

The value of a long-term investment in CRM for higher education

An Ovum whitepaper for Campus Management

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SUMMARY

Catalyst

The higher education industry is experiencing a period of unprecedented change. With the economic downturn calling into question existing funding models and consumer market sensibilities driving up expectations for service from students and their families, many colleges and universities are reconsidering their organizational structures and how services are delivered to institutional stakeholders across the student lifecycle. Without question, providing a higher level of proactive and customized service in a more efficient way will be core to an institution's ability to navigate these changes successfully. However, many institutions struggle with constructing an effective vision for relationship management and selecting a Constituent Relationship Management (CRM) solution that will deliver long-term value.

Ovum view

All signposts in the higher education industry point to a future where institutions use CRM broadly across the entire student lifecycle and for departments and programs that historically were not considered "CRM-addressable." Preparing for this eventuality will require approaching the selection of a CRM solution as a long-term investment. Solution flexibility that encourages incremental expansion and specific capabilities such as multi-channel communications and delivering 360° views of the student experience that persist over time will be central to realizing a return on that investment.

Key messages

- Institutions should plan for their CRM strategies to evolve over time, eventually supporting multiple departments and the entire student lifecycle.
- Leveraging multi-channel communications and 360° views of the student experience is key to the long-term success of any CRM deployment.
- Starting small and expanding incrementally is a "tried & true" strategy, but it requires a CRM solution with robust capabilities.

A LONG-TERM INVESTMENT IN CRM

Institutional CRM strategies will evolve over time

Change is the new normal for higher education. Driven by escalating tuition costs and expanding consumer market sensibilities towards higher education, Ovum anticipates that the pace at which the expectations of students and their families change will only accelerate. Ironically, institutional budget realities will make the availability of the resources required to develop the new programs, activities and services to satisfy these expectations increasingly tenuous. Therefore, the ability to solve the dilemma of supporting flexibility and agility while improving overall institutional efficiency will become one of the defining hallmarks of an effective relationship management strategy.

Admittedly, these changes will not occur overnight. However, institutions should start preparing now for a near- to mid-term future that includes a more cohesive and comprehensive approach to CRM. Unfortunately, not all solutions are created equal in their ability to support this approach. Consequently, Ovum advises institutions to adopt an incremental approach, starting modestly and growing their implementation over time, with the supporting the entire student lifecycle as the end goal.

Starting small and growing over time is a path to success

Not surprisingly, most institutions launch their first constituent relationship management strategies in the admissions office. As CRM was originally designed to help sales organizations to manage relationships with prospective “customers” more effectively, it is not difficult to see the direct application for recruitment and admissions processes. Without question, communicating the value of higher education and the merits of a particular institution are different from selling widgets. Nonetheless, admissions professionals still need tools for tracking their interactions with prospective students over time and evaluating the effectiveness of different recruitment campaigns and activities.

As institutions realize the value of using CRM in the undergraduate office of admissions, through improved application, deposit and yield rates, they are increasingly likely to expand these efforts. Implementations covering academic advisement or IT helpdesk may be the logical next steps; however, other areas such as corporate relationship management or even faculty recruitment are also good candidates. Moreover, these expansions are likely to include other colleges within a university, such as growing from undergraduate to graduate admissions. The extensibility of a CRM deployment is essentially unlimited as institutions look further to cross campus boundaries and integrate multiple campuses – each with their unique brands, workflows, policies, and

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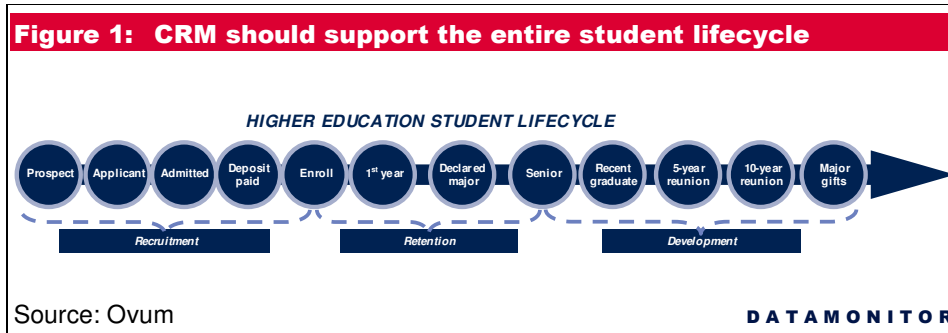
processes – all within a single system. While this is a massive undertaking that requires a flexible and scalable CRM solution and strategy, increased sophistication and greater connectivity can have a direct impact on improving student life and services.

When selecting a CRM solution to support that first foray into relationship management, it is understandable to find highly targeted applications, designed specifically for the needs of undergraduate admissions, especially attractive. These solutions fit the tangible needs of today, requiring little additional customization or configuration to support often well-established recruitment processes. Ovum, however, believes that this approach is somewhat shortsighted as it often confronts institutions with the need of having, not only to purchase different solutions for other departments and programs seeking to improve their relationship management efforts, but also to train or even hire new IT staff to administer those applications as well. With the purchase of each new solution, the college or university is essentially starting from scratch and failing to leverage its own valuable experiences and existing investments. With a unified approach, the rollout of a CRM solution should become easier and less expensive over time as expertise is gained and best practices are established.

The best CRM solutions enable colleges and universities to expand their relationship management strategies at any pace and as far afield as they desire. Increasing uptake by departments and end users is encouraged through easy-to-manage configurability, the availability of highly qualified professional service staff and fair licensing terms. In the end, CRM solutions are well suited for supporting an incremental strategy that starts modestly and gradually expands the activities or processes where constituent relationships are proactively managed.

Supporting the entire student lifecycle should be the end goal

As students become accustomed to a more proactive and individualized approach to relationship management, many institutions will realize tangible benefits. CRM strategies should be aimed at supporting the needs of students across the entire student lifecycle, from prospect to matriculated, to alumnus and even returning graduate or continuing education student, will yield stronger long-term relationships (see Figure 1). With stronger relationships come improved stakeholder perceptions of the quality of the institution and the value of the education that it delivers. However, supporting the entire student lifecycle requires colleges and universities to think more strategically about how they wish to differentiate on quality of service and to engage with students over semesters, years, and even decades.



From a tactical perspective, supporting the entire student lifecycle with CRM requires institutions to consider carefully their selection of a solution. While it is possible to implement multiple instances of a single solution across campus, this is not a true lifecycle approach to relationship management. Valuable data about student preferences, the effectiveness of different campaigns and the cost of service will be lost when they are buried within disparate silos. The best solutions enable institutions to take a more holistic or coherent approach and as a result, reap the benefits of data persisting over time, thereby creating an ever more detailed and powerful record of the student experience.

SPECIFIC CRM CAPABILITIES ARE CORE TO STRATEGIC SUCCESS

While there are many features that can help to bring a relationship management strategy to life that supports multiple departments and the entire student lifecycle, Ovum believes that there are two specific CRM capabilities that are foundational to this goal. They include leveraging data across the institution to provide a complete picture, and supporting multi-channel communications

Leveraging institutional data puts together a complete picture

As most colleges and universities operate as data-rich but information poor organizations, executing against a relationship management strategy can be challenging. There are few outlets to connect data generated from core transactional and pedagogical applications such as the Student Information System (SIS), Enterprise Resource Planning (ERP) solution and Learning Management Systems (LMS) to generate an actionable vision of the student experience. Consequently, the interactions with the student are driven according to the organizational and

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process silos of the institution rather than around the student's expectations. For example, student advisors often do not have access to information about interactions their advisees are having with the financial aid department, leaving them unaware of aid packaging issues that could affect whether students can continue their studies. In such cases, the advisor would be far more effective if he or she could also provide their students with advice on finding part-time employment rather than participating in more campus activities. Sadly, most students expect that faculty, staff and administrators have a far more complete view of their institutional experience than they actually do.

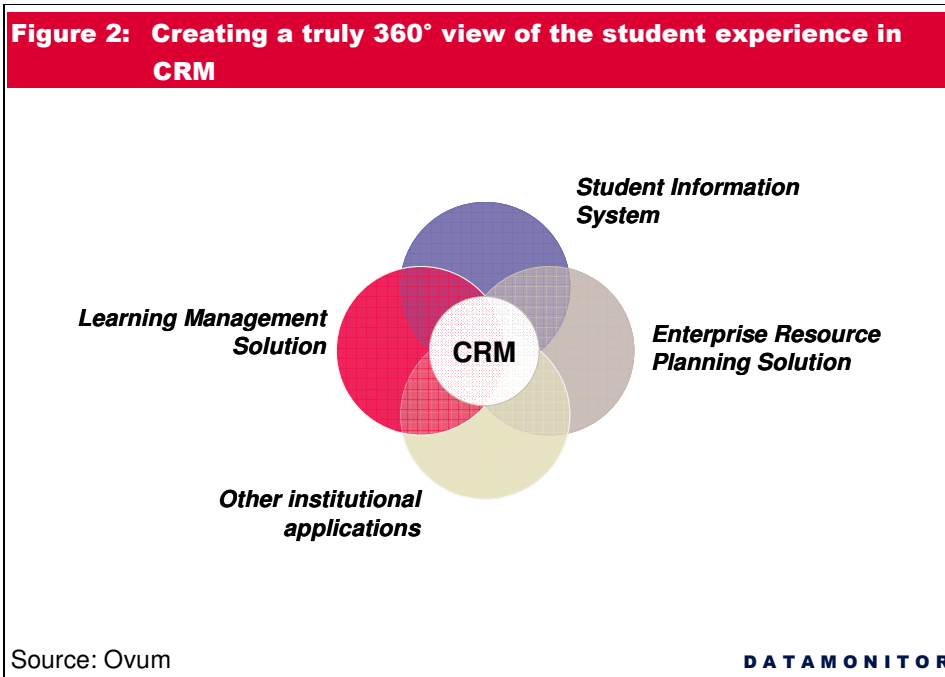
These gaps in the knowledge about student experiences significantly undermine an institution's ability to cultivate more productive and long-term relationships. Meeting, or even exceeding, the expectations of students at every stage of the lifecycle and of constituents across departments and programs rests primarily on knowing how students expectations have evolved during their enrollment, and how they might change in the future.

Consequently, Ovum believes it is essential for colleges and universities to have a complete 360° view of the educational experiences of their students in order to deliver the truly personalized and proactive interactions that are necessary for building lasting relationships (see Figure 2). For instance, knowing when a student clicked on an email, when they submitted an application, or with whom they spoke in the admissions office is only the first step in getting the big picture. Pulling together information from the registrar, financial aid and even residential life offers a far more complete view on the student's institutional relationship.

Of course, creating this 360° view is easier said than done. Most institutions operate a heterogeneous IT environment, utilizing enterprise applications from multiple vendors. Not every CRM solution targeting the higher education industry has the ability to pull all these data sources together in a coherent and actionable way. During the selection process, Ovum advises that colleges and universities press potential vendors on their ability and experience with data integration. That includes asking for references with similar IT configurations and CRM strategies to provide firm evidence that the solution does support such integration.

However, building an effective 360° view of the student experience is not purely about data access. The data must be presented in such a way that it provides the end user with actionable insight about the student, or groups of students. Unfortunately, Ovum has found that in too many cases providing a 360° view of the student experience is confused with presenting a comprehensive one which can lead to the end-user having difficulty determining the relative importance of different data points. At the most extreme, for example, information about whether a prospective student has made a tuition deposit might be buried inside the details of how the student interacted with the portal. When presented with too much undifferentiated data, faculty,

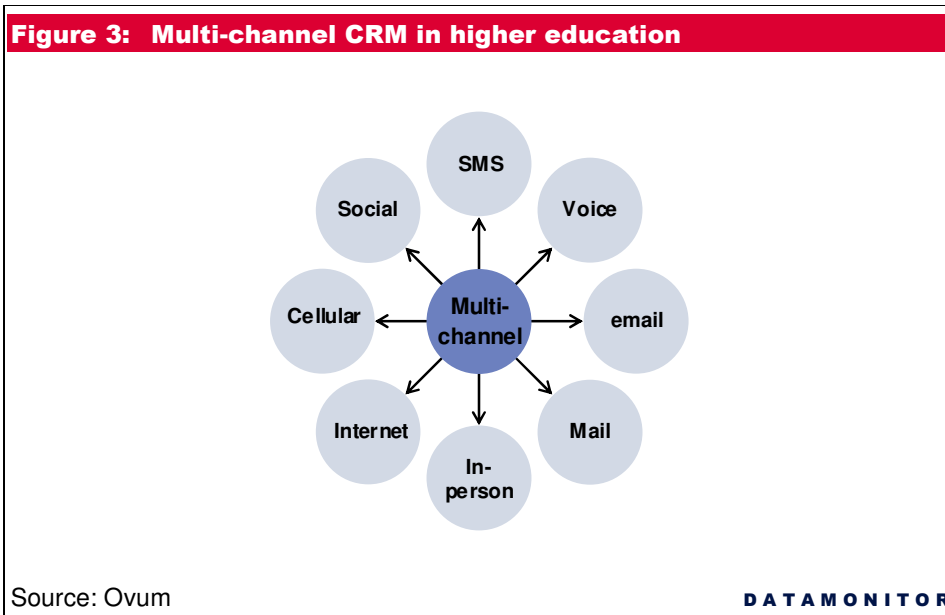
staff, and administrators are likely to be so overwhelmed that they will instead revert to legacy processes and interaction patterns without regard to their effectiveness.



There are a number of factors that influence how well a solution builds the 360° view. First, data is far more likely to be actionable when it is presented through role-based views that are tailored to unique needs and context of the end user. While the underlying data used may be fundamentally similar, the dean of students and a student advisor have very different needs how they consume information, and therefore should have different views that emphasize different aspects of the data. Second, the solution should venture beyond delineating the interactions and outcomes between institution and student to provide actionable insights and recommendations. This may take the form of a color-coded alert system where, for example, the dropout risk for individual students is rated based upon multiple criteria, or prospective students are flagged with recommended action during recruitment campaigns because they have not yet moved to the next phase of admissions.

Effective relationship management rests on effective multi-channel communications

The fundamental difference between CRM and SIS or ERP solutions is that it has been designed specifically to manage interactions rather than transactions between institutions and students. It should be easy to understand that students' preferences for how they would like to engage their institutions vary according to factors such as the content of the interaction, its required timeliness and how sensitive it is likely to be. For example, students are likely to prefer receiving a text message to be alerted of a last minute room change for a club meeting, a telephone call for soliciting a donation to the annual fund, or an online chat to resolve an error connecting to the campus Wi-Fi. Consequently, the most effective CRM solutions and by extension strategies are those which employ a broad range of communication channels, as shown in Figure 3.



Regrettably, many colleges and universities depend too heavily on email as their method of interacting with students, using it for everything from confirming attendance at an admission's open house, to announcing snow cancellations, and even to alerting students that they are not making satisfactory academic progress. While many CRM solutions offer institutions powerful tools to create visually impactful and highly customized email messages, in actuality, a high percentage of



students are probably forwarding these messages to folders on free email accounts such as Gmail, Yahoo and Hotmail where they may or may not be read in a timely way. As a result, it is nearly impossible to determine the effectiveness of these communications and whether they contribute to the strengthening of student relationships. Therefore, Ovum believes that solutions that focus exclusively on email campaign management, with few alternative communication channels, are not true CRM solutions. As email is an insufficient tool for engaging students, most institutions will find it difficult realizing long-term value from these campaign management tools, particularly as their communication strategies target the entire student lifecycle and a larger number of departments and programs.

It is important to recognize that the communication channels for CRM solutions change rapidly and often. Channels such as SMS text messaging and online chat were broadly integrated into leading solutions over the last few years. It has only been in the last 12 – 24 months that social media has emerged and been identified as a powerful channel. Therefore, Ovum advises institutions to partner with CRM vendors that not only have the resources to develop new solution capabilities, but also have an established track record of investing in their solutions as well. Organizations purchase a CRM solution based on its promise and potential to help them compete more successfully in the market; owing to the realities that communications is a cornerstone of CRM and that adoption of new communications channels is rapidly evolving with this technology-savvy audience, CRM solutions must actively embrace technology innovation far more readily than other enterprise applications. A new communication channel emerges promising competitive differentiation and there is a near immediate rush to launch new capabilities. Ongoing vendor investment in product development goes a long way towards ensuring that an institution's CRM investment is protected and continues to provide a return far into the future.

EARLY STRIDES WITH A MORE EXPANSIVE APPROACH TO CRM

Indiana University

As a large, national university, Indiana University (IU) engages with over 500,000 living alumni and essential partners through its Foundation and Alumni Association. The institution enlisted the Talisma CRM solution to successfully develop a meaningful relationship with its broad constituent base. As part of its Lifetime Communications initiative, IU is launching a common set of communication tools across its eight campuses as well as the alumni association and foundation. Through Talisma CRM, the institution is able to support a multichannel communication strategy that extends across multiple outlets, including email, chat, and SMS text messaging.

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In partnership with Campus Management Corp. (CMC), IU and its foundation and alumni association are integrating Campus Management's Talisma Fundraising donor and alumni management system. This move reflects IU's continued investment in its Lifetime Communications initiative; it is paramount to the strategic success of its Enterprise Advancement System (EAS), which oversees communication, giving, alumni, and engagement for the university, the IU Foundation, and the Alumni Association.

In order to achieve its vision for a true university-wide communication platform, IU has reduced data silos by aggregating all constituent information into a single unified source. Insight that fuels the IU community is based upon one version of the truth, thereby eliminating redundancies and ensuring constituents are receiving relevant messages through the channels they prefer. Doing so has since improved workflow management, reduced costs, and increased fundraising revenue. With a more comprehensive view of its data, IU is able to deliver real-time analysis, track participation rates, marketing response, and in turn, boost overall ROI. The needs of students, alumni and other constituents are constantly evolving. As a result, CRM is critical to maintaining these relationships and keeping alumni engaged with the institution long after they've graduated.

PRACTICAL RECOMMENDATIONS FOR INSTITUTIONS

The higher education industry is changing rapidly and as a result, colleges and universities face considerable pressure to differentiate themselves in the market with the same or even fewer resources. Meeting and even exceeding student expectations will undoubtedly be a hallmark of the most successful institutions. CRM is a powerful tool for achieving this aim by improving the quality and efficiency of delivery services to students and by cultivating more long-term and productive institutional relationships. Getting started with any new initiative is never easy, but Ovum suggests taking several practical steps to increase the likelihood of realizing long-term value from an investment in CRM that are described below.

Start small, but think big for relationship management

Although implementing CRM in a single admissions office may seem daunting enough to keep your team busy for the foreseeable future, trends in the larger higher education industry suggest that most institutions will be expanding their relationship management strategies to include areas such as retention, development, graduate admissions, IT helpdesk and even faculty recruitment. In order to realize the most long-term value from your CRM investment, Ovum advises colleges and universities to adopt CRM strategies and solutions that are sufficiently flexible to support a vision for relationship management that addresses the entire student lifecycle.

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CRM is a long-term strategy

Higher education institutions live or die by the relationships that they forge with their students – both in the short and long term. Therefore, institutions should treat CRM as a strategic objective that is core to the institution’s long-term reputation and viability. Therefore, when selecting CRM solutions, they should look for a long-term, partner that can help them not only translate strategy to reality, but update and evolve that strategy as student expectations, financial requirements, and technology innovation warrants.

Diversity is good for eco-systems & communication channels

There is more to communications than email – especially when serving an audience as technology-savvy as college students. Colleges and universities that are seeking to improve their interaction with students must be prepared to interact with them on the media that they utilize – and that the medium will vary based on the type of interaction or message. Therefore, leveraging a diverse array of channels, from SMS text, to social media, to online chat, to even postal mail, helps create a well-rounded communications strategy that is far more personalized and targeted to the unique student preferences and as a result, more effective. As a strategy for protecting your long-term CRM investment, seek out vendors that have a proven track record of investing in the development of new channels.

Invest in data persistence, as it yields an excellent return

Understanding the unique needs and preferences of students at every stage of the student lifecycle is central to your institution’s ability to differentiate itself by managing relationships and delivering services more effectively. The most direct route to accomplishing this objective is to build a 360° view of the student experience that grows increasingly complete and insightful over time. In other words, the CRM solutions best positioned to deliver long-term value are those with data persistence capabilities. Moreover, as the institutional IT landscape is likely to support a diverse array of enterprise applications, the CRM solution’s data persistence capabilities should include data from these external sources as well.



APPENDIX

Abbreviations

CRM – Constituent Relationship Management

ERP – Enterprise Resource Planning

LMS – Learning Management System

SIS – Student Information System

Ask the analyst

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Further reading

Industry Solutions Guide: Selecting a CRM Vendor in Higher Education (June, 2010)

The Recession Drives Higher Education to Invest in CRM (May, 2010)

Preparing for Change in the Higher Education Industry (March, 2010)