



The Case For Online Post Secondary Education In the 21st Century

By: David Frederick, M.B.A. Principal Consultant & CEO

Recently, at the Techonomy Conference in Lake Tahoe, CA, the iconic and famed Bill Gates was quoted as saying *"In the next five years, the best education will come the web. Five years from now on the web for free, you'll be able to find the best lectures in the world. It will be better than any single university."* Bill's not alone. Many in leading post-secondary institutions offering hybrid on-campus and online programs, and many foresight leaders are in full agreement.

Why is this? Gates in particular thinks the idea of young adults and mid-career adults having to go to universities in order to get an education is going to go away relatively soon. There is definitely a vision, movement and belief in many higher learning institutions and in the global consumer market place that college needs to be less "Place-Based".

Gates along with many others both in academia and industry believe that it's just too expensive and too hard to get these upper-level educations. Further, Gate's believes place-based college educations will be five times less important than they are today. One particular problem with the education system according to Gates is textbooks. Even in grade schools, they can be 300 pages for a book about math. *"They're giant, intimidating books,"* he said. *"I look at them and think: what on Earth is in there?"*

According to Gates, our textbooks are three times longer than the equivalents in Asia. And yet they're beating us in many ways with education. The problem is that textbooks are built by committee, and more things are simply added on top of what's already in there ultimately creating a large volume of ineffective, and dated materials.

No surprise, Gates said that technology is the only way to bring education back under control and expand it. I agree.

In my career, I have been the product of both place-based and online education. Additionally, I have had the privilege of teaching as an adjunct faculty in a leading online MBA program. In my consulting practice, I work with one of the world's leading hybrid online and place-based universities specializing in advancing and applied technology centric education. This university and many others are moving heavily and deeper into online education. In some cases like my client, they are leading the way. This is for many reasons including financial gain. Online education is both big business and a new dynamic and dimension in education for the 21st century

The biggest drivers of online education are focused on several key paradigm shifts from traditional *place based* programs. These include:

- The role technology plays in education
- The changing needs of the market i.e. prospective students

- Economic drivers in the current and foreseeable market
- The convergence of purely academic knowledge to a more immediate, applicable, practical and demonstrable knowledge basis.
- The need for a convergence of cross functional skills from multiple disciplines
- The changing pattern and technology in which people learn and interact i.e. web, social media, etc.

According to a recent report by the Alfred P. Sloan Foundation, U.S. online education enrollments have continued to grow at rates far in excess of the total higher education student populations, with the most recent data demonstrating no signs of slowing. Some of this data includes:

- Over 4.6 million students were taking at least one online course during the fall 2008 term: a 17% increase over the number reported in 2007.
- The 17% growth rate for online enrollments far exceeds the 1.2% growth of the overall higher education student population.
- More than one in four higher education students now take at least one course on line.

So why this market growth and shift in higher education? Simple. The Economy and Technology. Bad economic times have historically been good for higher education enrollments, either because the decreased availability of good jobs encourages more people to seek education, or because those currently employed seek to improve their chances for advancement. Technology enables people to do more with less.

Again, quoting the Sloan Report, Academic leaders in all types of institutions report increased demand for face-to-face and online courses, with those at public institutions seeing the largest impact. In all cases *the demand for online offerings is far greater than that for the corresponding face-to-face offerings!*

- *The economic impact has been greatest on demand for online courses, with 66% of institutions reporting increased demand for new courses and programs and 73% seeing increased demand for existing online courses and programs.*

What's more interesting is that the 2009 Sloan report showed a very small decline in the number of chief academic officers declaring online education as critical to their continued growth. This is clearly on the mind of many CAO's. Regrettably, they don't seem to be keeping pace with the rest of the industry or market. Further quoting from the Sloan Report.

- The proportion of institutions that see online education as a critical component of their long-term strategy appears to have reached a plateau over the past several years.
- Baccalaureate institutions continue to be the least likely to consider online to be strategic, with only 33% agreeing.
- Public institutions (74%) are more likely to believe that online is critical for their long-term strategy than either private for profit (51%) or private nonprofit (50%) Institutions.

With increased options available to education consumers, online education is the fastest growing education option. Combined with flexibility and affordability, this will continue to explode as a viable and credible option for students of all economic and skill levels. In 2008 alone, there were over 4.6 million students enrolled online. Clearly with double-digit growth, 2010-11 is lined up to be explosive.

The overwhelming majority (over 82%) of these students are studying at the undergraduate level with only 14% taking graduate level courses (*Digest of Education Statistics: 2008 Nation Center For Education Statistics*). Combine these 2008 numbers with an annual growth rate of 16.9%; the limit or even plateau for online-based education at both the undergrad and grad level has yet to be reached. Double-digit growth rates are expected over the next 5-10 years.

When specifically looking at online programs at the graduate level, there are incredible enrollment and student populations. One well known online university maintains over 460,000 active students globally in graduate programs. Each program averages approximately \$50,000.00 per degreed program. This has obviously become big business for learning institutions. Why shouldn't it be? In a free market system, if you provide a solution to a problem or the market and can charge for it with the consumer willingly paying for it, everyone wins!

So where does this leave us. In the early 21st century and thanks to advances in technology, people are learning more, more efficiently, and in new and different ways. Essentially, education has become democratized. Traditional *place based* sources of education need to adapt and advance rapidly. The challenge here is that it is not always simple to adapt existing and time-honored curriculum to an effective online-based approach. New technologies enable new ways to learn and existing curriculum needs to be modernized to fully leverage technology and its benefits. There are also infrastructure concerns to be considered to fully and effectively meet the needs of today's 21st century student. Professors need to be re-trained to educate in an online dynamic environment, etc. Institutions need to take advantage of industry professionals who can bring real world experience through an adjunct capacity, etc. There are no shortages of challenges for traditional *place based* institutions to overcome to stay competitive. But the alternative for ignoring the trend of online verses *place based* is not attractive.

The interesting and ultimate good news is that many existing and traditional institutions are already moving some of their programs to an online offering and rapidly creating new, exciting and dynamic curriculum. Granted this is more for revenue and monetary reasons than any real sense of good will and democratization of education. But for every traditional *place based* university, new, dynamic, effective and exciting online places of education are being established to meet the needs of 21st century students. Over the next five years, it is my belief that online education will fully outpace *place-based* education for the mass majority of liberal arts and technical programs – Bachelor and Graduate. The effectiveness of these programs delivered through an online approach has been proven beyond a doubt.

Clearly, online education is not a panacea for all things education. Disciplines that are nuanced, highly skilled and licensed may be best served - currently, at a *place based* university. The same applies for research-intensive organizations, etc. But the time will come in the not to distant future where even more of these types of programs go online.

Conclusion:

This is the 21st century. Technology enables. More specifically, technology enables people to prosper, better their lives, learn, and grow. As such, people will adapt and engage in things that better their lives and discard the old in favor of the new. In the 21st century, online education and learning is the wave of the future. All of the critical elements for successful growth, education, sustainability and financial models exist. More importantly, the market exists and is growing by double digits.

You cannot deny the evidence, trends and statistics. Online education in the post secondary education world is the wave of the future. Those organizations that fail to adapt and overcome will become either bankrupt (financially and educationally) or significantly downsized with very small niche populations who can afford exorbitant tuition and questionable education.

About David Frederick

Frederick is the Founder, Principal Consultant and CEO of iAIR | The Institute For Advanced Innovation Research. He is a seasoned senior business executive, technologist, and visionary with over 25 years experience in the technology, global operations, strategic management, consulting, integrated marketing, innovation, media and interactive business industries. Throughout his career, he has worked with organizations of all shapes, industries and sizes from global Fortune 100 to early stage start-ups.

As a recognized leader he has delivered passionate and insightful perspective to today's global business challenges to international corporations, early stage and start-up organizations, industry & trade associations, college and universities, public lectures and broadcast & print media.

Frederick is also a recognized author on such topics as innovation, strategy, IP monetization, management, marketing, business process and content development. He pioneered the first digital musical keyboard instrument based solely on a Windows Operating System, as well as pioneered the HPX- Hierarchal Platform Xchange™ and the follow on MPX - Media Platform Xchange™, a SOA based software architecture used in managing and sharing voluminous amounts of associated meta data, digital content and rich media.

In addition to his executive background, Frederick also serves as the Program Chair for Strategic Technology Development & Innovation and the Technology Leadership Graduate Program at the University of Advancing Technology, sits on the University of Advanced Technology Advisory Board, and served as Adjunct Professor of Strategic Management, Advanced Executive MBA Program for Norwich University. He is a member of and contributor to the Management Round Table, The Institute of Management Consultants, IEEE, Harvard Law School - Program on Negotiation, MIT Enterprise Forum, MIT Innovation Club, APS American Physical Society - American Physics, United States Naval Institute, IGDA (International Game Developers Association) Intellectual Property Rights Committee, as well as a member of the Council of Communications Advisers, Media and Entertainment.

His experience in VC, M&A and PE has included securing venture funding of over \$30M and M&A activity of over \$36M. Frederick earned a BS in International Business and an MBA. He has conducted graduate work at MIT Sloan School of Management and Harvard Law School. He is currently working towards his PhD in Behavioral and Policy Sciences with a specialty in Innovation. He also holds executive certificates from Harvard Law School and MIT Sloan School of Management (Massachusetts Institute of Technology). Mr. Frederick is also an EMMY nominated and multi-award winning composer, sound designer and producer for motion picture, television, interactive games and broadcast advertising, having won the Chick Corea Jazz Masters Scholarship to Berklee College of Music. He is also a proud veteran of the United States Navy. Mr. Frederick lives in Bedford, NH (Greater Boston Metro-Area) with his wife and five kids.

About iAIR | The Institute For Advanced Innovation Research, LLC.

iAIR (pronounced "air") is a leading consulting firm that advises organizations on a variety of critical growth, strategy, management, position and innovation issues.

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