Student experience in the age of the customer

Contents

Foreword

Higher education is a hot topic around the world: never more so than now as we face a global recession and as the role of universities in contributing to economic prosperity is up for fresh examination. Each national context differs, of course.

Addressing immediate skill needs, nation-building, intergenerational social mobility and likely disruption related to the Fourth Industrial Revolution all come into play in debates about specific university systems. Weaving in and out of those debates are questions of national pride, as countries rise or fall relative to each other in university rankings and other measures of performance.

Not surprisingly, much of the attention has been on whole education systems, funding schemes and the performance of providers. In 2018, KPMG Australia delivered a report called *Reimagining Tertiary Education: From Binary System to Ecosystem*.[1] We argued that for Australia the distinction between

higher and vocational education is based on some dubious premises and that a more fluid mix of knowledge, skills and capabilities will be needed from an ecosystem of providers.

Overwhelmingly, we could say, scrutiny and prediction have focused on what might be called the supply side of education: systems, providers, teachers, curriculum and outcomes.

Much less focus has been placed on the student or learner: the demand side. True, 'student experience' is a current catchcry, fuelled by the rise of education markets and the imperative for many providers to attract enrolments. Universities have spent significant time, effort and funding variously trying to optimise or transform it. Even here, however, we tend to veer towards the 'experience' rather than 'the student', perhaps because it is something over which we might have some control. Great customer relationship management technology for example might be necessary but it is not sufficient when it comes to deeply understanding students' needs and how best to meet them.

We seek to redress that imbalance: our research and recommendations are based on consultation with sector experts across all parts of Australia's education system, national student representatives, global research on universities' student-centricity and evidence of how disruptive forces will impact higher education and students themselves will change in the 2020s.

The report does not claim to have all the answers, but it asks some very relevant questions which should concern all Australian universities, and it suggests ways forward to answering them. It can be read alongside another recent KPMG publication, *The Future of Higher Education in a Disruptive World*, which offers a high-level view on the contextual factors making student experience ever more critical for universities.[2]

We propose ways to design and deliver student experiences that authentically engage with each learner's abilities, aspirations and circumstances, cognisant of the changing world in which students and universities will operate.

We also suggest ways to develop an evidence-based student strategy. And because for many institutions a full transformation may be required, we outline **KPMG Connected Enterprise for Higher Education** as a holistic way of advancing student-centred institutional reform in terms of capabilities, technology and operating model.

We also provide guidance as to how this framework can help universities deliver more effective, continuous optimisation of the student experience.

This project was commenced before the onset of the COVID-19 crisis, but in anticipation of inevitable change in the sector. Our objective was to unravel the puzzle of what will make for a great student experience in the 2020s and offer a practical guide to delivering it.

We hope you find the report useful as a thought-provoker and practical guide to building institutional sustainability based on deeply student-centric approaches.

As Australia's universities chart their post COVID-19 course, they cannot assume that more of the same will be sufficient when it comes to attracting and partnering with students on their educational and professional journeys.

Many people have contributed to the production of this report and we are particularly grateful for their insightful contributions. You can see the list of our participants and contributors in the Appendix.

The report does not claim to have all the answers, but it asks some very relevant questions which should concern all Australian universities, and it suggests ways forward to answering them.

Part I

● Executive Summary   ○ Findings and Recommendations

Executive summary

Australian higher education is experiencing its greatest ever disruption. A golden age of uninterrupted growth has passed.

As our institutions grapple with the operational and financial impacts of COVID-19, the nature of the student experience (SX) is becoming more critically examined and contested. Building a great SX promise and realising it will be ever more important to universities' sustainability and social licence to operate.

Universities of course have been thinking about students and their experience since they began, and SX as it is conceived today is not new in the sector. Indeed it has been emerging as a major strand of institutional strategic agendas since the early part of this century. But this is not to say that the sector has come far enough or that its SX practice is in line with the best of contemporary Customer Experience (CX) practice in like service industries. Reimagining SX now will be core to both COVID-19 recovery and the creation of a new reality in Australian higher education as our institutions face more disruption and increased competition this decade.

In workshops across late 2019 and early 2020 with educators, educational leaders and students, we sought to understand what students want and need and how that is changing.

The participants represented a broad spectrum of Australia's education sector – primary, secondary and tertiary, public, private, traditional and start-ups.

The students were representatives from the National Union of Students, the Council of Postgraduate Associations, the Council of International Students Australia, the National Aboriginal and Torres Strait Islander Postgraduates Association and the Union of Aboriginal and Torres Strait Islander Students.

Collectively our participants had personally experienced every type of Australian university and brought perspectives from other parts of the education sector. Some looked back fondly on earlier times. Others were impatient for change.

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In these conversations, and on reflection, we examined the nature of the relationship between universities and students; how this is analogous to other sectors and service providers and how it differs. We then explored the drivers of change impacting upon Australian higher education and students themselves in order to resolve how these might influence students' expectations of a university experience over the 2020s.

WE CONCLUDED THAT:

- SX is not just a carbon copy of CX applied to education. The relationship between students and universities is unique and multi-faceted. If universities want to deliver great SX, they must design for the needs of the whole student, as a learner, and a person, as well as a customer. This is broader and more complex than CX alone.

- The components of SX can be described as **Learning Experience** (LX), suited to the student's learning style and maximising the student's actual learning, plus **Personalised Experience** (PX), suited to the student's circumstances and building a unique relationship with the institution in the student's mind, as well as **Customer Experience** (CX), so that when transacting with the institution the student receives the kind of service they expect in other walks of life and creating the favourable impression that is a foundation of lifelong loyalty. Thus: **SX = LX + PX + CX**.

- Students themselves are changing and they will demand more from their university experience in the 2020s. Over the next decade students will become more **diverse**, **digital**, **discerning**, **demanding** and **debt-averse** .

- Our universities are not well set up to deliver great SX in today's world and are ill-prepared to do so for tomorrow's. In fact, global research from Forrester Consulting commissioned by KPMG Global

suggests that universities are over-confident about their student-centricity. Our universities operate in a highly complex and volatile authorising and operating environment that demands a great deal of them and drives focus to the supply side of the higher education equation. Like many public sector organisations, universities are encumbered by legacy cultures, systems, policies, fragmented data and limited customer experience (CX) investment. There is much room for improvement.

- To remain competitive, each university will need to develop their own 'SX factor'; the elements that set it apart, based on the learning, personal, and customer needs of the students it seeks to serve.

- Enjoying great SX will not be easy given the significant global forces driving change in Australian higher education and which will complicate matters further during the 2020s, including demography, technology, global rebalancing of power and wealth, the age of the customer and climate change. Not all of these are

commonly factored into universities' scenario planning; and their impact has been accelerated by COVID-19.

- Now is the time, as universities begin the COVID-19 recovery journey and are defining their post-pandemic reality, to design their unique SX factor and to commence judicious investment in delivering it.

All of this presents significant challenge and opportunity for our universities.

The universities that can:

- serve diversity at scale;
- deliver rich digital learning and engagement;
- design service platforms in line with student expectations;
- partner with the individual student to co-create an education and
- engagement experience; understand and serve students' preferences;

and do so at a competitive cost, will both survive and thrive. Those which cannot may not.

● Executive Summary ● Findings and Recommendations

Findings and Recommendations

FINDINGS

By 2030, university students will be displaying strongly the characteristics and behaviours that are already emerging in 2021, and which will be core to their ways of learning.

As such they will become more:

Diverse

Digital

Discerning

Demanding

Debt-averse

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The institutions that can deliver high-quality educational outcomes and excellent student experiences and qualifications that are well recognised by employers at a competitive cost, will gain significant competitive advantage.

Diverse

Students will be drawn from a much more diverse set of educational and professional backgrounds and will be engaging with education in more diverse ways while seeking a greater variety of outcomes.

Most institutions' student mix will change significantly and the successful institutions will be those that can create personalisation at scale across their diverse and changing cohorts.

Digital

The acceleration of digital work and education due to COVID-19 has been rapid and shown what will be possible with more time and planning. The new reality will not see a full return to the previous balance of face-to-face and online working or learning modalities, now that working and studying from home have proven feasible, and for some at least, preferable.

Every institution's student population will demand a rich digital learning, engagement and service platform, whatever else they will demand. Those institutions that can deliver to this expectation will thrive.

Discerning

Learners will be better informed, more aware of employment prospects, more instrumental and more deliberate in their choices, whether these choices are driven by passion or purpose or a combination. At the same time, a resurgence of idealism that is growing in individual, social and corporate life is likely to shape how and what learners study and what they expect of their tertiary institutions.

The institutions that can truly partner with the individual student to co-create an educational experience targeted at that student's values and desired outcomes will do best.

Demanding

We are living in what has been called the Age of the Customer. CX has risen to become a key concern for organisations everywhere. Education is not immune. SX will become an increasingly important concern as students exercise greater freedom in their choice of providers.

The institutions that seek to understand and serve students' preferences will gain significant competitive advantage and those that do not may not survive.

Debt-averse

A tertiary qualification does not guarantee the financial return of the past in many nations. This is certainly the case in Australia. Prospective students will increasingly make decisions as self-interested, rational economic actors. They will seek out cheaper alternatives, choose to delay the commencement of a qualification or forgo that qualification altogether. Some of the students overseas who today choose to study in Australia will be more cautious and weigh up cheaper alternatives in their home country and those that are available digitally from high-brand international providers anywhere.

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RECOMMENDATIONS

01 Know your future students deeply and in detail

This is easy to say and sounds obvious but most universities invest considerably less in understanding their students' backgrounds, preferences, aspirations and abilities than many successful commercial organisations do with their customer base. In time, technology and data techniques will enable the building of detailed ethnological pictures of every single student, and then allow for the visualisation of the results in a way that they can be acted upon to promote the LX, PX and CX that make up SX.

Leveraging Human Centred Design (HCD), persona-building and student journey mapping can be used effectively to reduce the complexity of individual circumstances to a level where different archetypes of students can be considered, and their needs and expectations met.

KPMG's **SX Profiler** helps universities think through the characteristics of different students by focusing on specific features:

- **Motivation:** including students' level of instrumentality in undertaking study, the relative clarity of the outcomes they are seeking, the shape of their career aspirations, their intrinsic desire to learn or achieve a credential, and their level of previous exposure to the discipline.

- **Talent:** including students' aptitude for academic or practical learning, bent towards Humanities and Social Sciences (HASS) or Science, Technology, Engineering and Maths (STEM), their level of readiness for the course of study, their desire to enhance their technical or social/generic skills (as will be demanded in more roles as the Fourth Industrial Revolution takes hold).

- **Engagement:** including students' levels of confidence in their abilities, desire for broad or narrow engagement with extra, co-curricular and community activities, and likelihood to proactively or reactively seek support.

- **Learning Style:** including students' preferences for learning on their own or in groups, face-to-face or in digital and blended formats, their need for structure or flexibility and their competitive or collaborative drivers.

- **Assessment Preference:** including students' relative strengths in written and spoken word, practical tasks, continuous assessment or examinations, memory-reliant or open book assessments, large or small assessment tasks.

- **Biographic and demographic characteristics:** including age, identity dimensions (such as gender, sexual, Indigenous), disabilities, domestic or international origin, equity status (especially socio-economic/non-English speaking background/first in family to attend university), financial resources, time available to study, caring responsibilities, access to campus, digital literacy and connectivity, stage of education and previous career experience.

- **Psychographic characteristics:** including students' personality type as introverted or extroverted, anxieties and fears, general level of diffidence or confidence.

KPMG's **SX Live** tool can bring your student personas and their related journeys to life via a complete digital platform for SX design, evaluation and improvement.

SX Live accurately represents the complex relationships between students and the whole institution's ecosystem, capturing multiple perspectives in relation to LX, PX and CX in dynamic formats that are easy to understand and manipulate.

It combines experience mapping with live data inputs to build a holistic and accurate view of a student's journey through a complex ecosystem. This makes the delivery of SX improvements faster and easier and helps the institution to see and maximise its SX performance and return on investment.

SX Live will allow for the student journey maps to be updated as things change, representing the whole of ecosystem experience over time.

02 Develop an evidence-based SX Strategy that meets the needs of your students and your institution

An institution's strategic ambitions for its SX should fit with its unique mission, vision and the communities it seeks to serve. If that fit starts to become less comfortable as more information about its students is gathered (recommendation 1 above), then something needs to change.

Perhaps the institution cannot responsibly admit all of its current student types. Perhaps the articulation of its mission needs to change.

In setting the institution's SX ambitions, key underlying questions should be addressed.

These include:

- What **types** of students do we wish to attract and serve based on their LX, PX and CX needs and the **alignment** of these factors with our institutional strengths and strategy?

- How do we best **understand** the motivations, talents, engagement preferences, learning styles, assessment preferences, biographic, demographic, and psychographic characteristics of our **target student population** to ensure that we can not only attract them but also serve their needs at a high level of quality?

- How do we best **partner** with students to co-create their experience, so as to promote their success and lifelong engagement with the institution?

- How can we **deliver experiences that develop the skills of lifelong learning, and engender lifelong engagement** with our institution?

- Who are our traditional and emerging **competitors** globally and what are their differentiating courseware and SX features?

- What can we **learn** from **other service sectors?**

- What should our **target** discipline and course student numbers be?

- What **price points** will achieve those targets and promote institutional sustainability?

- What are our **capability gaps** today to realise this strategy (within service delivery, people, process, technology, data, and governance)?

- What **investment and capability uplift** is needed to bring our SX ambitions to life and what will be the return on that investment for students, the institution and the communities we serve?

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KPMG's SX Strategy method is most regularly executed within a 12 week consulting engagement, which typically includes:

- A current state assessment of SX, including a review of student attraction, retention, satisfaction, success, and return data and drivers.

- A review of SX reforms undertaken in recent years, including their strategic intent, relative success and the underlying factors contributing to the realisation (or otherwise) of lasting reform.

- An analysis applying KPMG's proprietary methods and tools to determine the gap between required, commenced and completed reform.

- Stakeholder interviews and workshops to understand the need, appetite and capacity for change.

- A capability maturity review, leveraging the KPMG Connected Enterprise for Higher Education maturity diagnostic described below to understand which capabilities need to be built in the relevant functional units to enable successful reform.

- Current and future state environmental, competitor and comparator analysis to understand the institution's competitive position, apply learnings from other institutions and sectors, and understand how current and emerging trends will impact the SX landscape.

- Senior stakeholder workshops to form the SX vision, strategic intent and focus areas, and the guiding principles to underpin reform.

The method can be applied to particular student cohorts, SX aspects (LX, PX or CX), and stages of the student lifecycle (prospective and current students and/ or alumni). We recommend considering the needs of all student cohorts, all aspects of SX and all lifecycle stages together to form a holistic picture of institution-wide SX. This will best inform subsequent work.

An institution's strategic ambitions for its SX should fit with its unique mission, vision and the communities it seeks to serve.

03 Become student-centric through a whole-of-institution optimisation or transformation

The KPMG Connected Enterprise framework for organisational transformation rests on a premise that companies, governments and other types of organisation need to think 'outside in', consider everything they do from the stakeholder's perspective and understand the economic implications. This means connecting what is happening externally with changes that need to be driven internally. For many, this challenge is an agenda for change which amounts to transformation.

But a formal and long-term whole-of-institution transformation program is not the only way to make good use of KPMG Connected Enterprise for Higher Education. The framework can be used to transform or optimise particular aspects of SX. In this case, the framework allows institutions to build and maintain a coherent institution-wide view of how reforms inter-relate across PX, LX and CX and how overall SX maturity is building over time.

There are several dimensions to delivering effective change (be it optimisation or transformation), in particular **capabilities, technology and operating model.**

Research across numerous sectors in various countries has identified **eight capabilities** which successful customer-centric organisations possess at a high level.

1. **Insight-driven strategies and actions.** The ability to harness data, advanced analytics, and actionable insights with a real-time understanding of the customer and the business, to shape integrated business decisions.

2. **Innovative products and services.** The ability to develop compelling customer value propositions on price, products, and services to engage the most attractive customers and drive profitable growth.

3. **Experience centricity by design.** The ability to design seamless, intentional experiences for customers, employees, and partners, supporting the customer value propositions and delivering business objectives.

4. **Seamless interactions and commerce.** The ability to interact and transact with customers and prospects across marketing, sales, and service and achieve measurable results.

5. **Responsive operations and supply chain.** The ability to operate the business with efficiency and agility to fulfil the customer promise in a consistent and profitable way.

6. **Aligned and empowered workforce.** The ability to build a customer-centric organisation and culture that inspires people to deliver on the customer promise and drive up business performance.

7. **Digitally enabled technology architecture**. The ability to create intelligent and agile services, technologies, and platforms, enabling the customer agenda with solutions that are secure, scalable, and cost-effective.

8. **Integrated partner and alliance ecosystem.** The ability to engage, integrate, and manage third parties to increase speed-to-market, reduce costs, mitigate risk, and close capability gaps to deliver the customer promise.

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In developing a KPMG Connected Enterprise framework specifically for higher education we commissioned Forrester Consulting to survey 410 university leaders across six countries, including Australia, to assess their current level of investment in these capabilities. In our view, greater investment in each will be required before high levels of student-centricity and institutional sustainability can be achieved.

We have developed a maturity diagnostic tool to help universities determine where they need to invest most in building capability linked to the key functional areas that contribute to SX. The tool can also be used to measure progress towards greater maturity over time.

In relation to **technology,** every organisation needs to ensure that its front, middle and back offices are aligned to deliver on its brand promise and customer expectations. This is not only about customers – in our case students – but also staff and other stakeholders. It means breaking down silos in technology (and operating model) to become a stakeholder-centric, digitally-enabled university truly engineered for sustainable growth and success.

Universities currently operate a very complex ecosystem of applications, with significant legacy systems and technical debt. Such complexity and legacy limit their capacity to deliver great digital experiences, self-service and frictionless business processes.

To enable the personalisation that students are coming to expect, judicious investment will be needed to build a 360 degree view for individual students across their whole lifecycle. For many universities, this will require developing better integration and data flows between the systems supporting student recruitment, support services, administration, learning management and alumni engagement. Developing digital education and engagement culture and delivery channels will be necessary to drive new education business models at scale. KPMG Connected Enterprise for Higher Education can support the creation of a transformative vision and pragmatic roadmap that leverages current infrastructure and allows for staged investment.

We have developed a maturity diagnostic tool to help universities determine where they need to invest most in building capability linked to the key functional areas that contribute to SX.

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A figurative depiction of this technology architecture might look like this:

Higher education technology architecture

Primary actors
Students, alumni, academics, and communities
Industry and partners
Government, accreditors, and regulators

Secondary actors
Journalists, media, and general public

Means of access
Mobile, landline, network, WIFI, and internet

Interaction hubs

Organisational capabilities

IoT platform
Device connectivity, management and security

Enterprise data store
Device data, on premise, and cloud storage

Middle office business practices
Support and engagement services
Research and commercialisation

Front office business practices
Curriculum and learning life cycle
Student lifecycle
Research lifecycle

Process/Orchestration
Integrated business process management

Cyber security and privacy

Catalysts for change-Advances in data science

Advanced data analytics and insights

Digital technologies and process advances

Enterprise support

Enterprise technology

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In relation to **operating model**, an initial challenge is to articulate what the desired future state business architecture of the organisation looks like. KPMG Connected Enterprise for Higher Education has developed an enterprise architecture designed to ensure the delivery of strategy in a student-centred institution.

To make this design of an institution work in practice requires an operating model for the desired future.

A high-level figurative description of a whole university's business and operating environment might look like this:

Customers
- Students, alumni, communities, government, industry, and partners

Channels
- In-person, telephone, email, text and web chat, websites, mobile apps, digital signage, social media, and contact centres

Enterprise strategy
- Strategic ambition, planning and measures

Core business practices
- Curriculum and learning lifecycle
- Student lifecycle
- Support and engagement services
- Research lifecycle
- Research and commercialisation

Advanced data and analytics
- Visualisation and insights
- Scenario planning and modelling
- Master data management
- Governance

Enabling business practices
- Enterprise technology
- Enterprise operations

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A Target Operating Model (TOM) is a deliberate schema for an operating model to achieve the desired SX business outcomes and strategic objectives. It can be applied to specific functional domains only, such as those constituting the student lifecycle, curriculum lifecycle or support services, or across all aspects of the institution. A TOM allows for a coherent design, integrated across the operational layers, to deliver the desired SX.

KPMG Connected Enterprise for Higher Education accelerates TOM creation through blueprinted TOM designs for all aspects of university operations.

Target Operating Model

Performance Insights and Data
Describes the data, advanced analytics and actionable insights needed to build a real-time understanding of the customer and the institution to shape integrated business decisions

Technology
Describes the components of intelligent and agile services, technologies, and platforms, aligned to intended experiences and service delivery model with solutions that are secure, scalable, and cost-effective

Process
Describes the components of efficient and agile business processes that fulfil the customer promise in a consistent and seamless way

Target Operating Model: Six Design Layers

Governance
Describes the structures, policies, and controls to balance risk, to facilitate timely and effective decision making, and ensure compliance in order to create and deliver seamless and intentional experiences

Service Delivery Model
Describes how to deliver services with efficiency and agility to fulfil the seamless and intentional service experience

People
Describes the components of a customer-centric organisation and culture that aligns and empowers people to deliver on the customer promise and drive up institutional performance

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The Rite of Passage Learners

The Rite of Passage Learners attend prestigious local schools. They come from affluent, middle class families and their parents expect all their children to go to university and enter a profession. But maybe they want to pursue their other passions or are not yet ready to decide.

These future students have been heavily involved in extra curricular activities at school, and would like to continue to do so, maybe even building a career around them.

They expect an ATAR of 95+ but they are anxious about what to do next.

My goal is to be a successful lawyer, like my aunt, who is a partner in a major law firm. My school gives me good career advice and I know which uni I want to go to, where I think many of my school friends will also go.

Maybe really I want to travel and discover things before deciding. Or maybe I should pursue some of my other interests – writing, performing, advocacy...

I wonder whether uni has good clubs and societies?

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THE SX FACTOR

- The global context of SX
- SX factor
- SX responses
- Great SX

Part II

The global context of SX

Higher education around the world has a huge challenge on its hands. In a separate report called *The Future of Higher Education in a Disruptive World* [3] we argue that a Golden Age of universities is passing and life is becoming tougher.

Higher education since the Second World War has been an extraordinary growth story, moving from an elite system to a mass or high participation system in most countries.

On average around the world, one in three young people now enter higher education, and more than three in four do so in Europe and North America.[4]

Higher education growth has far outpaced other forms of growth. It grew by a factor of 6.12 between 1970 and 2013, whereas population multiplied by 1.93 and real GDP by 3.63.[5]

The growth was advocated and justified on various grounds, all of which commanded popular support.

'Human capital theory' gave it an economic justification, showing that spending on higher education was actually an investment in economic growth.

Equality of opportunity gave it a social justification. It is hard to argue against the idea of equality of opportunity, or its close cousin, meritocracy.

Then, the growing middle classes in populous countries which had large numbers of 18-24 year-olds and rising GDP but insufficient domestic provision, started sending their children overseas for fee-paying university education. From 1990 onwards, Australia, Canada, the UK and the USA in particular benefited to such an extent that international education was seen as an export sector in its own right. Before COVID-19 interrupted the global flow of people, international education was Australia's third largest form of export, and in the state of Victoria it was the largest.[6]

In turn, international rankings arrived, to inform choice and add the overlay of a prestige market, spurring competition and investment in reputation.

THE SX FACTOR

● **The global context of SX**   ○ SX factor   ○ SX responses   ○ Great SX

By and large over this period there has also been social consensus that research in universities should be publicly funded because, left on its own, the market will fail to supply the fundamental or pure research on which the development of technology relies and through which much wealth is generated.

So the combination of human capital theory, equality of opportunity, the emergence of an export industry and the need for research combined to create a Golden Age of expansion and esteem.

That period is now drawing to a close as a new set of factors have come together.

Attainment rates of bachelor degrees in the young population are reaching 50 per cent in some countries. One consequence is a decreasing earnings premium on a degree; even a negative premium in some instances, as is detailed below in the section outlining why students are becoming more debt-averse.

In the UK it is estimated that one-fifth of degrees are not worth the money in terms of future earnings; these students would have been financially better off if they had not gone to university.[7] In a 2020 survey on attitudes to higher education in 11 countries, by Ipsos, the Fulbright Commission, the University of California and King's College London, 61 per cent of respondents said they felt a degree is less valuable than 10 years ago. In the UK, only 44 per cent thought that the benefits of going to university outweighed the expense, although the 11-country average was 56 per cent.[8]

A perceived decreasing return on education is coinciding with rising tuition fees and spiralling student debt.

In many countries, tuition fees have risen well above the rate of inflation. University administration has been relatively inefficient, driving up costs. There has been a student amenities 'arms race' in some countries for the most inviting campus experience. And the drive for international rankings, based largely on research performance and reputation, has led to tuition fees as an irresistible source of funds for research.

As many university presidents know, if there is an insatiable appetite for funds on this planet, it is research!

Student debt in the USA tripled between 2001 and 2016[9] and has begun to undermine the equality of opportunity argument. Poorer students cannot pay fees up front, but nor can they get on in the world because they are repaying their tuition debt.[10]

This takes us to a fundamental economic problem which confronts higher education along with some other personal services sectors, in particular healthcare and legal services. Usually known as Baumol Cost Disease, universities need to pay salaries to attract and retain sufficient talent, but they are running out of productivity gains under their current operating model. Many have reached the point where having more students in a class, reducing the number of small groups and limiting subject choice are meeting consumer resistance.

An OECD report in June 2020 showed that in 13 selected countries, expenditure per student doubled in higher education after allowing for inflation between 1995 and 2015.[11] This is irrespective of the mix between government and student funding; it is total expenditure. Some of it may be attributable to administrative bloat and amenities arms races. Some might also be due to more demanding or less academically ready students. But most of it is simply to pay salary costs which compete with those paid in sectors which <u>are</u> able to generate productivity improvements.

The problem lies in the inability to scale up under the current, largely face-to-face, model of higher education and the organisational culture that surrounds it.

This is not, in theory, a problem if society is willing to pay for it all and productivity is rising in other parts of the economy to create the wealth.

THE SX FACTOR

● **The global context of SX**   ● SX factor   ● SX responses   ● Great SX

However, the gloss has come off universities and there is an unwillingness by anyone to pay any more than they do now.

- The gloss has come off with employers. As economic change has sped up, industry has increasingly called for job-ready graduates rather than have to train them in-house; and the expectations of graduates by employers are being disappointed. Many employers say they are looking primarily for things that universities do not directly teach, such as social skills, emotional intelligence, teamwork, communication and time management.

- The gloss has come off with governments. Aging populations and the politics of healthcare are a powerful competitor for public funds, and votes. Cuts in public funding for universities have been experienced in many countries, partly offset by rises in student fees which have compounded the graduate debt problem.

- And the gloss has come off amongst some of those who have ardently supported higher education as a force for good and value for money. If it is so good for equity, why is income and wealth inequality rising?[12] If students are paying all this money, why do they mainly see adjunct teachers, and not tenured faculty members? Parents want their children to go to university, but they can't afford a plumber because skills training and apprenticeships have been displaced by higher education expansion. Has post-secondary education become unbalanced between higher and vocational forms of it?

The Baumol Cost Disease problem has been catching up with universities at the same time as those who pay for them have become less willing to pay more. Universities have been running out of road and we are going past the equilibrium point, where human aspiration and economic reality balance each other.

But there are other, more disruptive forces in play, which suggest a bleaker future for traditional institutions that do not transform.

The digital revolution is bringing new entrant competitors, particularly in the form of more affordable online education. Depending on the region of the world, e-learning is expected to enjoy a Compound Annual Growth Rate of between 7.5 per cent and 10.5 per cent between 2018 and 2024.[13] Many traditional universities are organisationally unable, or culturally unwilling, to participate in this and some competitors are becoming stronger and stronger.

The story so far has been one of universities in isolation from other drivers of change in the world at large. But there are forces at work which affect every sector and industry.

The 4th Industrial Revolution, a fusion of exponential technologies where silicon and carbon meet,[14] will prove to be as profound as the previous revolutions driven by steam, electricity and computing.

The story so far has been one of universities in isolation from other drivers of change in the world at large.

THE SX FACTOR

● **The global context of SX**   ● SX factor   ● SX responses   ● Great SX

Demographic changes are also under way that influence everything deeply.

Some countries have ageing populations, low fertility rates and a shrinking 'support ratio' of working age people 25-64 to those aged 65 and over. By 2050, the United Nations believes that 48 countries are likely to have support ratios below two.[15] By contrast, other countries have fertility rates well above the replacement rate of 2.1, they have huge young populations, and growing middle classes. Power and influence is shifting inexorably as a result, in what has been described as a global rebalancing between East and West.[16]

Universities have experienced this in various ways. Declining domestic enrolments in the USA, for example, have been partly offset by growing international numbers. Australia and Canada, which also rely on immigration to maintain population growth, have aggressively promoted their universities as destinations that will strengthen a migration claim. The UK, leaving the European Union, has declared itself to be 'open for talent', with longer post-study work rights as part of the inducement.

Whatever the eventual impact of the pandemic, international student mobility will not last forever at these levels. China's domestic university system is improving rapidly, such that it is itself a study destination. India is investing heavily in its own post-secondary institutions. And we might be seeing a shift in demand internationally away from traditional university study towards more vocational, practical courses.

Those universities in low fertility rate countries which have hitched their business model to international students will urgently need to re-visit their strategy, and reduce their costs.

The implications of climate change pervade the whole world, as do the implications of policies designed to address global warming. We can expect enormous opportunities for research to make a contribution to our understanding of the situation and the efficacy of policy. Similarly, technologies that will help us to live and work differently, ideally towards zero net emissions, will be based on discoveries that universities and research institutes make.

But universities themselves, as public purpose organisations, will need to be exemplars, reducing their emissions from campus operations and doing things differently. International student physical mobility and conference attendance, for example, will be harder to justify when practical alternatives are becoming available.

Frugality and cost-benefit thinking will move to centre-stage.

Potential support ratio by age
(ratio of population by age per population 65+)

Africa
9.7
10.5

Asia
4.5
5.9

Latin America and the Caribbean
4.4
5.7

Oceania
3.2
3.9

Northern America
2.4
3.1

Europe
2.2
2.9

0.0   2.0   4.0   6.0   8.0   10.0   12.0

■ 2030   ■ 2020

Illustration data source:
UN World Population Prospects 2019[17]

THE SX FACTOR

● The global context of SX   ○ SX factor   ○ SX responses   ○ Great SX

Finally in this list of change drivers from which no one is immune is what has been called by Forrester, The Age of the Customer.

The Age of the Customer
Business face unprecedented levels of global, economic, technological and consumer behaviour change.

1900 — **1960** — **1990** — **2018** — **2030** →

Age of Manufacturing

Mass manufacturing makes industrial powerhouses successful:

- Ford
- Boeing
- GE
- RCA

Age of Distribution

Global connections and transportation systems make distribution key:

- Walmart
- Toyota
- P&C
- UPS

Age of Information

Connected PCs and supply chains mean those that control information dominate:

- Yahoo
- Google
- Comcast
- Capital One
- Facebook

Age of the Customer

Empowered buyer demand new levels of engagement and personalisation

- UBER
- Airbnb
- Amazon
- Netflix
- Apple

Beyond

THE SX FACTOR

- **The global context of SX**   ● SX factor   ● SX responses   ● Great SX

The idea of 'consumer sovereignty' is not new, but its application in practice has been restricted. If consumers didn't know about better alternatives, or could not exercise them, or couldn't hear about other consumers' experiences, they stuck with what they knew and what was easily available. Now with social media, abundant product information, online purchasing and the ability to switch quickly, consumer sovereignty is becoming a reality.

No business can ignore CX.

In the last two decades, many higher education systems have fostered competition between providers to create quasi-markets as those systems moved from elite to mass participation. But the choice of the student was typically constrained by resources, geography and information.

Now these barriers to choice are being overcome. The next shift will be from mass face-to-face to mass digital learning. The modal way of engaging with learning is starting to flip.

In recent years, we have talked about blended and flexible learning, but the reality has been that online resources have simply supplemented the dominant mode of delivery, which was synchronous and in-person. Spurred by the pandemic, but probably coming anyway, is the reverse situation. Courses will be <u>designed</u> to be delivered through technology – 'digital first' – and supplemented by face-to-face, human support.

It is early days, but the written word is already being accompanied by video, mixed reality and simulations, with realistic holograms a possibility. Smart-bots for every subject open up the possibility of personalised learning at scale, monitored by advanced learning analytics.

And if the student does not have to leave home or work to experience this (unless they wish to), consumer choice finally opens up. The Age of the Customer is now hitting universities.

One thing is clear. The university that expects students to battle with traffic, find a parking place, go to a lecture, write examinations by hand, get a seat in a crowded library and then go home again will be riding its luck.

Universities have to meet students' needs and they have to show the world that they are doing so.

Every university in Australia releasing a new strategic plan will be including a commitment to provide an exceptional education and experience; as, for example did the University of Melbourne in May 2020 with *Advancing Melbourne*.

But what exactly does that mean, for the University of Melbourne or for any university, with its particular mission, community and student population?

In this project we have tried to determine how universities can build a unique 'X factor' for their students that will underpin institutional sustainability.

Now with social media, abundant product information, online purchasing and the ability to switch quickly, consumer sovereignty is becoming a reality.

No business can ignore CX.

SX Profiler Illustrative Example

The Step Changers

The Step Changers have high IQs but their entrance to university has been interrupted by economic or other circumstances.

Having not received effective career advice, the Step Changers left school early, without completing Year 12. Since leaving school, they have successfully completed sub-bachelor qualifications and now have the confidence to aim high.

My goal is to be a healthcare professional. Maybe aiming to be a doctor is too high. I don't know anyone who has done that, but I feel this is the moment to make something of my life so **I don't want to undersell myself.**

The SX factor

An 'X factor' has been defined as a quality you cannot describe but which makes a person or situation very special. The search is now on for the **SX factor**; the experience that students will increasingly want that is very special to them personally. And in this report, contrary to the definition, we are going to try to describe it, based on workshops we ran, research we commissioned and our own combined backgrounds of decades within universities (not as students!).

Although we still meet some in universities who are emphatic that students are not customers, it is hard to deny that a customer-like quality has come into the relationship. Students are, after all, paying significant fees (either up-front or deferring them through a loan scheme). They are likely also to be foregoing at least some earnings whilst they study, because they see it as an investment which often cannot accommodate full-time work. So most sensible people today will concede that students are entitled to what they reasonably believe they are paying for.

Furthermore, students often now have a choice of university: there is the scope to 'take their custom elsewhere'. This will increase over time and their choices will progressively extend to non-university providers, and alternative paths such as entrepreneurship, for which formal tertiary education is not mandatory.

But does this make the student a 'customer' in the sense that consumers of most services would see themselves?

We say not. There is an old nostrum that the customer is always right, whereas we know that few if any students are always right academically. Customers are also supposed to get what they want. But when it comes to grades and marks, students should get what they deserve – what they have earned – rather than what they want. In fact, the first to complain about perceived soft-marking are usually other students.

At the least, we can say that it is a kind of two-way bargain where the obligation of the student is not only financial, but also to earn their results, with academic integrity and in compliance with the rules of conduct expected in a student community. Many clever students have paid their fees but have ended up without a degree because they didn't try hard enough, or in a minority of cases tried to cut corners.

If the obligation of the student is multi-faceted, so too is the obligation of the university. Yes, it must provide the teaching and impartial assessment. But a great university creates the conditions whereby students <u>want</u> to try to the best of their ability, whether they come to campus, study wholly online or blend the two. What is the secret to that?

Even this fails to capture all the elements of the bargain. A great education is transformative personally as well as intellectually. What experiences, in the plural, should a university offer so that personal transformation is enabled?

Having gone to some length to argue that students are not customers after all, it's time to add the insights of CX back in because they do in fact help us to understand how people think and act. Today's student is also part of today's consumer world. When their flight is cancelled, they receive a text message in advance so they don't travel to the airport. When their lecturer is sick, they don't expect to arrive at the lecture theatre and see a note on the door.

Seamless service provision which saves a student time and money, or which even wows the student with something they hadn't known would be possible, is increasingly a component of a student's respect for the institution in the first place, in feeling wanted, in being impressed. This means that CX is not just an add-on. It is part of the foundation on which the student's learning is based. In the past, some universities prided themselves on being 'reassuringly difficult'. It was a sign of their greatness that it was hard to enrol in and navigate around them! Not anymore. Now it is a matter of ridicule and likely financial loss.

The SX context, therefore, is multi-faceted for both parties, and evolving. It is permeated by the multitude of demands from government, regulators, professions, employers, parents and competitive student markets. As we head into a significant economic downturn, the relationship between our universities and future economic prosperity and productivity is likely to become even more critical. As the nature of work changes, so too will students' expectations to be prepared for it.

Getting SX right is no longer an interesting aspiration: it is a necessity. We need to understand the SX factor, and now! It begins with finding out what students actually want, although it doesn't end with it.

The appeal of a university's SX will depend on the ability to provide hyper-personalised experience at scale and at the right price with a demonstrated return on investment. Students will no longer be in a class, even if they do go into class rooms. Each will be in a class of their own.

In our experience, and in a separate survey we refer to below, university executives may tell themselves that the mechanisms they have in place to understand student need are sufficient; that the 'voice of the student' is well understood in their institution.

Most institutions have been investing significant time, effort and money in student experience projects during this century. The projects tend to fall into three classes, those focussed on:

- student acquisition;
- student engagement and success; and
- student management.

Student acquisition efforts concentrate on go to market strategy for target regions, pricing, the creation and market testing of new courseware, and the implementation of tools and business processes to drive conversion rates and efficiency in the lead generation to enrolment lifecycle.

THE SX FACTOR

The global context of SX   SX factor   SX responses   Great SX

The engagement and success work has ranged from transition and 'student at risk' support, specific programs for equity groups and first in family students, initiatives to create better cross-cultural engagement between international and domestic students, and the development of new curricula including uplift in Work Integrated Learning (WIL) programs and the advent of accelerator programs for the entrepreneurs in the student body.

Student management projects tend to focus on creating greater efficiency and customer-centricity and can do so at any point in the lifecycle from prospective to former (and therefore also prospective) students. They look at the service delivery, people, process, data, technology, and governance aspects of students' particular administrative or support services or attempt to take a holistic view of these matters.

There is a body of professionals and academic literature who have been studying the impacts student experience interventions arising from this work.

SX is not new, but it is in need of renewal. Another sentiment oft expressed by senior executives in higher education is this: "We've spent a whole bunch of money transforming the student experience, but I am not sure we have transformed much." We have seen great practice, in pockets, often unnoticed or repeated in other parts of the same institution, multiple initiatives developing duplicate or contradictory personas, and transformation sentiment attached to what is actually optimisation work and should be understood as such.

A repeated pattern we see is fragmented investment in multiple projects and initiatives that seek to address particular aspects of SX from the perspective of the particular functional unit rather than holistically or with the student as a whole person in mind. There are emerging ideas that hope to mitigate this problem, such as the Students as Partners model. But the implementation of such interesting ideas has been slow and often on a purely opt-in basis for otherwise busy academic and professional staff who are incentivised to use their discretionary effort across many worthy initiatives.

Our student representatives told us that they feel genuine engagement with the student body rarely happens, and is only truly likely when there is a financial burning platform.

Maybe 2021 is the year when that deep engagement and a holistic approach to SX will become unavoidable. Maybe 2021 is the year to reimagine the approach to SX, leveraging the tools that have worked well in other industries such as HCD that genuinely puts the student at the centre of an institution's thinking and reform agenda.

We have seen great practice, in pockets, often unnoticed or repeated in other parts of the same institution, multiple initiatives developing duplicate or contradictory personas, and transformation sentiment attached to what is actually optimisation work and should be understood as such.

SX responses
Are universities responding?

In parallel to this Report, KPMG Global commissioned Forrester Consulting to conduct research into trends and the state of customer experience thinking in higher education, building on similar surveys they had conducted in other sectors. The research was conducted with 410 senior institutional leaders in higher education in the USA, Canada, the UK, Germany, Australia and India.

Forrester's findings form part of a wider project on KPMG Connected Enterprise for Higher Education; a project to develop a systematic framework for transformation in the interests of stakeholders.

Central to the Forrester research was institutional self-assessment of their student-centricity and the nature of current and planned investments to improve it. The research found that universities are generally over-confident in their customer or student-centricity. Nearly half (47 per cent) of institutions rated their customer-centricity as greater than that of other private and public sector service providers across all industries, and 42 per cent rated it as better than similar higher education institutions.

At the same time however, respondents identified poor performance in delivering on the student experience. Just 9 per cent of institutions reported that they consistently exceeded customers' expectations, with 28 per cent reporting that they do so occasionally. Institutions in the UK and Germany, lag behind the other countries in the study, with just 29 per cent and 28 per cent respectively, indicating that student experience occasionally or consistently exceeds expectations. Australia's performance is the lowest of all studied countries, with institutions reporting that they exceed student expectations consistently (4 per cent) and occasionally (20 per cent).

Taken together, these responses suggest that the sector's understanding of customer-centricity is itself immature. Certainly in the Australian context, parallel research asking customers what they think of their experience, underscores this point. Our Australian research shows that the public sector generally is lagging in its understanding of and attention to customer or citizen experience, performing a long way behind commercial CX. In our *2019 Customer Experience Excellence Report: Australia*, the public sector is ranked lowest of all industry sectors in CX with citizens frustrated by service friction and poor issue resolution rates. Many underlying issues contribute to the public sector's poor results, highlighting how difficult CX improvement can be in an environment filled with legacy cultures, systems, policies, fragmented data and limited CX investment.[18] These issues apply just as much to universities.

While the sector has significant distance to travel in order to become customer-centric, Forrester's research shows that, internationally, institutions are investing in doing so.

Eight out of 10 higher education institutions reported that they are putting customer centricity at the centre of their strategic agenda. Twenty-five percent of surveyed higher education decision makers reported that their customer-centric strategy among their institutions' top priorities; and 51 per cent are making it a high priority.

Within the customer centric agenda objectives such as improving the student experience (42 per cent), improving student trust in the organisation (36 per cent), and gaining in-depth student insights (35 per cent) were cited as most important by respondents. These top drivers were largely consistent across all measured countries.

Security, technology, and people/process hurdles stand between institutions and the successful execution of customer-centric strategies. While higher education institutions face numerous obstacles to success, their lack of qualified staff is the primary barrier to the successful execution of customer-centric strategies, cited by 33 per cent of respondents.

The second most important barrier to delivering on SX, cited by 29 per cent of institutions, is students who "arrive lacking key academic and/or personal skills". It is, to put it mildly, unorthodox for a provider which actually selects its own customers then to say that some of them are the problem in executing a customer-centric strategy.

Institutions are also dealing with several other security and technology challenges, including concerns over data security and privacy (31 per cent), difficulty sharing student data and analytics between channels, countries, and locations (28 per cent), and a lack of integrated communication channels (27 per cent).

The Forrester research shows that universities have some distance to go in matching the best customer experience in other sectors. This is corroborated by Customer Experience Excellence research, which also shows that our public institutions are likely to perform poorly in CX. There is likely to be a lack of awareness about what highly customer-centric organisations are actually doing underlying this lagging performance.

Forrester also found that the customer centricity gap among educational institutions will continue to widen. Institutions with high customer-centric strategy maturity are investing in the right things at a greater rate than those with low maturity. This means that the high-maturity organisations will accelerate their customer-centricity at a greater rate than those making lesser investments. The widening gap will be further exacerbated as the most talented staff seek out the employee experience enabled in more mature environments and a brain drain begins to operate.

So, within an increasingly complex landscape, and highly constrained budgets, our universities are faced with the pressing challenge of building an effective SX approach. It will not be easy or quick.

The global context of SX   SX factor   SX responses   Great SX

Great SX!

Based on our workshops with educators and students, the Forrester research in six countries, the insights of modern CX thinking and our own understanding of the unique nature of universities as organisations, we think there is a basic formula to be identified, even if the quantity of each of the ingredients will differ between institutions and contexts.

The formula uses the elements we have already mentioned:

- An environment, physical or virtual, that is conducive to learning.

- A sense that the student is being cared for. They are safe. Their teachers want them to succeed and do well in life.

- Learning gain, whereby the student develops intellectually and personally, deliberately and in ways that would not otherwise have occurred: and ideally capable of being measured.

- Delivery of what was promised: the course, the cultivation of explicitly described graduate attributes and a foundation for life and work.

- Personalisation, entailing choice of what to study, when, where and how, and increasingly real-time feedback on their performance so that they and their teachers can adjust delivery and difficulty.

- Seamless service provision that meets, where relevant, the exacting standards of the modern consumer.

In short, universities need to build an environment that understands students as individuals, creates the conditions for their success as learners and people, exercises appropriate academic judgement, and satisfies students' expectations as customers.

THE SX FACTOR

● The global context of SX   ● SX factor   ● SX responses   ● **Great SX**

$$SX = LX + PX + CX$$

LX (Learner Experience) entails meeting the needs of each learner, taking into account the curricular and co-curricular activities that develop the required skills underpinning students' academic and employment outcomes. This is the core of tomorrow's student/ university relationship, from which students are expecting to derive value and a return on investment. This relationship is nuanced and not remotely transactional. Its success depends on understanding the student's aptitudes, learning styles and assessment preferences. It also depends on the learner taking advantage of the discipline expertise of academic staff and responding to timely and useful formative feedback, building insight about their relative strengths over time.

PX (Personalised Experience) entails meeting the needs of each person, taking into account their individual characteristics in every engagement with the institution. The relevant characteristics include students' academic, professional, linguistic and cultural formation. Additionally, each student's personal circumstances in terms of work, caring and cultural obligations must inform a personalised program for engagement. Coaching and support should be designed to maximise success within the chosen qualification and resilience for a turbulent world. Relevant considerations also include students' clarity of outcome aspirations and the fit between those aspirations, the qualification being undertaken and each individual's personal growth opportunities. The most successful institutions will know the personal circumstances and aspirations of their students deeply, and almost *in loco parentis*. They will offer exactly the right scaffolding to maximise their students' personal potential. Where students themselves are still forming their aspirations and building their confidence, the best universities will provide effective support on that journey.

CX (Customer Experience) entails meeting students' needs as customers. CX principles and standards developed in other sectors must be translated to education. This translation is easiest and most simple in relation to the services universities provide as students travel through their (hopefully lifelong) journey with the institution. KPMG's Six Pillars of Customer Experience Excellence[19] are based on nearly a decade of research across global markets and many sectors, providing a useful framework that can inform how universities could interact with students to create great SX. These include personal attention, trustworthiness, meeting and managing expectations, resolving poor experiences, minimising customer friction, and exercising deep understanding of the customer. The success of this part of the relationship is dependent on understanding the biographic, demographic and psychographic factors that shape students and ensuring the services and support offered fit students' preferences for engaging and seeking support.

THE SX FACTOR

The global context of SX   SX factor   SX responses   **Great SX**

The picture on the right provides examples of how applying this CX thinking to the higher education environment can help institutions to more regularly meet and exceed students' expectations.

This is the formula that will generate positive word of mouth, high evaluation scores, lifelong relationships, and possibly gratitude later in life when the student is ready to give back.

Personalisation
Using individualised attention to drive an emotional connection.

Greet me

Show me you know me

Recognise our history together

Make me competent

Surprise me with something relevant

Personalisation enables the university to recommend coursed or electives that are relevant for that individual.

Integrity
Being trustworthy and engendering trust.

Stand for something more than profit

Demonstrably act in my best interest

Show concern for me as a person

Do what you say you will

Keep me informed

Interventions for student success that are based on learnings about worked for previous students with similar characteristics.

Expectations
Managing, meeting and exceeding customer expectations.

Set my expectations accurately

Agree timings with me

Respond more quickly than anticipated

Use plan English - no jargon

Fulfil or exceed on your promises

Micro-credentialing and 'stacked' award recognition can address the emerging student expectations of flexible, tailored learning and early timetabling.

Resolution
Turning a disappointing experience into a great one.

Assume my innocence - see my point of view

A warm and sincere apology

Own the resolution - fix with urgency

Surprise me in how well you fix my issue

Go the extra mile if required

Streamlined processes to ensure student pain points are minimised such as an incorrect enrolment and first time resolution is maximised.

Time and Effort
Minimising customer effort and creating frictionless processes.

Make my time investment pleasurable

Give me simple and clear instructions

Maximum of three steps to my objective

No longer than two minutes waiting

Provide the answers I need when I contact you

Providing easy access to accurate and timely course advice and greater access to courses through digital platforms.

Empathy
Achieving an understanding of the customer's circumstances to drive deep rapport.

Invest time to listen to me

Provide the right emotional response

Share your similar experiences

Treat me as your priority

Take ownership of my issue

Mechanisms for students to find community connection (e.g. the 'students as partners' model).

KEY

Attribute statements   Potential Application

SX Profiler Illustrative Example

The Digital Homebodies

The Digital Homebodies are international students who want to remain in their home country while undertaking online studies with an Australian university.

They have lots of practice working remotely, so a digital degree suits them just fine.

The Digital Homebodies are attracted to Australian universities due to their global prestige, affordable education and leading digital education provision.

They want to interact and socialise with other learners globally and have education tailored to their needs.

My goal is to build my skills for an international career in business, with a focus on finance and international trade in Asia. I want to be able to leverage my networks in China and study where I am well supported, whilst building new connections with a global cohort. **Maybe I will run my own successful business in the future,** like my father before me.

THE STUDENTS OF THE FUTURE

- The 5Ds

Part III

● The 5Ds

The students of the future
The 5Ds

Our workshops with education experts and students provided the initial framing for this project. At the start of the workshops, the global forces driving change in higher education were made explicit to help focus our participants on the future rather than dwell on the past.

These included the arrival of the 'Age of the Customer', the impact of globalisation and demographic change, environmental trends, new technologies and the changing world of work. We also gave examples of new education models and types of providers to show what, even now, is possible. (COVID-19 has seen much of that future landscape arrive alarmingly early).

We learned that, increasingly, students will want an experience that matches their educational and career aspirations as well as their learning and life styles. Not one or the other. All of it. They will exhibit characteristics which we have summarised as the 5Ds. Students will be increasingly:

- Diverse;
- Digital;
- Discerning;
- Demanding; and
- Debt-averse

● The 5Ds

DIVERSE

Change drivers globally and locally are creating greater diversity in the expected student population, with more to come in this decade. Higher education will need to fulfil a greater range of needs for a greater range of learners in coming years. Those learners will seek a much broader array of qualifications, experiences and services from universities than they do today. Low birth rates and an expanded lifespan will drive different engagements with higher education. Displacement by the 4th industrial revolution will cause people to return to learning again and again, more often on a part-time basis as their portfolio of other activities (work, caring, etc.) will be more volatile and complex over a longer career span. Students will also come from a greater variety of linguistic, cultural and academic formations (and indeed source markets) than before and will need different supports.

Some of them will be seeking employment outcomes in different economies than those the Australian higher education system is used to serving.

Living and working longer

Many of the students participating in Australian higher education will be living, working and studying in societies that are impacted by ageing populations. In this section, we will be looking at how an ageing population leads to increased age diversity for domestic students. To greater or lesser extents, the impacts of these domestic trends will also be felt in international student markets, depending on the demographic profile of the relevant source country and the maturity of their domestic undergraduate and postgraduate provision.

The Australian population is ageing. Pre COVID-19 predictions saw most age brackets remain stable or decline in terms of their proportion of the population between 2020 and 2030, except the 65+ age bracket, which is increasing.[20]

An ageing population creates an age dependency ratio problem as working age taxpayers are required to support the welfare and health budgets necessary to care for an older population. This can only partially be relieved by increasing the retirement age.

As people stay in the workforce longer they will experience much change during their working lives that will create the need for new skills. This will be driven by the increasing pace of change within professions and organisational culture. Much of this changing pattern has been described in *The 100-Year Life: Living and Working in an Age of Longevity* in which Lynda Gratton and Andrew Scott describe the big shifts we will all need to undertake to live successfully in societies where living to 100 is common. [21]

Gratton and Scott argue that we are all familiar with the concept of a three stage life that sees a linear journey through education, work and retirement. This pattern is becoming less likely for the working age population, and as we head for a society in which living to 100 becomes common, and it will largely disappear.

The more likely scenario is a 'multistage' life with overlapping activities. Education would feature often, intersecting with periods of exploration and transition, and traversing careers that include periods of employment, self-employment and portfolio mixes of paid and unpaid work. People will have a variety of careers, will go through various transitions and will take breaks throughout their adult years to 'recharge' or learn new skills. Retirement will be a less distinct stage and the transition into it is likely to be slower and more varied.

The ageing of the population and the changing nature of work is likely to push up higher education participation rates in the more mature age-groups. Tapping into the mature age market is likely to have a profound impact on demand and diversity.

We might currently think of education and training as made up of primary, secondary and tertiary sectors, but the quaternary sector might become the largest of all. Understanding adult learners and their needs might be about to come into its own.

● The 5Ds

As people participate in the workforce longer, they are likely to need the skills to adapt to many different styles of work, especially as change accelerates in the types of work in the economy in coming years. It is predicted that sixty-five per cent of children entering primary school today will hold jobs that do not yet exist.[22]

Students will be preparing and retraining for a much more diverse range of careers. Portfolio careers, casualisation, the gig economy, and entrepreneurialism are all set to have increased by 2030. Learners will need to return to study again and again as the increasingly volatile economy requires them to retain while current careers disappear and new ones emerge.

In this context, students will seek shorter and more practical courses. The demand for micro-credentials, Work Integrated Learning (WIL) and incubator opportunities as core to academic programs will increase significantly.

Ethnic diversity

COVID-19 has put the brakes on arrivals from all countries for all purposes. The pandemic is slowing down overall immigration to Australia and has had a dramatic impact on international student numbers. As outlined by the Productivity Commission in 2016, immigration "is a defining feature of Australia's economic and social life".[23] The Commission found that Net Overall Migration (NOM) provides a *demographic dividend* offsetting Australia's otherwise ageing population and has positive impacts on Gross Domestic Product (GDP) per capita, most keenly where the intake is young and highly educated.[24] An increasing proportion of those who are granted permanent visas (approximately 50 per cent) are already in Australia on temporary visas (especially student visas as the largest relevant category of temporary visas).[25] This shows that the mix of immigrants to Australia overall has been quite dependent on international students for some time. As a result, China and India have been major source markets for international students and permanent migration to Australia for many years now.[26]

It is likely to be some years before Australia returns to its overall immigration number of 533,000+, and our universities return to return to the heights of 358,000+ international student enrolments, as was the case in 2019.[27] This will place significant downward pressure on the Australian economy for as long as it lasts. KPMG recently published a major paper outlining the relationship between international student numbers, NOM and GDP. In *Pathways to recovery: International students will boost our living standards*, we show the correlation between international students, NOM and increased GDP per head and argue that Australia undertake a number of measures to leverage this relationship to accelerate the economic recovery from COVID-19.[28]

Our universities will be seeking to reignite their international source market diversification strategies in response to COVID-19 at the earliest possible opportunity.

The clear over-reliance on a small number of source countries will be mitigated and institutions will seek new markets, creating greater diversity within our universities and, ultimately, in the permanent resident population.

KPMG's pre-COVID global analysis on population size in the 15-24 age cohort and predicted GDP growth suggests that there are a number of significant untapped markets for Australian higher education. As explored below however, it is also the case that Australian universities will need to strike more affordable price points in order to achieve genuine diversification. Our universities will need to adjust to the needs of student cohorts with the unique academic, linguistic and cultural formations they bring. These are not homogeneous and the transition, learning and social supports that have worked for any particular cohort will not always directly translate to the next. The introduction of greater source country diversity into our universities will create the need for institutions to know and adjust to the learning, personal and customer experience expectations of those students at speed.

More educated

As universities' student populations shift towards people returning to education multiple times, the student population overall will be more educated. This builds on higher Year 12 completion and tertiary participation rates, which have been prevalent in the Australian economy for some years and are set to grow further.[29] Adult education will grow at an even faster rate meaning that fewer students as a proportion of the population will be undertaking their first post-secondary course. Predictions vary greatly, but reliable sources show that the change will be substantial. Today, the average Australian acquires more than 80 per cent of their knowledge and skills before the age of 21. By 2040, Australians will acquire 41 percent of their knowledge and skills as adults, with older Australians dedicating an average of six hours out of their working week to education and training.[30] In 2018, the World Economic Forum predicted that 54 per cent of all employees would require significant re-skilling and up-skilling to keep pace with changes in their roles and the economy by 2022.[31]

COVID-19 will accelerate this prediction and cause a notable uplift in returning students in each university's student population.

As students enter the university environment with a higher level of education, and expectations set by previous tertiary experiences, their needs will change. This factor alone will drive many of the more discerning and demanding behaviours detailed later in this paper.

Every institution's student mix will have changed significantly and the successful institutions will be those who can personalise at scale across diverse and changing cohorts.

Today, the average Australian acquires more than 80 per cent of their knowledge and skills before the age of 21. By 2040, Australians will acquire 41 percent of their knowledge and skills as adults, with older Australians dedicating an average of six hours out of their working week to education and training.

SX Profiler Illustrative Example

The Pragmatists

The Pragmatist are international students seeking an education with clear vocational outcomes.

They are school leavers with strong academic records.

The Pragmatists wish to please their parents by studying at a prestigious Australian university ahead of establishing a good career that allows them to support their extended family.

They may not have confidence in their spoken or written English, which makes them anxious about moving to Australia and shy when meeting other students.

My goal is to please my parents by qualifying as a Mechanical Engineer, returning to the Philippines and repaying them for the sacrifices they have made for me. It's true I am interested in Mech Eng, but I think I am artistic in my own way, and **I hope to put my engineering achievements to interesting human uses.**

DIGITAL

Our universities remain steeped in the academic and cultural traditions established in Bologna in the Middle Ages, which in part explains the slow uptake of digital education compared with other parts of society. The digital higher education capability built to date will not serve the needs of students, industry and society over this decade. Investment in digital education will be critical for universities' success, and maybe even survival, between now and 2030.

The need to engage with the challenges and opportunities of digital education is not new. The debate about how best to serve the needs of digital natives in an education setting was first popularised by Marc Prensky at the turn of the century.[32] In *Digital Natives and Digital Immigrants,* Prensky posited the argument that those who have grown up surrounded by technology think and

process information differently to those who did not. He went on to argue that because our education systems were designed by and for the latter, there was much work to be done to adjust to the needs of contemporary, digital native, students.

All this was conceived before the advent of the iPhone (2007) and iPad (2011), both of which created ever more digital ubiquity though highly intuitive interfaces. Most of us recall the first time we saw a 3 year-old interact with such a device. For those of us in higher education, Prensky's thesis came into sharp relief at that moment, as we wondered what that 3 year-old would need and expect from a higher education experience in 2026.

We are facing an ever-increasing pace of change where students will be training for jobs that do not yet exist within rapidly evolving technological environments. Advanced digital skills will be a must-have. Success will not be achieved with academic staff who hanker for analogue methods and who have outdated or fragmented digital environments in which to teach.

Our progress (or lack thereof) in building a truly digital approach to higher education has become clear to us during COVID-19. While Australian universities were able to successfully pivot to mass online delivery, they were not necessarily able provide academic experiences that were rich enough to satisfy students. Students called for fee reductions for online units, citing a quality gap between online and face-to-face learning.[33] The Tertiary Education Quality and Standards Agency published a summative view on students' satisfaction with online learning in Semester 1 2020 (based on the data from participating insitutions) in November 2020. The report included commentary from students that is sufficient to give the sector genuine pause. Students were appreciative of the speed at which institutions transitioned to online learning and the effort this required to do so, but even within that context, "a large proportion" of responding students "commented that they did not like the experience of online learning and did not wish to ever experience it again".

The report highlighted that such disaffected students represented between 33 per cent and 50 per cent of respondents in many institutional surveys. [34]

We witnessed a flurry of short courses and beginners guides for academics who had until that point not engaged with digital learning. In the timeframes available, the underprepared academic had no choice but to undertake a "basic conversion" of materials rather than create the means to "promote sustained presence, engagement and interaction in the on-line environment." As Kevin Bell, former Pro-Vice Chancellor (Digital Futures) at Western Sydney University highlighted in his series of digital education articles at in the early days of the pandemic, this was not a recipe for success.[35] Students' satisfaction and outcomes can only be adversely impacted in these circumstances.

THE STUDENTS OF THE FUTURE

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But it is not just digital natives who will now demand rich digital educational experiences. The increasing trend towards digital activity has been apparent in the Australian economy for some years driven by the ubiquity and useability of contemporary devices across all age cohorts. In 2018, there were more than 20 million mobile phone services in Australia.[36] That year also saw adolescents spend between 7.5 and 10.75 hours daily using a screen,[37] and nearly half of 65+ year olds (47 per cent) and nearly all (99 per cent) of 18-29 year olds actively use social media.[38]

Now all age cohorts entering higher education have a lived experience of working or learning from home. Digital ways of working are well-established and have accelerated significantly. People have become comfortable with, and found convenience in, remote working and are likely to retain a fair proportion of continuing to do so in their post COVID-19 work patterns. Employees will expect workplace flexibility to continue and will seek to use some of the saved commute time to invest in building their skill sets.

But even before COVID-19, almost a third (3.5 million) of all employed persons regularly worked from home according to the Australian Bureau of Statistics (ABS).[39]

Digital technologies are also having significant and growing impacts on how we work. Already, 7 per cent of the workforce use a digital platform to access work, often within a portfolio of other employment activities.[40] It is easy to imagine universities competing on similar platforms for enrolments as students pick and mix courseware from multiple providers and curate their own academic portfolio (possibly alongside a career constructed in the same fashion).

By 2030, the technology landscape in which we live, work and learn will be fundamentally different, based on accelerated technological shifts that are already apparent (such as virtual reality and gamification). Predictions on the transformative power of automation, advanced analytics, artificial intelligence and machine learning suggest that much of what we do will be done differently in 2030. Add to this changes that are likely to be brought by even more emergent technologies such as

quantum computing, light field displays, augmented reality, and implantables, and the only thing we can predict with certainty is a deeply altered landscape. In that landscape digital skills will be paramount and learners will demand contemporary curriculum and platforms to hone their digital skills.

As the new business and operational realities come into play for our universities, students will want more choice and the quality of digital provision to be higher than what they see today. In this new normal, learners at all levels will also wish to study in ways that are convenient and allow the greatest level of flexibility. Students will increasingly demand access to education anywhere anytime and on any device.

In 2030, it is easy to imagine digital educational delivery being primary and face-to-face secondary. It is also easy to imagine that when the term blended learning is used, face-to-face is supplementing digital learning rather than the other way round. In a world where students will be more diverse, discerning, demanding, and debt-averse, digital is likely to be students' first choice.

We can see in students' reactions to the online provision during COVID-19 that they do not consider today's online and face-to-face teaching to be the same product and they are not willing necessarily to purchase at the same price point.

People have become comfortable with, and found convenience in, remote working and are likely to retain a fair proportion of continuing to do so in their post COVID-19 work patterns.

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The trick is to enable academics and students with the right skills, tools and platforms to share this passion, to spark the enthusiasm necessary to create engagement and drive student success.

This presents our universities with a significant dilemma. Because there has been insufficient cultural, financial and technological investment in digital education to date, universities are faced with the need to seriously ramp up investment at a time when cost containment is critical. While there is an argument that digital education should be cheaper to provide over time (and certainly at scale), this is not the case today. As Kevin Bell pointed out, a sticky digital learner experience will not be achieved by the basic conversion of boring lecture materials to an online environment, uninterested or disengaged academics, and syllabus, pedagogy and assessment built for a face-to-face teaching model. A boring lecture filmed is no better than a boring lecture face-to-face, except that you can take a break from it. One-way content delivery does not make for an engaging digital learning experience any more than it does inside a lecture hall. Academics need support and investment to learn new ways of working in synchronous and asynchronous teaching styles that are engaging for the learner and make the best of the collaborative learning environment between students.[41]

The infrastructure that supports digital learning in our institutions today will also require substantial investment to tie together the diverse range of learning resources, tools and applications required to meet the digital expectations of those of us who have become used to the frictionless ease and functionality of Netflix and Uber. Most universities today have a functioning Learning Management System (LMS) but not an ecosystem that can create rich learning experiences. A recent review of the state of play for universities globally found that LMS platforms are "highly successful in enabling the administration of learning but less so in enabling learning itself".[42]

Educause, a leading global peak body centred on IT in higher education, has commenced important work on how to conceive of a Next Generation Digital Learning Environment that would in fact enhance both learning administration and actual learning. Both Educuase and Kevin Bell make the argument that great teaching is at the core of a great digital learning environment and that nothing can replace deep passion for the discipline.

The trick is to enable academics and students with the right skills, tools and platforms to share this passion, to spark the enthusiasm necessary to create engagement and drive student success.[43]

It is easy to see why many institutions have chosen to use partners such as FutureLearn and Coursera to provide their online courseware. While there is much merit in doing so, the university that does not build internal digital learning capability across all aspects of this teaching operations cannot expect to be more than a content provider when digital education is core business and face-to-face teaching secondary. Betting the future on this strategy seems ambitious.

Whatever the role a particular institution takes in the mirco-credential and stackable qualifications marketplace of 2030, its digital strategy will be key to its success. Every institution's student population will demand a rich digital learning, engagement and service platform. Those institutions can that deliver to this expectation will thrive.

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DISCERNING

Learners will be more self-actualising, better informed, more instrumental and deliberate in their choices in coming years, whether these choices are driven by passion or purpose or a combination. The information asymmetry that students have experienced in relation to course quality, fit for their learning style, as well as a lack of predictability about global employment outcomes, will decrease rapidly. As more study occurs online, fewer students will factor location into their purchasing decision. Instead, they will privilege the educational and return-on-investment elements universities can evidence in terms of quality, experience and outcomes.

Learners will want their lifelong learning experiences to be seamless and will display loyalty only where the most recent experience with that institution has met their needs.

They will also want a clear line of sight as to what intrinsic or extrinsic value each new experience or qualification will add to their portfolio of knowledge, experience and credentials.

At the same time, a resurgence of idealism that is increasingly apparent in individual, social and corporate life is likely to shape how and what learners study and what they expect of their tertiary institutions. By 2030, students are more likely to be interested in how their institutions fulfil their corporate social responsibilities and perform against sustainable development goals.

Self-actualising learners

The commencing undergraduates of 2030, who are 8 and 9 years old today, will come to universities with very different academic formations and expectations of learning than we have seen in current and former generations. Their educational synapses will fire differently because of the emerging approaches to syllabus, pedagogy, assessment, learning spaces, and technologies that will be familiar to them but less so to the current adult world.

Primary and secondary school systems are changing, and as a result the students they produce, and their sense of what a good educational experience looks like, are changing too. A key example of this is educational technology, as we explored in the section above outlining the digital characteristics and expectations of tomorrow's students.

Learning will be democratised and learners will exercise greater agency. Framed by the thinking of the OECD and other international bodies, schools will interdependently develop knowledge, skills, values and attitudes with their students. In this environment, students will be familiar with mechanisms that develop their cognitive, meta-cognitive, social and emotional, and practical and physical skills.[44] They will have developed agency through a personalised learning environment and the practice of co-creating their learning. They will be familiar with a deep emphasis on literacy, numeracy and digital literacy skills.[45]

Learners will expect the type of educational experiences they had in school to be repeated at university. They will also expect academics to be their co-agents in learning.

In short, school leavers will be skilled learners, with the habits of lifelong learning already established. They will be used to designing their own learning pathways and be very familiar with their own learning styles, assessment preferences and key areas for improvement in the skills they are seeking to develop. They will have had experience of seamless learning occurring in all aspects of life and in many virtual and physical places beyond the classroom.

Fewer students will enter university based on a score or rank (assuming such systems continue to exist at all). Instead, they will enter based on an e-portfolio of achievements and they will be familiar with outcomes-based assessment that is richer and more formative than today's narrowly-focused and piecemeal approaches.

The binary dichotomy between higher and vocational education will not withstand the demands of tomorrow's learners and their wish to be skilled and reskilled for the changing world of work.

The increased proportion of people who return to university as seasoned learners and professionals will be influenced by modern ways of working in their workplaces. They will also be used to exercising agency as workplace culture becomes more agile, customer-centric, adaptive and innovative.

Students will be thinking about their tertiary education and careers in ways that are framed by their experience to date, and by major works that are shaping organisational culture and the role of individual agency in delivering outcomes. Works like Carol Dweck's *Mindset: Changing the Way You Think to Fulfil Your Potential*,[46] Angela Duckworth's *Grit: The Power of Passion and Perseverance* [47] and Daniel Pink's *Drive: The Surprising Truth about What Motivates Us* [48] will influence how they want to engage with learning. They will be more willing to try and fail and more appreciative of feedback that supports their learning.

These learners will also expect greater autonomy in their own mastery journey, and have a clearer understanding of how purpose drives motivation in study and work.

Ethical consumers

Idealism is making a resurgence in the way we live, work and study. The modern person and company are increasingly conscious of their lasting impact, environmentally and socially, on the future world. These trends are visible in all aspects of life, including business[49], government, the community sector and individuals' behaviour, especially their financial decisions.[50] People are seeking a more purposefully driven work and social life and are demanding to know that the public and private institutions around them align with these values. This will impact universities in a number of ways.

Firstly, the community is seeking greater trustworthiness in its public and private institutions. The hygiene factors of ethical behaviour in relation to all stakeholders will remain important in the public's eye and the minimum standards for acceptability will rise.

Universities will need to ensure that they have the conditions for trustworthiness embedded in all aspects of their operations, and the avoidance of research or education-related scandals will remain essential to every institution's reputation.[51] Rigour in SX-related trustworthiness will underpin institutional success in the public perception, and this is also likely to become more important in government funding schemas over time.

Secondly, the institution's positive impact on the world will become progressively more central to how universities are perceived in the market. Prospective students will look to data such as the *Times Higher Education University World University Impact Rankings* as a mechanism for understanding what difference the institution is making in the world. This ranking accounts for the impact of a university's teaching, research and operations on the achievement of the UN's Sustainable Development Goals.[52] Such reporting and benchmarking tools are likely to grow in number and importance over time.[53]

Students too will be looking for more courseware, research training and extra or co-curricular opportunities to understand how best to tread lightly on the earth or to train for a role that makes a contribution to improving social and environmental well-being.

The institutions that can truly partner with the individual student to co-create an educational experience that targets the student's desired outcomes will do best.

The increased proportion of people who return to university as seasoned learners and professionals will be influenced by modern ways of working in their workplaces.

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DEMANDING

In the Age of the Customer, CX has risen to become a key concern for organisations everywhere, including universities. SX will become an increasingly important consideration between now and 2030 as students exercise greater freedom in their choice of providers.

Prospective students will increasingly make evidence-based decisions on what qualification (or module) to choose from any particular institution. Over time they will have more access to real-time data on student satisfaction and success within and beyond the courses of study they are considering, relying less on elements of brand and reputation that are not student or learning experience related.

These data will be both global and individualised so that students can easily predict what outcomes are reasonable to expect and determine if the investment of time, effort and financial resources will generate a sufficient rate of return.

Students are not just consumers of education. They purchase goods and services in many other sectors and are becoming increasingly used to digital, personalised and frictionless experiences that are deliberately designed to meet their needs. By 2030, the students' expectations of a good customer experience will continue to be set in other sectors, but those sectors will have advanced their approach to CX in ways that we can barely imagine today based on their capacity to create experiences and derive insight from customer and other data.

In 2030 students will have a much larger array of tertiary education options and they will demand hyper-personalisation and the capacity to optimise their own experience of any institution's educational offerings and services. 'Supplier convenience' will no longer be a valid underlying mechanism for arranging courses of study, student services or support. Students will want to achieve their desired outcomes faster and to a standard set by their best experiences in other sectors. Their immediate experience of an institution's capacity to meet their needs will be the primary determinant of their continued relationship with that institution.

Our Students of the Future workshops, and research conducted directly with students in many universities, highlight a number of student demands that are not adequately met today and are likely to grow in the future.

Students want more information to inform their educational and career choices, so they can know what to expect, and make informed judgements on their journey. Students want to visualise the experiences they are likely to have at university and in their careers. They will increasingly demand highly-experiential information that links educational choices and potential career outcomes. There is a strong case to reimagine and expand careers services to accommodate changing student needs.

Greater flexibility is needed to accommodate the fluid competing priorities in students' lives. Today, students are largely expected to organise their lives around university. They will demand that it is the other way around. Enabling students to design a timetable and a course that fits with their work, life and evolving passions outside of university is key to student success.

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Today, institutions do not have the means to get an accurate view on students' overall satisfaction with their experience in real-time, or across the whole lifecycle, although they do have greater insight into the views of current students than those of prospective students. Their relationships with alumni are often left unmeasured and misunderstood.

While students are becoming more instrumental, many still want their university experience to allow for discovery and empower them to pivot when they change their mind. Scaled support to do so via highly experiential information that helps a student to see the link between any pivot and the potential career outcome will be expected.

Students want to be treated as an individual in every interaction with the university. This must include genuine empathy, a deep understanding of students' particular circumstances, and support that is targeted to their needs. Too often today, students tell us that they feel like a number in the system, identifiable only by the most aggregate characteristics (like cohort) that are largely irrelevant to them.

Community connections to support students' learning, growth, the shaping and realisation of their dreams are critical. Increasingly students will demand that institutions facilitate effective connections with their peers, the university community, industry and the broader community. Students will increasingly demand experiences that are intentionally designed to drive both personal engagement and employability.

Students often need more support than they realise (or realise in time). Students will increasingly seek support that is deep and personalised while delivering timely outcomes. For a large subset of the student body, they will also need coaching on how best to proactively seek support before life and other catastrophes get out of hand. Given the high incidence rate of mental health concerns in the community, and the inherently stressful nature of academic work that truly stretches one's abilities, the support models must be effective to make for great SX.

The institutions that can personalise a student's learning, belonging, engaging and connecting experience across all stages of that student's lifecycle with intelligent service offerings will thrive in 2030.

Today, institutions do not have the means to get an accurate view on students' overall satisfaction with their experience in real-time, or across the whole lifecycle, although they do have greater insight into the views of current students than those of prospective students. Their relationships with alumni are often left unmeasured and misunderstood. In highly customer-centric industries, there is a much greater real-time sense of customer sentiment in relation to products and services.

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On an annual basis, students' and graduates' overall satisfaction with what they have been provided by their universities is measured and benchmarked across the sector. The relevant instruments, the Student Experience Survey (SES), the Graduate Outcomes Survey (GOS), the Course Experience Questionnaire (CEQ) (administered with the GOS) have significant limitations.

Benchmarked performance does not include or demarcate critical cohorts. The SES, GOS and CEQ exclude non-residents, and do not report the distinctions between domestic and international students or provide insight into the specific experiences of online students. While the challenges of achieving a sizable sample of overseas students to participate in these instruments is acknowledged, it is reasonable to say that their exclusion leaves substantial holes in the sector's genuine understanding of student satisfaction.

Even how the instruments are published makes comparison difficult. ComparED limits the number of institutions interested parties can compare to six,

making scaled comparisons manual and labour intensive.[54]

Students' feedback in the SES shows reasonable levels of satisfaction overall, but distinct and long-term patterns highlight some ongoing issues with SX in the sector. Overall satisfaction sits in the high 70 per cent range for all cohorts.[55] In 2019, overall satisfaction sat in the low 80s (per cent) for coursework and research graduates.[56] The SES numbers put Australia behind our key international competitors, the US, UK and Canada, which will increasingly become a competitive disadvantage.[57] Interestingly, the undergraduate population become less satisfied as they go along, with satisfaction rates falling markedly after first year. Those rates never recover. Overall undergraduate and postgraduate coursework satisfaction rank at very similar levels that are lower than those of first year undergraduates.

It is clear that Australian universities are not meeting students' expectations for learner engagement. This scale in the Student Experience Survey asks students about their feeling of preparedness for university, sense of

belonging, participation in discussion and group work, relationship formation with other students, especially those who are different from the respondent (eg local students for the international cohort). Students consistently rank their satisfaction with this scale lower than the others. Only 42 per cent of undergraduate students positively rated their interactions with other students beyond study in 2019 for example. The equivalent 2019 numbers for satisfaction with interactivity with students different from themselves and sense of belonging were 51 per cent and 52 per cent respectively.[58] Given how critical learner engagement is to student success, there will have to be significant improvement for the sector to achieve in this dimension of SX.

In the graduate satisfaction data the good teaching scale hovers at the 60 per cent range over the period from 2010 to 2019 for both undergraduates and postgraduate coursework students. For research graduates, it is the intellectual climate that is poorly rated with similar scores over the time series.[59] Again, addressing this distinct pattern of lower satisfaction on a particular scale seems elusive to our universities.

The data also show that the undergraduate experience can be a rocky one. In 2019, 20 per cent of undergraduates contemplated giving up their course. The reasons stated by students for considering this have been stable for some years. They highlight poor heath and stress, other commitments (such as work) and financial constraints that trigger thoughts of discontinuing; underscoring the need for universities to ensure their support services are fit for purpose to meet students' PX expectations. Students also pointed to unmet expectations, unmet career prospects and quality concerns as triggers.[60] This suggests that there is still significant work to be done for universities to establish robust CX practice that identifies and serves student need.

The institutions that can personalise a student's learning, belonging, engaging and connecting experience across all stages of that student's lifecycle with intelligent service offerings will thrive in 2030. The tools of SX will become increasingly important for institutional success.

SX Profiler Illustrative Example

The Disrupteds

After a long career, the Disrupteds find themselves working in roles or industries that will disappear before they hit retirement age.

They want to retrain but also leverage their career experience to date, previous professional development and education.

The Disrupteds want to engage at a level of education that best suits their needs but require help to determine if that would be at undergraduate or postgraduate level, for a degree qualification or through multiple micro-credentials. Recognition of their prior learning or career experience will be an important factor in the decision.

My goal is to work for another 20 years in a secure occupation that involves helping people with their personal or business financial affairs.

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DEBT-AVERSE

A tertiary qualification does not guarantee the financial return it used to in many nations. This is certainly the case in Australia. As global economic conditions worsen as a result of COVID-19 and its aftermath, prospective tertiary students around the globe will make decisions as self-interested, rational economic actors.

Students are becoming more instrumental in their choices and over time it will be much easier to make rational outcomes-based decisions about study. In the US students can already easily access discipline based salary and job satisfaction data for both recent and mid-career graduates for every institution.[61]

In Australia too, university performance in student success, student experience, participation of equity groups and graduate outcomes will continue to grow in public consciousness and the policy agenda, especially as performance-based funding takes hold.

COVID-19 will have significant impact on the global economy for some years to come and a lasting impact on how people invest and perceive value. In this environment, students will be seeking a concrete outcome from their studies. For most students this will not be the time for expensive education that holds only intrinsic value. Regardless of whether the student is passionate about the creative industries or data science, more of them will have a defined return on their investment of time and effort in mind and will want certainty that the expected return is achievable.

The Organisation for Economic Co-operation and Development (OECD) *Education at a Glance 2020* report shows that the graduate premium for Australians at every level of higher education is very low compared to like nations.

Australia is ranked 33 of the 36 OECD nations for the graduate earnings premium compared to secondary school graduates (across, short course, undergraduate and postgraduate qualifications).[62]

Until 2020, Australia had not faced a recession since 1991. Conditions in the US and the UK, however, both of which experienced recession after the Global Financial Crisis, highlight what occurs to the graduate premium when real wage growth contracts. In the UK for example, real wages have effectively stagnated since 2007, with the 2017 figures actually being lower than a decade earlier.[63] While graduates in the UK can still expect a 20 per cent return on investment over their lifetime on average, the likelihood and scale of return is highly variable, depending on gender, discipline and university type. As mentioned above, 1 in 5 graduates are predicted to be better off not going to university at all in one major UK longitudinal study.[64] In the US too, the landscape is complicated.

While 25-34 year olds with a Bachelor degree earn 57 percent on average more than those who have only completed high school, this premium is also highly subject to gender, discipline, university type and ethnicity. It is also the case that the absolute earnings and the earnings premium diminished between 2000 and 2018 for holders of Bachelor degrees in the 25-34 year old age group.[65]

Overall in the UK and the US, the generation now emerging from young adulthood experience lower incomes than the one before it.[66] For Australia, the international numbers are telling. Australia's real wage growth has been 'sluggish' over the last five years.[67] The average graduate premium is 20 per cent for men and 13.1 per cent for women in Australia across all age cohorts.[68] However, the premium for 25-34 year olds was 8 per cent lower for women and 6 per cent lower for men in 2016 than a decade earlier.[69]

● The 5Ds

The Grattan Institute published a detailed longitudinal study of pre COVID-19 household wealth, income, debt and employment patterns in 2019, titled *Generation Gap: Ensuring a fair go for younger Australians*.[70] It found that the wealth of Australian households headed by those 35 years old and younger has stagnated since 2004, while older households' wealth grew more than 50 per cent, based on rising housing and superannuation values. Low wage growth, underemployment and unemployment all impact younger households inequitably, creating little room for discretionary expenditure for many. The Grattan Institute predicted that if these factors continue, Australia too will have a generation emerging from young adulthood worse off than the one before.[71]

Recent Productivity Commission research makes this issue even clearer. It examined the long-term employment outcomes for Australian graduates entering the weak labour market after the Global Financial Crisis.

The adverse labour market conditions since 2008 were found to disproportionately impact young people, with workers aged 20-34 experiencing nearly zero real wage growth between 2008 and 2018. The report also examines the likelihood of graduates climbing the career ladder over time if they were unable to secure employment matching their qualifications upon graduation. This too has proven more difficult in the period 2008-2018 than in more positive economic conditions. The report found that graduates who were unable to find work matching their qualifications have suffered long-term 'scarring' of their career trajectory because transition into career paths matching their qualifications proved to be a more sustained challenge than would be the case in a strong labour market.

The authors point to the extent to which this issue is likely to impact graduates in coming years as they enter an economy in full recession rather than on experiencing sluggish growth. In a pessimistic scenario we may face a generation of graduates whose career and income results do not match their return on investment expectations.[72]

This leads to the risk that education systems have been designed by Baby Boomers (those born between 1946 and 1964) and are largely being delivered by Generation X (born between 1965 and 1980) to millennials and Generation Z who will be less wealthy than them. In effect, we run the risk of designing education for people who are less able to afford it and who will have higher levels of education debt than any previous generations.

But of course many more people who are 35+ will be seeking new qualifications in the future state. They too are likely to be more debt-averse . As the economic impacts of COVID-19 begin to set in, it is easy to imagine a scenario of deep recession lasting many years. In this scenario, real wage growth may be negative for an extended period. Combine this with the significant debt burden already being borne by Australian households, it is clear that fewer people will be able to afford up-front fees and less people are willing to take on debt to study. The Grattan Institute found that households in the 35-64 age brackets were twice as indebted in 2016 than they had been in 2004.[73]

Low wage growth, underemployment and unemployment all impact younger households inequitably, creating little room for discretionary expenditure for many. The Grattan Institute predicted that if these factors continue, Australia too will have a generation emerging from young adulthood worse off than the one before.

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Thirty years since the inception of the Higher Education Contribution Scheme (HECS), the types of income contingent loans available to students have expanded, as has the doubtful debt being carried by the Federal Government. In FY18 the Government lent $6.4b in Higher Education Loan Programme (HELP) loans[74] with 17 per cent of the accumulated debt now being categorised as doubtful (or unlikely to be repaid).[75] Australia's student loan debt is therefore mounting. In the (Financial Year) FY19, the Australian Tax Office (ATO) reported that Australia had almost 3 million people with outstanding HELP loans, with an outstanding debt of almost $67b.[76] Individual debt levels and time to repay are significantly on the rise. In the period between FY06 and FY19, the average time to repay increased from 7.3 years to 9.2 years, with many more large outstanding debtors.[77]

It has long been thought that Australia's income-contingent education loan scheme is the most equitable way to fund higher education. The theory goes that because students do not need to incur costs up front, those with limited means will not be deterred. But how this plays out during recession has not been tested since the earliest days of the scheme (the early 1990s). We cannot say therefore that those who are squeezed financially will not be deterred from taking on debt to study in the future.[78] In a major recession too, Government may also be cautious about yet more doubtful debt.

The calculation for international students has always been more complex and a global economic downturn heightens the risk and cost of an Australian education. International students will be making calculations in relation to likely employment and wage premiums in their home country, and those other countries they may be targeting for a graduate role, including Australia.

Because income-contingent funding schemes are not readily available to international students, they need to rely on the existing resources of their families or loans with standard commercial terms and conditions. As the US experience has shown, loans of this nature are increasingly hard to repay when the graduate premium does not outstrip the cost of study.[79]

Information asymmetry can defeat the algorithmic capabilities of many prospective international students, especially while the current global recession is active and its aftermath is not yet known. Even when conditions improve, price sensitivity and debt-aversion are likely to last. It may drive students to stay home for their education, in higher education systems that have been growing in scale and stature all the while. It will drive students to consider the digital options from around the world, in which case 'destination Australia' does not have the same gravitational pull.

Inevitably, this all leaves a significant proportion of the community who can neither afford to pay for study up-front nor feel confident to take on significant debt, even if it is through an income-contingent loan scheme.

Institutions will need to deliver education in more cost-effective ways. This will include driving down the cost to deliver and changing the product mix to offer the market credentials that are just in time and just right for a particular career need. Institutions will also need to recognise a greater variety of prior professional experience, skills and academic learning to ensure that students are not required to re-learn material that is known to them already at a cost of time, effort and financial resources that they are not willing to pay.

Part IV

Know your future students deeply and in detail

01 Know your future students deeply and in detail

This is easy to say and sounds obvious but most universities invest considerably less in understanding their students' backgrounds, preferences, aspirations and abilities than many successful commercial organisations do with their customer base. In time, technology and data techniques will enable the building of detailed ethnological pictures of every single student, and then allow for the visualisation of the results in a way that they can be acted upon to promote the LX, PX and CX that make up SX.

Leveraging Human Centred Design (HCD), persona-building and student journey mapping can be used effectively to reduce the complexity of individual circumstances to a level where different archetypes of students can be considered, and their needs and expectations met.

KPMG's **SX Profiler** helps universities think through the characteristics of different students by focusing on specific features:

Motivation: including students' level of instrumentality in undertaking study, the relative clarity of the outcomes they are seeking, the shape of their career aspirations, their intrinsic desire to learn or achieve a credential, and their level of previous exposure to the discipline.

Talent: including students' aptitude for academic or practical learning, bent towards Humanities and Social Sciences (HASS) or Science, Technology, Engineering and Maths (STEM), their level of readiness for the course of study, their desire to enhance their technical or social/generic skills (as will be demanded in more roles as the Fourth Industrial Revolution takes hold).

Engagement: including students' levels of confidence in their abilities, desire for broad or narrow engagement with extra, co-curricular and community activities, and likelihood to proactively or reactively seek support.

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Learning Style: including students' preferences for learning on their own or in groups, face-to-face or in digital and blended formats, their need for structure or flexibility and their competitive or collaborative drivers.

Assessment Preference: including students' relative strengths in written and spoken word, practical tasks, continuous assessment or examinations, memory-reliant or open book assessments, large or small assessment tasks.

Biographic and demographic characteristics: including age, identity dimensions (such as gender, sexual, Indigenous), disabilities, domestic or international origin, equity status (especially socio-economic/non-English speaking background/first in family to attend university), financial resources, time available to study, caring responsibilities, access to campus, digital literacy and connectivity, stage of education and previous career experience.

Psychographic characteristics: including students' personality type as introverted or extroverted, anxieties and fears, general level of diffidence or confidence.

KPMG's **SX Live** tool can bring your student personas and their related journeys to life via a complete digital platform for SX design, evaluation and improvement.

SX Live accurately represents the complex relationships between students and the whole institution's ecosystem, capturing multiple perspectives in relation to LX, PX and CX in dynamic formats that are easy to understand and manipulate.

It combines dynamic mapping with live data inputs to build a holistic and accurate view of a student's journey through a complex ecosystem. This makes the delivery of SX improvements faster and easier and helps the institution to see and maximise its SX performance and return on investment.

SX Live will allow for the student journey maps to be updated as things change, accurately representing the whole of ecosystem experience over time.

Develop an evidence-based SX Strategy

02 Develop an evidence-based SX Strategy that meets the needs of your students and your institution

An institution's strategic ambitions for its SX should fit with its unique mission, vision and the communities it seeks to serve. If that fit starts to become less comfortable as more information about its students is gathered (recommendation 1 above), then something needs to change. Perhaps the institution cannot responsibly admit all of its current student types. Perhaps the articulation of its mission needs to change.

In setting the institution's SX ambitions, key underlying questions should be addressed. These include:

- What **types** of students do we wish to attract and serve based on their LX, PX and CX needs and the **alignment** of these factors with our institutional strengths and strategy?

- How do we best **understand** the motivations, talents, engagement preferences, learning styles, assessment preferences, biographic, demographic, and psychographic characteristics of our **target student population** to ensure that we can not only attract them but also serve their needs at a high level of quality?

- How do we best **partner** with students to co-create their experience, so as to promote their success and lifelong engagement with the institution?

- How can we **deliver experiences that develop the skills of lifelong learning, and engender lifelong engagement** with our institution?

- Who are our traditional and emerging **competitors** globally and what are their differentiating courseware and SX features?

- What can we **learn** from **other service sectors?**

- What should our **target** discipline and course student numbers be?

- What **price points** will achieve those targets and promote institutional sustainability?

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- What are our **capability gaps** today to realise this strategy (within service delivery, people, process, technology, data, and governance)?

- What **investment and capability uplift** is needed to bring our SX ambitions to life and what will be the return on that investment for students, the institution and the communities we serve?

KPMG's SX Strategy method is most regularly executed within a 12 week consulting engagement, which typically includes:

- A current state assessment of SX, including a review of student attraction, retention, satisfaction, success, and return data and drivers.

- A review of SX reforms undertaken in recent years, including their strategic intent, relative success and the underlying factors contributing to the realisation (or otherwise) of lasting reform.

- An analysis applying KPMG's proprietary methods and tools to determine the gap between required, commenced and completed reform.

- Stakeholder interviews and workshops to understand the need, appetite and capacity for change.

- A capability maturity review, leveraging the KPMG Connected Enterprise for Higher Education maturity diagnostic described below to understand which capabilities need to be built in the relevant functional units to enable successful reform.

- Current and future state environmental, competitor and comparator analysis to understand the institution's competitive position, apply learnings from other institutions and sectors, and understand how current and emerging trends will impact the SX landscape.

- Senior stakeholder workshops to form the SX vision, strategic intent and focus areas, and the guiding principles to underpin reform.

The method can be applied to particular student cohorts, SX aspects (LX, PX or CX), and stages of the student lifecycle (prospective and current students and/ or alumni). We recommend considering the needs of all student cohorts, all aspects of SX and all lifecycle stages together to form a holistic picture of institution-wide SX. This will best inform subsequent work.

RECOMMENDATIONS

● **01**
Know your future students
deeply and in detail

● **02**
Develop an evidence-
based SX strategy

● **03**
Become
student-centric

Become student-centric

03 Become student-centric through a whole-of-institution optimisation or transformation

The KPMG Connected Enterprise framework for organisational transformation rests on a premise that companies, governments and other types of organisation need to think 'outside in', consider everything they do from the stakeholder's perspective and understand the economic implications. This means connecting what is happening externally with changes that need to be driven internally. For many, this challenge is an agenda for change which amounts to transformation.

But a formal and long-term whole-of-institution transformation program is not the only way to make good use of KPMG Connected Enterprise for Higher Education. The framework can be used to transform or optimise particular aspects of SX.

In this case, the framework allows institutions to build and maintain a coherent institution-wide view of how reforms inter-relate across PX, LX and CX and how overall SX maturity is building over time.

There are several dimensions to delivering effective change (be it optimisation or transformation), in particular **capabilities**, **technology** and **operating model**.

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02
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03
Become student-centric

Research across numerous sectors in various countries has identified **eight capabilities** which successful customer-centric organisations possess at a high level.

Insight-driven strategies and actions. The ability to harness data, advanced analytics, and actionable insights with a real-time understanding of the customer and the business, to shape integrated business decisions.

Innovative products and services. The ability to develop compelling customer value propositions on price, products, and services to engage the most attractive customers and drive profitable growth.

Experience centricity by design. The ability to design seamless, intentional experiences for customers, employees, and partners, supporting the customer value propositions and delivering business objectives.

Seamless interactions and commerce. The ability to interact and transact with customers and prospects across marketing, sales, and service and achieve measurable results.

Responsive operations and supply chain. The ability to operate the business with efficiency and agility to fulfil the customer promise in a consistent and profitable way.

Aligned and empowered workforce. The ability to build a customer-centric organisation and culture that inspires people to deliver on the customer promise and drive up business performance.

Digitally enabled technology architecture. The ability to create intelligent and agile services, technologies, and platforms, enabling the customer agenda with solutions that are secure, scalable, and cost-effective.

Integrated partner and alliance ecosystem. The ability to engage, integrate, and manage third parties to increase speed-to-market, reduce costs, mitigate risk, and close capability gaps to deliver the customer promise.

In developing a KPMG Connected Enterprise framework specifically for higher education we commissioned Forrester Consulting to survey 410 university leaders across six countries, including Australia, to assess their current level of investment in these capabilities. In our view, greater investment in each will be required before high levels of student-centricity and institutional sustainability can be achieved.

We have developed a maturity diagnostic tool to help universities determine where they need to invest most in building capability linked to the key functional areas that contribute to SX. The tool can also be used to measure progress towards greater maturity over time.

In relation to **technology**, every organisation needs to ensure that its front, middle and back offices are aligned to deliver on its brand promise and customer expectations. This is not only about customers – in our case students – but also staff and other stakeholders. It means breaking down silos in technology (and operating model) to become a stakeholder-centric, digitally-enabled university truly engineered for sustainable growth and success.

Universities currently operate a very complex ecosystem of applications, with significant legacy systems and technical debt. Such complexity and legacy limit their capacity to deliver great digital experiences, self-service and frictionless business processes.

To enable the personalisation that students are coming to expect, judicious investment will be needed to build a 360 degree view for individual students across their whole lifecycle. For many universities, this will require developing better integration and data flows between the systems supporting student recruitment, support services, administration, learning management and alumni engagement. Developing digital education and engagement culture and delivery channels will be necessary to drive new education business models at scale. KPMG Connected Enterprise for Higher Education can support the creation of a transformative vision and pragmatic roadmap that leverages current infrastructure and allows for staged investment.

A figurative depiction of this technology architecture might look like this:

Higher education technology architecture

Primary actors

Students, alumni, academics, and communities

Industry and partners

Government, accreditors, and regulators

Secondary actors

Journalists, media, and general public

Means of access

Mobile, landline, network, WIFI, and internet

Interaction hubs

Organisational capabilities

IoT platform

Device connectivity, management and security

Enterprise data store

Device data, on premise, and cloud storage

Middle office business practices

Support and engagement services

Research and commercialisation

Front office business practices

Curriculum and learning life cycle

Student lifecycle

Research lifecycle

Process/Orchestration

Integrated business process management

Cyber security and privacy

Catalysts for change-Advances in data science

Advanced data analytics and insights

Digital technologies and process advances

Enterprise support

Enterprise technology

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Become student-centric

In relation to **operating model**, an initial challenge is to articulate what the desired future state business architecture of the organisation looks like. KPMG Connected Enterprise for Higher Education has developed an enterprise architecture designed to ensure the delivery of strategy in a student-centred institution.

A high-level figurative description of a whole university's business and operating environment might look like this:

Customers

- Students, alumni, communities, government, industry, and partners

Channels

- In-person, telephone, email, text and web chat, websites, mobile apps, digital signage, social media, and contact centres

Enterprise strategy

- Strategic ambition, planning and measures

Core business practices

- Curriculum and learning lifecycle
- Student lifecycle
- Support and engagement services
- Research lifecycle
- Research and commercialisation

Advanced data and analytics

- Visualisation and insights
- Scenario planning and modelling
- Master data management
- Governance

Enabling business practices

- Enterprise technology
- Enterprise operations

SX Profiler Illustrative Example

The Academics

The Academics are driven by intense passion for their field and by the human impact of their job.

After completing undergraduate and postgraduate studies as well as a stint in industry, the Academics are now seeking PhD candidature.

Eligible for scholarships, the Academics expect to concentrate on full-time study without the distraction of other paid work.

My goal is to feed my hunger for learning, whilst also **deepening my expertise in the environmental science** industry to be able to make a positive impact on society.

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To make this design of an institution work in practice requires an operating model for the desired future; the Target Operating Model (TOM). A TOM is a deliberate schema for an operating model to achieve the desired SX business outcomes and strategic objectives. It can be applied to specific functional domains only, such as those constituting the student lifecycle, curriculum lifecycle or support services, or across all aspects of the institution. A TOM allows for a coherent design, integrated across the operational layers, to deliver the desired SX.

KPMG Connected Enterprise for Higher Education accelerates TOM creation through blueprinted TOM designs for all aspects of university operations.

Target Operating Model

Performance Insights and Data
Describes the data, advanced analytics and actionable insights needed to build a real-time understanding of the customer and the institution to shape integrated business decisions

Technology
Describes the components of intelligent and agile services, technologies, and platforms, aligned to intended experiences and service delivery model with solutions that are secure, scalable, and cost-effective

Process
Describes the components of efficient and agile business processes that fulfil the customer promise in a consistent and seamless way

Target Operating Model: Six Design Layers

Governance
Describes the structures, policies, and controls to balance risk, to facilitate timely and effective decision making, and ensure compliance in order to create and deliver seamless and intentional experiences

Service Delivery Model
Describes how to deliver services with efficiency and agility to fulfil the seamless and intentional service experience

People
Describes the components of a customer-centric organisation and culture that aligns and empowers people to deliver on the customer promise and drive up institutional performance

Part IV

CONCLUSIONS

Whilst we all await a time when COVID-19 is managed through vaccines and treatment and the impacts on the global economy and global demand for higher education are known, Australia's universities cannot afford to suspend their strategic SX agenda. In fact, to survive and thrive over the next decade, we argue that this agenda must be accelerated. Institution-wide SX optimisation and transformation are urgently needed.

Now more than ever strategic investment must be judicious and coherent. No longer can institutions afford to develop SX strategy that does not equally account for LX, PX and CX. And no longer can institutions afford to run discrete projects within these components of SX that repeat the work of those that have gone before, or worse still, contradict it.

This paper has offered three primary recommendations in preparing your institution for more effective SX, and thereby, greater financial sustainability.

1. Know your students deeply and in detail
2. Develop an evidence-based Student Experience Strategy that meets the needs of your students and your institution
3. Become truly student-centric through whole-of-institution optimisation or transformation

Where to start depends very much on the SX maturity of your institution today.

Many institutions have invested effectively in various aspects of SX over a significant period. To a greater or lesser extent, this investment may have been concentrated in particular areas or scattered across LX, PX and CX.

Most institutions have experienced the disappointment of a promised transformation with a business case showing substantial return on investment that turned out to be an expensive optimisation or remediation (especially in the technology layer).

Building the maturity required to be a genuinely SX-led takes time and investment in the necessary capabilities across the whole institution. Determining your current maturity in those necessary underlying capabilities is the most important first step. It will inform how much further work is needed to really know your students, design and execute on SX strategy, and decide what optimisations or transformations are needed to get there.

Great SX is central to being a great educational institution. Universities need to ensure an environment that understands students as individuals, creates the conditions for their success as learners and people, exercises appropriate academic judgement and satisfies students' expectations as customers, while also reducing overall expenditure. Implementing the three recommendations of this paper will enable you to deliver better SX in more cost effective and sustainable ways.

Appendix

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Acknowledgements

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