life experiences? Or do strong industry connections enable students to access a range of career opportunities?

Societal value

What unique values, qualities or contributions do you want to see your institution providing to your community and the nation?

For example, do you want to be known for:

- groundbreaking medical discoveries that improve the quality of life??
- the technological innovations that underpin an economic cluster?
- influential think tanks that contribute to a fairer and just society?
- cross-disciplinary leadership that leverages climate, engineering and planning expertise to solve renewable energy challenges?

Case: Refocusing a multi-campus university

The challenge

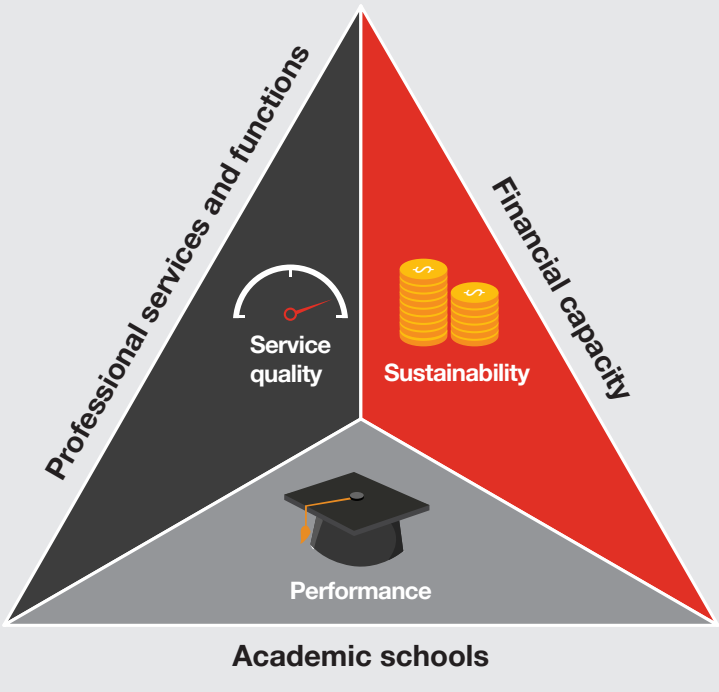
One of Australia's innovative research universities recognised that COVID-19 presented serious risks to its sustainability, risks for which it would have to make difficult choices. How could it reduce its cost base while preserving and enhancing its reputation in key sectors, where it had a clear lead in the region? From which areas of education and research should it exit, and how could its research investments be optimised for greater impact at a global and regional level?

What we did

We designed a sustainable futures program that balanced the three lenses of academic performance, professional service quality and financial capacity. We leveraged PwC's Academic Portfolio tool and workforce analytics to determine, school by school, the shift in resource and focus that would be required between education and research in order to achieve the needed cost savings while still protecting areas of innovative research excellence.

The impact we had

The university has a clear plan on how it will achieve a sustainable financial position across each academic school and professional services and functions. The university is confident that by making purposeful choices on its academic positioning, it can maintain its strong reputation for excellence and yet quickly shift its cost base when required.



02 Future activities, size and shape

COVID-19 brought sudden disruptions to student income and technology systems, but it also accelerated long term trends in student and society expectations and has left institutions with offerings, assets and capabilities that may not be fit for purpose. To become fit for their chosen purpose, institutions are recognising they will need to reshape their organisation to succeed in the new normal.

While changes to jurisdictional policy settings should be considered, institutions are also recognising that to become fit for their chosen purpose, they will need:

- A strategic reset of their activities
- A change in their physical size and shape
- Development of an adaptable digital spine

Thought leader: Blueprint for the digital spine of a university

A digital spine enables connected, coherent and immersive digital experiences across the whole of a university.

Getting digitisation right is not just about streamlining administrative processes so that your staff can get on with more important work. It has the potential to revolutionise the way you operate. A considered blueprint for a digital university that actively involves staff and students, and reflects their needs and aspirations, has the potential to seed changes that add up to a university-wide transformation. A blueprint for a tomorrow's university with a digital spine would aim, among others, to do the following:

Estates and facilities

- Build digital collaboration spaces with high speed wireless connectivity
- Create the digital estate with safeguards that protect users and secure the university's intellectual property
- Don't just build it, support it - skills development and learning support for educators, researchers and students.

Library

- Promote digital literacy support networks within which students can collaborate and seek help.

Governance

- Leverage data analytics and insights to understand the impacts of critical strategy and decision-making.

Finance

- Operational expenditure budgets would recognise that digital applications and experiences are rarely finished, and require persistent enhancements to support their users evolving needs.

Human resources

- Capability development programs for academics and staff that support the ongoing development of digital literacy skills.
- Value teaching and research contributions equally and support teaching expertise to drive pedagogical innovation in digital literacy and capabilities.

Faculties and schools

- Develop opportunities within courses to promote student digital literacy.
- Support staff who are leaders in the development and pedagogy of digital literacy to be advocates for digital literacy in the university community.
- Encourage the advanced use of learning platforms by teaching staff to capture learning data to inform deliveries that aim to improve outcomes for students and the university.
- Help build support networks for staff who are less confident with digital technologies.

01 Strategic reset of activities

With resources having become much more constrained, institutions are facing a tough choice: spread those resources more thinly across the same portfolio of teaching and research activities or rationalise the portfolio and focus resources on fewer but more tightly defined priority activities.

We think the path to long term success for the sector is to do the latter, but make the hard choices part of a deliberate strategic reset of activities that flows from the institution's purpose.

02 Change in physical size and shape

As an institution, your physical size and shape are about the reach of your faculties, networks, physical presence, as well as the number of people in your community of students and staff.

A change in size and shape needs to be driven through the lens of being fit for delivering on the institution's purpose rather than just balancing projected costs with income.

03 Development of an adaptable digital spine

While informed choices about the physical size and shape can be made now, the digital size and shape of the institution is much more uncertain. What we can be certain about however are two things:

- Every institution, whether they have a physical or digital campus, will need to become a digital university
- Technology capability and the organisation's technology needs will always be evolving

This means that institutions must invest in an adaptable digital spine that connects people, data, applications and physical assets through seamless experiences and enables them to evolve at the pace they need.

Admission

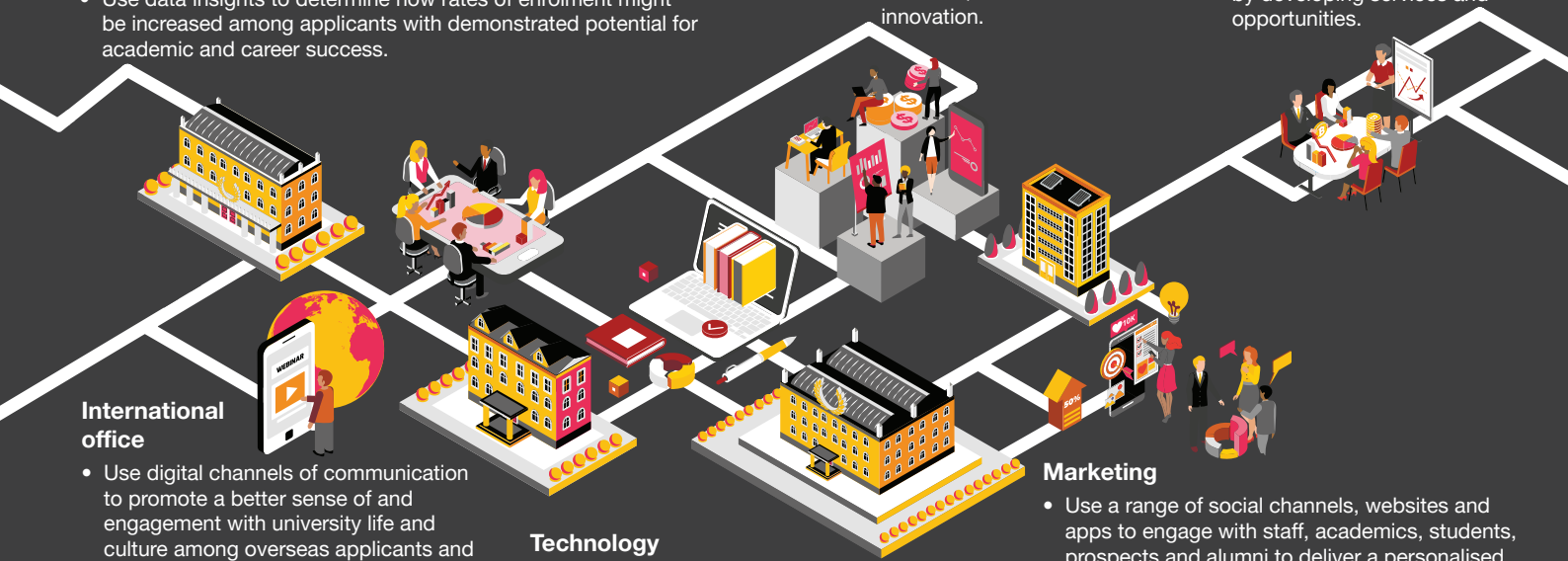
- Use digital to engage with and inform applicants on the progress of their applications and maintain contact with them after their acceptance and enrolment, so that they know what to expect and how to prepare for university life.
- Use data insights to determine how rates of enrolment might be increased among applicants with demonstrated potential for academic and career success.

Procurement

- Support a range of contracting models and frameworks that facilitate agile delivery of technology and business solutions, and do not constrain innovation.

Student services

- Build in data analytics and insight to identify struggling or disengaged students to enable timely and targeted support and improve retention rates.
- Respond to key issues affecting students during their studies, such as mental health or career support, by developing services and opportunities.



International office

- Use digital channels of communication to promote a better sense of and engagement with university life and culture among overseas applicants and students.
- Engage with overseas applicants, education agents and students through social media and other digital channels such as dedicated apps.

Technology

- Encourage faculties and departments to track new technology trends and advise on how these can be employed to deliver new capabilities and outcomes for the university.
- Revise policies and procedures to promote innovative use of digital technology by staff, students and academics.
- Make access to information and systems as open and accessible as possible so that data can be employed strategically.
- Leverage cloud technologies to drive innovation and to accelerate turnaround of new digital capabilities, products and systems.

Marketing

- Use a range of social channels, websites and apps to engage with staff, academics, students, prospects and alumni to deliver a personalised service that conveys the university's culture.
- Determine how your university brand is perceived in target markets through surveys and monitoring of social channels, and respond proactively to shape perceptions of your institution.
- Employ data analytics and insight to identify and target student segments and develop personalised marketing messages for each student.
- Support the creation of digital communities or mentorships that comprise individuals at different stages of their academic journey (such as applicants and alumni) to help students gain insight about specific courses, career pathways or life at the university.

03 Developing enablers for success

Irrespective of an institution's purpose, size and shape we think there are six enablers of success that every institution will need in the new normal.

- Financial flexibility and sustainability
- Student-centricity
- Vibrant partnerships and networks
- Future-fit workforce
- Tailored learning experiences
- Community trust

Financial flexibility and sustainability

Financial flexibility and sustainability will enable your institution to not only survive but also thrive in a more volatile and unpredictable world.

01 Business intelligence tools

With the appropriate business tools and analytics, you can monitor and track performance and make informed strategic and operational decisions in a timely manner.

02 Digital finance tools

Digital finance tools can provide transparency on the use of funds and amplify their impact. They also enable staff to focus their effort on higher value work.

03 Asset optimisation

Many educational institutions have large asset bases that may no longer be appropriate for its future scale and modes of learning and research. A prudent short- and long-term financial strategy can release cash, repurpose existing assets or source new assets that will meet future needs.

04 Adaptable cost structure

A stable and sustainable balance sheet is essential for the new normal. Fixed costs need to be matched by sustainable income. Where income is likely to be volatile, an operating model that can flex in response is needed.

05 Diversity of income

New and alternative sources of income can help to buffer from future shocks. Ideally, new sources of revenue should be aligned to your purpose. For example, the commercialisation of technology as a source of revenue for a 'university of technology', the provision of executive or mid-career courses by an institution that values and emphasises lifelong learning.

Case: Financial transparency and flexibility for a university of technology

The challenge

When the CFO of one of Australia's technology universities was unclear on whether its investment program was affordable, they approached PwC. They wanted to know the likelihood of a surplus or deficit in the coming years. What were their options for building transparency and flexibility into their financial systems?

What we did

The university's data systems and financial planning processes posed challenges. Without coordinated information management there was no single source of truth. The university's biggest asset, its people, were spread across a myriad permanent, fixed-term, casual and consulting arrangements.

We modelled the university's income, costs, balance sheet and cash flows over several years under three market scenarios, and concluded that the university would likely make a loss in less than 2 years.

We identified a number of levers across its strategic investments and ongoing operations that could reduce fixed costs and increase flexibility in cash flows to respond to uncertain market conditions. The two most important levers for the university were **workforce management** and **asset optimisation.**

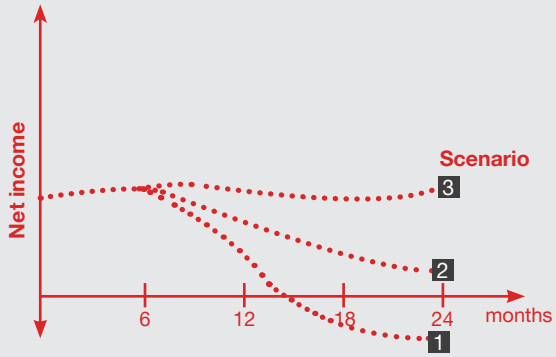
The impact we had

The university was in the position of redesigning its investment plan and was able to remain in surplus.

Our work with the university also triggered fundamental changes in how it manages its two biggest investments – its people and its infrastructure assets.

It implemented a new human resource management system to provide clear and detailed real-time data on its employees, including their skills, experience, tenure, location and current work engagements, no matter the type of contract. In addition, the university developed options for sale and leaseback of key buildings, one of which was triggered during the COVID-19 pandemic.

Financial visibility



Future fit workforce

A workforce with the right skills, agility, tools and ways of working will be essential to thriving in the new normal.

01 Talent and skill model

Talent and skills frameworks for academic and professional staff that are cognisant of the future of work in universities, can be crucial in guiding employees and lifting their capabilities. Such frameworks can help you to identify the competencies your institution needs to deliver on its brand. For instance, do you recruit people with industry experience to enable greater commercialisation of research? Or do you look at other mechanisms including partnerships, contractors or casual employees to meet this need?

02 Performance and incentives

Performance indicators and incentives should be optimised to encourage collaboration, innovation, and efficient delivery. They ensure academic and professional staff are focused on shifting your institution to where it needs to be to succeed in the new normal.

03 Enhanced staff engagement

Given a unionised workforce and academic allegiance to rigour, truth and consensus decision-making, a bottom-up participatory approach to effecting change is more likely to succeed. Working with – not against – university staff and students will require bespoke change management expertise.

04 Collaborative ways of working

The more that your students, faculty and professional staff effectively collaborate the greater their impact. Knowledge grows faster when faculties share and build on ideas; students are better equipped for their careers when collaborative working is second nature; a university excels when its staff and students can solve issues together. The successful institutions of tomorrow will be built on high-performing collaborative behaviours of its people.

05 Digital tools that unlock staff capabilities

Modern and intuitive tools and alleviate administrative burdens and enable more time on high value work are crucial to realising an institution's ambitions and maintaining a happy and productive workforce.

Thought leader: Managing change in Australian universities

The challenge

Managing change and building a future-fit workforce in the higher education sector is a complex undertaking. The key challenges are:

- university norms, the academic tendency to pursue rigour and integrity, and a unionised workforce are all sources of institutional resistance to change
- decision-making is complicated by multiple objectives and consensus-based governance
- decentralised authority that can increase the likelihood of fragmented decision making
- potential undervaluing of change management and human resource expertise.

The solution

Some institutions are navigating change well and creating workforces of greater flexibility and agility by:

- working within their culture to energise change and constructively work with resistance
- engaging with staff and unions to foster dialogue and genuine debate
- identifying and weighing up the concerns of internal stakeholders and addressing these early
- listening to influencers and allowing local leaders to adapt, within limits, the initiatives
- building internal capability for transformational leadership, supported by external guidance and coaching

Read more about how PwC is helping Australian universities to manage change in our latest report here.

Student-centricity

To attract talent, funding and partners, institutions should make it their business to know their students' needs, priorities and challenges and be obsessive about how these are measured and acted upon.

01 Framework to monitor student experience

Understanding student needs, priorities and challenges relies on defined mechanisms that measure and generate actionable insights from student feedback, complaint processes and relationship management. Embedding these mechanisms with a continuous improvement process, supported by sound governance, can guide informed change in areas that will maximise benefit.

02 Student experience

The effective delivery of your brand necessitates the integrated management of all digital and real-world interactions of students across their journey with the institution – from application and enrolment to study, graduation and ongoing career development.

A consistently delivered high-quality experience for students relies on quality data and well-defined analytics, a collaborative organisational culture and the ability to use data insights to personalise student learning according to their needs, aspirations and preferences.

03 Industry pathways

Students increasingly expect a university to deliver career outcomes, not just qualifications. The pathways they need rely on industry relationships that are active, enthusiastic, mutually-beneficial and multi-dimensional.

04 Career-friendly entry and exit points

As labour markets become increasingly volatile and skills need to be regularly augmented, workers are seeking flexibility to start, stop and switch careers in response to labour market fluctuations.

Employers are also seeking solutions to short- and medium-term skills shortages that preserve employee flexibility.

Traditional 'products' such as undergraduate and postgraduate degrees and the processes that underpin them need redesigning to enable more flexible and responsive and products.

05 A nurtured student pipeline

Future-fit institutions will deploy world-class marketing practices to target, attract, engage and nurture students through their application, enrolment and lifelong relationship with their university.

Case: Rethinking the enrolment and the first year experience

The challenge

A dual-sector University with a diverse customer base with a high proportion of first generation students from low socioeconomic backgrounds had some of the highest student attrition rates in Australia.

There was a disproportionate high drop off rate in the offer-to enrol journey, representing an income loss of several million dollars. Additionally, retention of enrolled students was also a problem too, with many commencing students dropping out early in their student lifecycle.

What we did

PwC were appointed as the University's 'experience and digital' transformation partner, responsible for end-to-end solution design, including: student research, experience strategy, solution design, and digital and technical implementation.

We first identified key insights into the needs of student cohorts to guide design and delivery, such as:

- The onboarding experience is a critical moment of truth for incoming students. It is important to get it right, and present a seamless contemporary experience to students.
- Needed a way to offer personalised, week by week content that helps students stay engaged in university so they can be successful.
- that was easier for new students to understand.

We then delivered:

- A prototype developed in just two weeks and co-designed with students which was an effective step in validating the issues, understanding the problem we were trying to solve and obtaining buy-in across the University.
- A personalised Student Portal for students including an enrolment website with headless CMS integration and integration to legacy systems.
- An simpler enrollment process that was easier for new students to understand to address drop-off

The impact we had

The student portal was initially rolled out to 15,000 domestic Higher Education students across Australian and offshore campuses.

- The enrollment process was reduced from 16 steps to 5.
- It often took students >20 mins to enrol, now, most students enrol in under 4 minutes.
- Higher student retention and higher satisfaction
- The commencing student load increased by 6%.

We have been proud to have been involved in five more phases of development since then.

Tailored learning experiences

Successful higher education institutions will be able to support their students' life and career objectives by optimising support and course offerings, evolving content to meet individual learning needs, and gently guiding and reinforcing positive behaviours (i.e. 'nudging')

01 Flexible online delivery

Online delivery is no longer optional or secondary. It is complementary to in-person delivery, if not a primary means of delivery.

Just as television channels have extended their scheduled broadcasts to on-demand and interactive delivery, higher education institutions may shift to delivery that is unconstrained by calendar, time of day or location, and provide options better suited to an individual's learning style, needs and availability.

03 Stackable

As the trend for lifelong learning increases, shorter course and certification offerings will be developed so that students can build specialisations and credentials at points in their careers when they are needed.

02 Course offering

The range and mode of delivery of courses should reflect the institution's educational focus, intended student experience and the needs of its students and industry partners, balanced by its financial capacity to fund them. By focusing on fewer courses, institutions can offer greater depth of expertise and choice of delivery mode.

04 Learning analytics

To offer relevant course content reliably, delivery and student support will need to be personalised. Data tools and engines are required to store high frequency interaction data (e.g. interactions related to course content, use of lecture theatres and campus services) and conduct in-depth longitudinal analytics to inform personalised learning, support or well-being prompts. Increasingly educators, with the support of AI, will leverage this data to tailor the content and create individual learning programs.

Thought leader: Adaptive learning

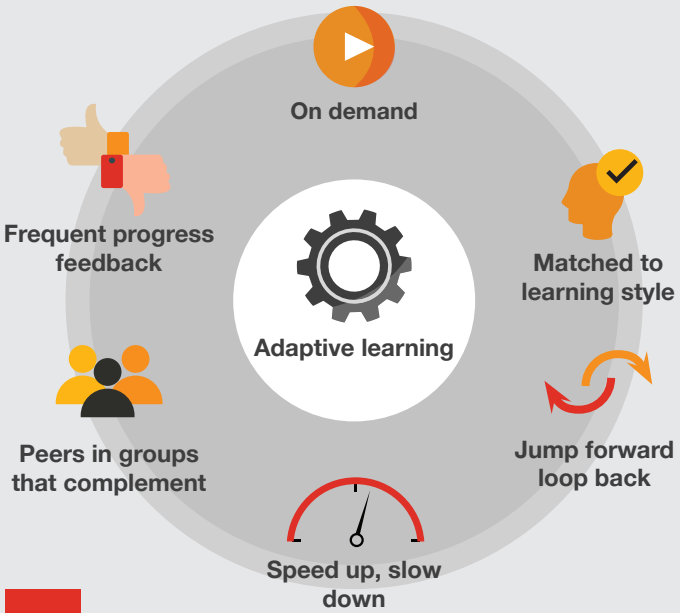
The challenge

The manner of most course delivery today is too rigid and impersonal to be effective for the needs of future students.

Moreover, courses often commence once a year and are delivered in a one-size-fits-all manner, at the same pace irrespective the student's learning style, personal or work commitments, or level of student understanding.

Opportunities for student feedback on course delivery are often limited to end-of-module or end-of-semester assessments.

While online delivery is proving more flexible with more opportunities for assessment, it remains ineffective when collaboration is a student's preferred learning style or essential to exploring a subject matter.



The future

Rather than commencing once a year, courses might commence on demand.

Every student's learning will be guided by adaptive learning methodologies that employ high frequency data and analytics to personalise how, when and what content is delivered. Using the more appropriate learning style for that student and that topic, student outcomes can be optimised. The pace of content delivery can be sped up or down to match the student's needs.

Interactions and behaviours will be monitored to readjust and finetune delivery or incentivise participation and avert disengagement.

For group work, these adaptive learning approaches will bring together those people who complement each other's learning styles to stretch collective thinking. Conversely, people with conflicting learning styles can be brought together to assess how students manage individual differences in conflict resolution or problem-solving scenarios.

Vibrant partnerships and networks

Mutually beneficial and enduring partnerships with industry, community groups and government are necessary to ensure an institution's performance and outputs continue to have industry relevance and regulatory and government support.

01 Industry and community partnerships

Compelling value propositions for industry that align institutional objectives to industry problems and opportunities are needed to:

- support research translation and promote the value of early stage blue-sky research
- enhance the student experience through practical real world experiences
- develop additional funding pathways

02 Government partnerships

Healthy partnerships with federal, state and local governments are needed to assure regulatory support for policy development and strategic planning. For example, as we recover from the initial waves of the pandemic, a constructive partnership will be key to identifying a policy solution that balances the visa requirements of international students with national health and security concerns. Investing in these partnerships may require new initiatives or evidence to back up institutional claims of capability to address government concerns. Governments are also some of the largest funders and users of university research.

03 University alliances

A network of universities or higher education institutions with complementary capabilities can both enrich student offerings and reduce costs. Research and knowledge could be pooled across geographies to achieve greater impact; student experiences could be enriched through complementary course offerings and campus experiences. Costs could be reduced through the sharing of select research activities and service functions.

Case: Building a digital health partner ecosystem

The challenge

A university with a good reputation in health care identified that, to build excellence long term, it should specialise in digital health. In order to establish a foothold in this fast-developing sector, it recognised that it would need to build partnerships with both local and global stakeholders.

But which partnerships? What would be the role of each party in such partnerships? How to best approach and explain its proposition to potential partners?

What we did

PwC worked with the university to identify the specialisations they wished to develop, and what key roles it could play to complement industry. This work involved interviewing representatives in software, communications, health delivery, government and non-government organisations (like the World Health Organization), before mapping the digital health ecosystem.

We then helped the university work through its potential options with each type of partner (e.g. joint ventures, co-marketing, partnered research, staff exchanges, curriculum co-creation) and assisted university leadership with articulating a compelling value proposition for each type of partner.

The impact we had

By strategically building and extending its partnerships in the digital health space, the university has enhanced its reputation in this space and unlocked additional pathways for research and learning.

Community trust

Respecting and protecting communities' trust in you as a higher education institution is critical to delivering on your purpose, to making a difference to the social and economic wellbeing of our communities and to assuring government funding.

01 Cybersecurity

As cyber attacks increase, the ability to protect research, intellectual property, and personal or confidential information using risk-based security strategies at a 'whole of organisation' level will be increasingly critical for universities.

02 Social responsibility

Universities make a contribution to society through the pursuit, dissemination, and application of knowledge and expertise. They also champion and support delivery of national and state agendas such as connecting metropolitan populations to their regional neighbours, or improving social mobility and equity.

03 Ethical use of data

Data is fuelling the 21st century knowledge economy. It will be ever more important for universities, as knowledge holders, to champion and protect the rights of data owners. Similarly, universities who take their brand and social responsibilities seriously should develop and implement clear policies on the ethical application of research and technological discoveries.

04 Custodian of public funds

To secure additional funding, institutions should develop strong transparent practices that can demonstrate value for taxpayer funding. Every dollar must be traceable to the core activities of teaching and, learning, and research, and knowledge transfer.

Thought leader: Protecting university intellectual property from cyber attack

The challenge

The level of threat that nations face from foreign espionage and malicious parties is unprecedented. In Australia, no sector is immune, but as one of the nation's largest industries and holders of valuable intellectual property, the higher education sector is particularly at risk.

In 2019, the Council of Australian University Directors of Information Technology – a peak body representing the interests of all universities in Australia, New Zealand, Fiji and Papua New Guinea – embarked on a cybersecurity initiative (the Australasian Higher Education Cybersecurity Service) in 2019 to collectively safeguard and protect Australian universities from cybersecurity attacks.

Today the rapid shift to working from home in response to the pandemic has merely increased the risk of malicious cyber attacks.

The immediate response

- implement good, basic security practices: patch and update all internet-facing software, operating systems and devices
- improve authentication processes: ensure the right person has access to the right information or services
- form strategic partnerships: no one can protect interconnected ecosystems on their own, so find partners to share ideas, resources and skills to do so.

The future

The new normal for higher education demands that cybersecurity measures be integrated into the way students, academics and professional staff work and study.

We need to create a cybersmart, positive culture in which everyone knows and takes their individual responsibility seriously when it comes to protecting and handling information that is sensitive, personal or that relates to their institution's critical assets.

A cyberculture that protects the university and its people

From	→	To
A cyber attack is an IT risk		A cyber attack is our business risk
Security activities		Secure outcomes
Cyber tools		People behaviours + everyday processes + resilient systems

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