

# Show Me The Money!

**Thriving with Private Sector Partners**



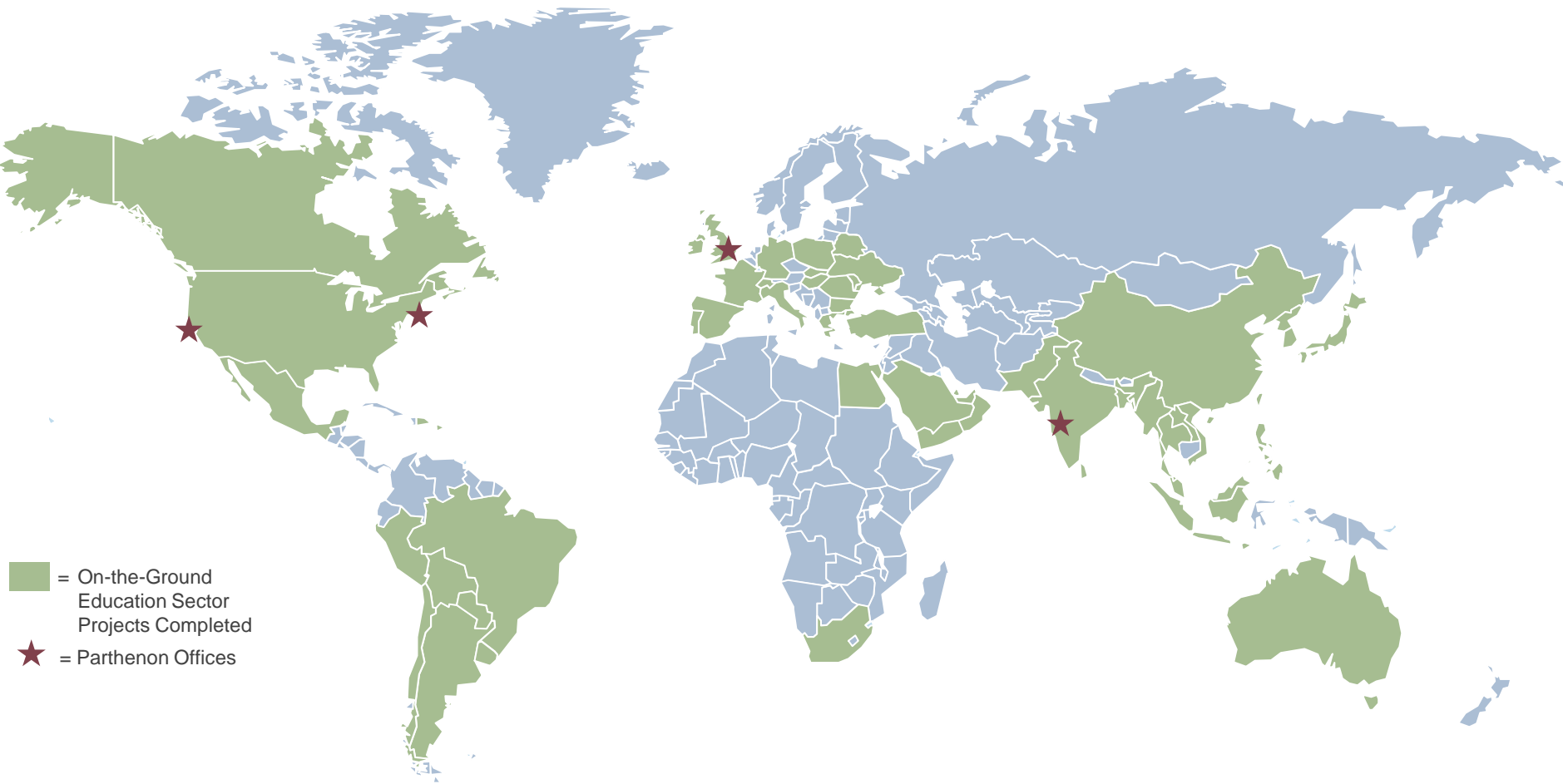
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8<sup>th</sup> December 2011

# Global Presence

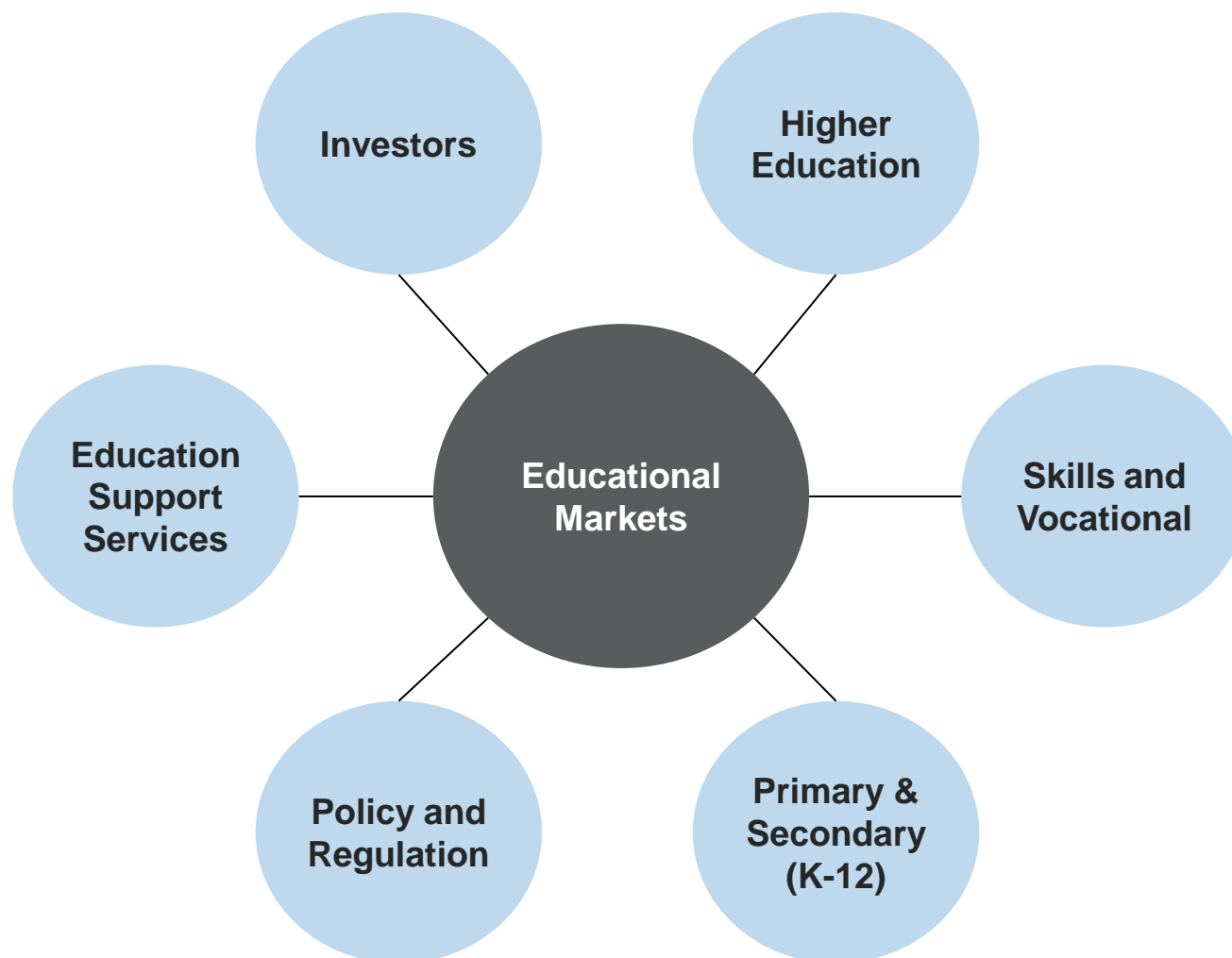


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# Experts in Educational Markets



# Consultants to Education Investors

- 2006: Houghton Mifflin and Harcourt Merger
- 2007: Apax Acquisition of Cengage /Thomson Learning
- 2008: Baring Acquisition of Nord Anglia
- 2009: Carlyle and Apollo Group Acquisition of BPP
- 2010: Providence acquisition of Study Group



- 2011: Named Education Investor Consultants of the Year



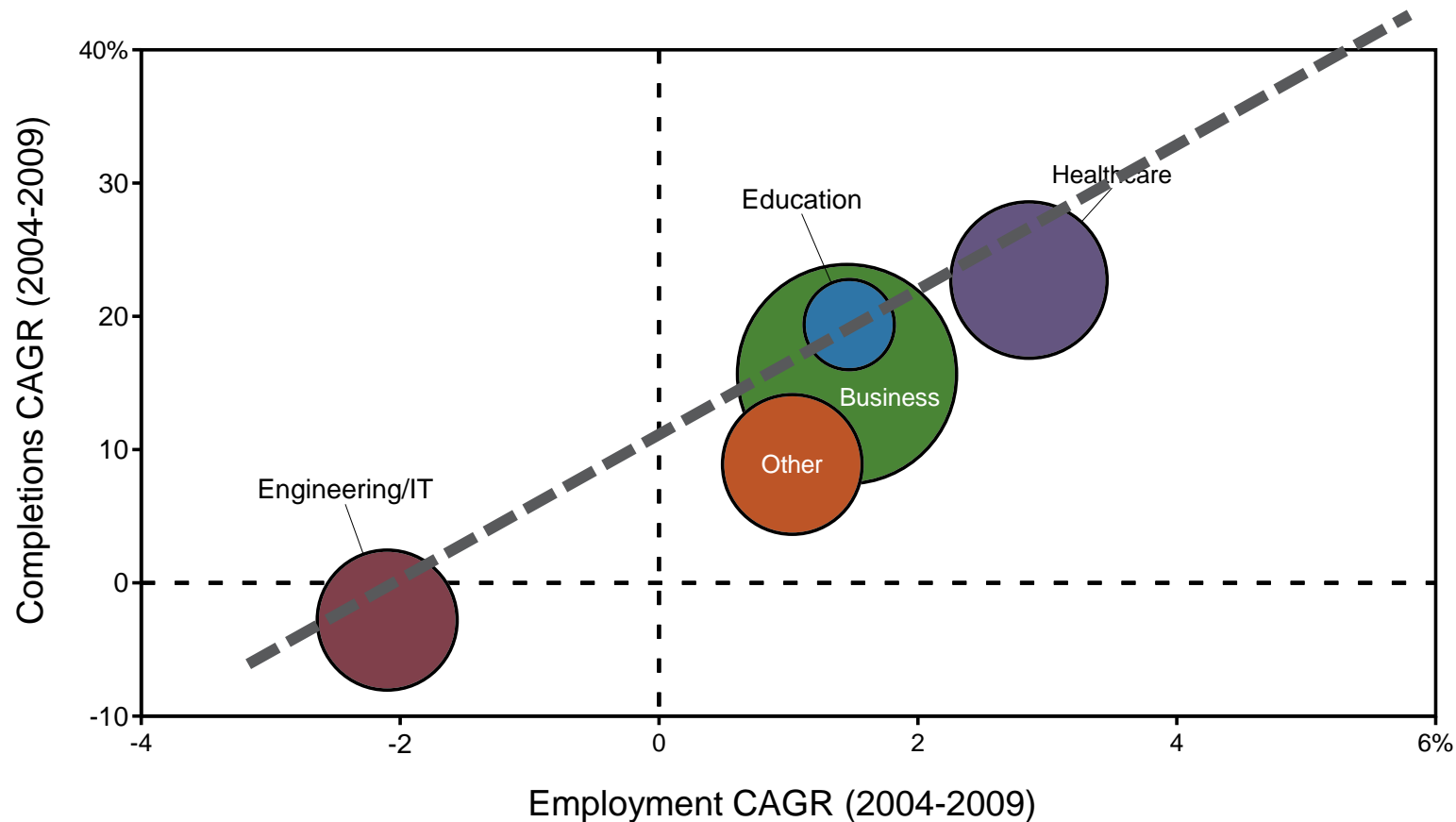
# Key Messages

- In the new landscape, employment will matter more than previously
- The private sector and peer competition is a threat to much more of the sector than is widely believed
- However, the traditional sector has assets and positions that the private sector would rather partner with than take on competitively
- Most investors want to buy into a revenue stream they can grow, rather than a start-up
- Business models are emerging that will
  - Improve marketing and student acquisition
  - Allow traditional sector institutions to access substantial capital
  - Enable institutions to offer online degrees using a third-party platform



# Correlation of Graduates and Jobs

## Employment and Private Sector Completions CAGR, 2004-2009

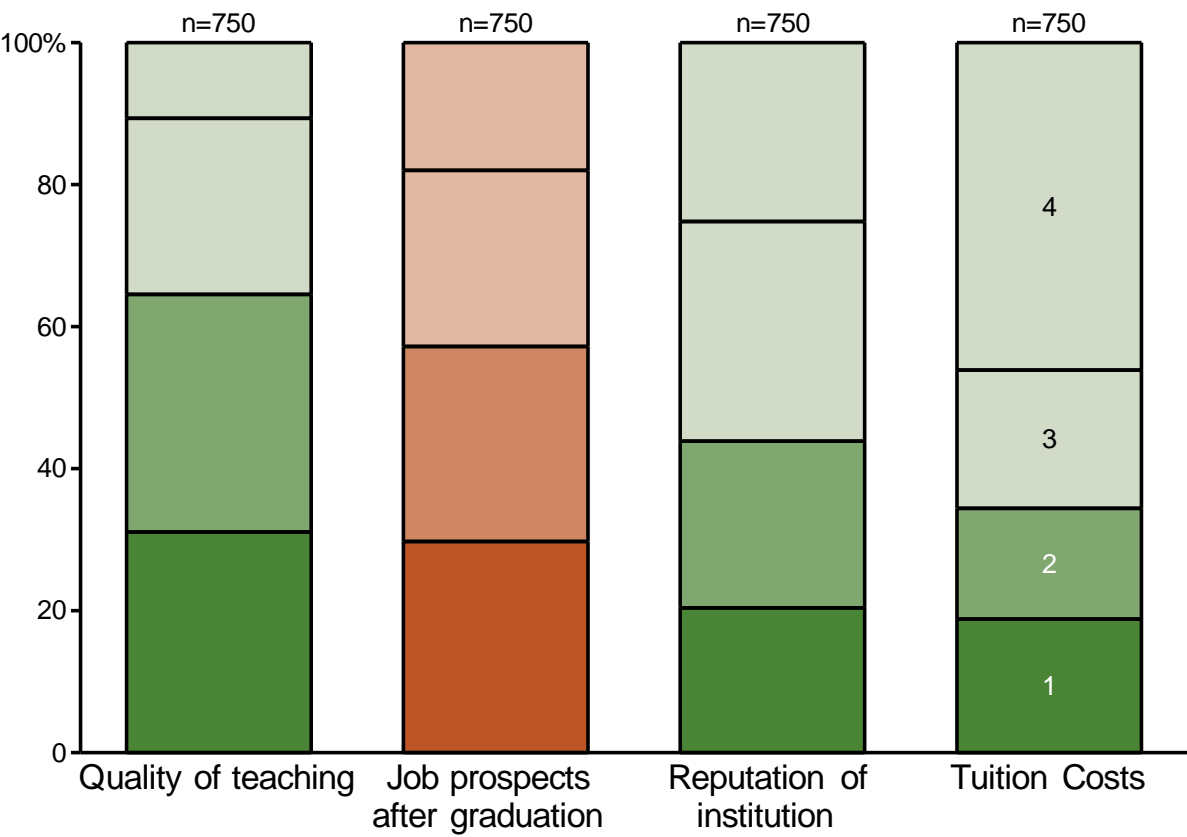


# Importance of Teaching and Employment to Students



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Most Important Factors Considered When Choosing University, 2011

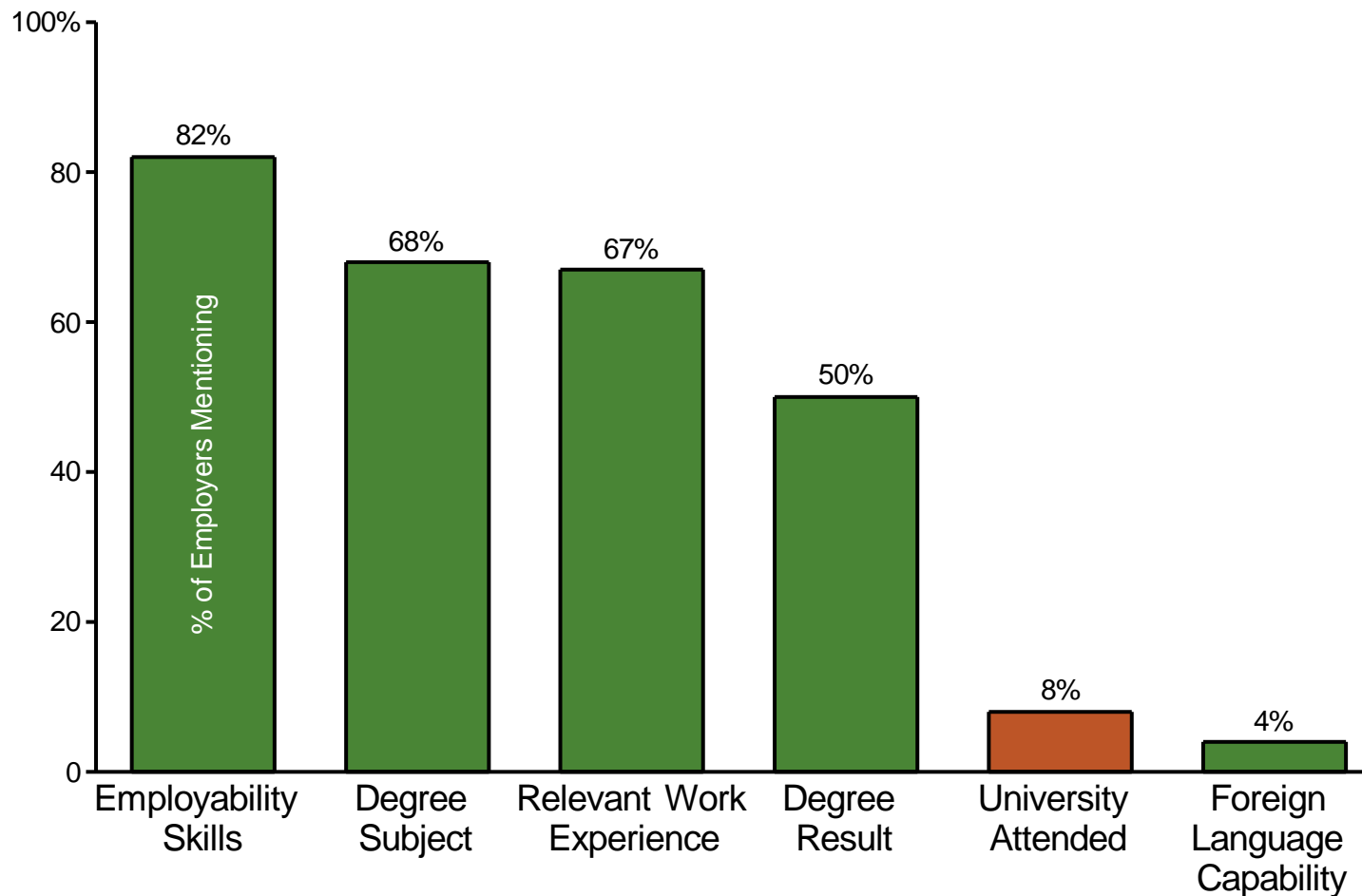


Source: UK Survey: n=750 (UK Students), n=511 (Non-UK Students)



# What Matters To Employers

## Most Important Factors Considered When Recruiting Graduates, 2011

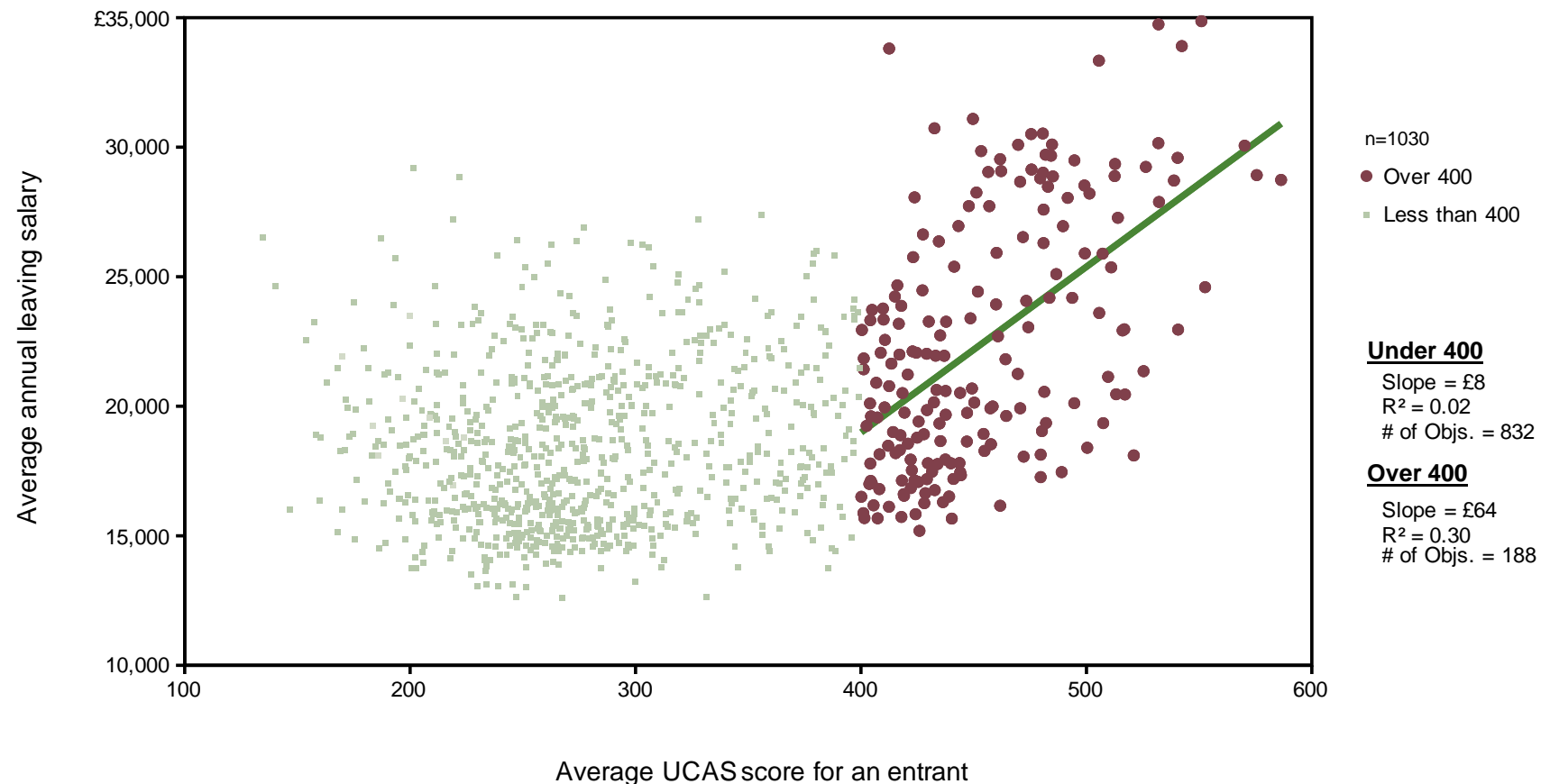






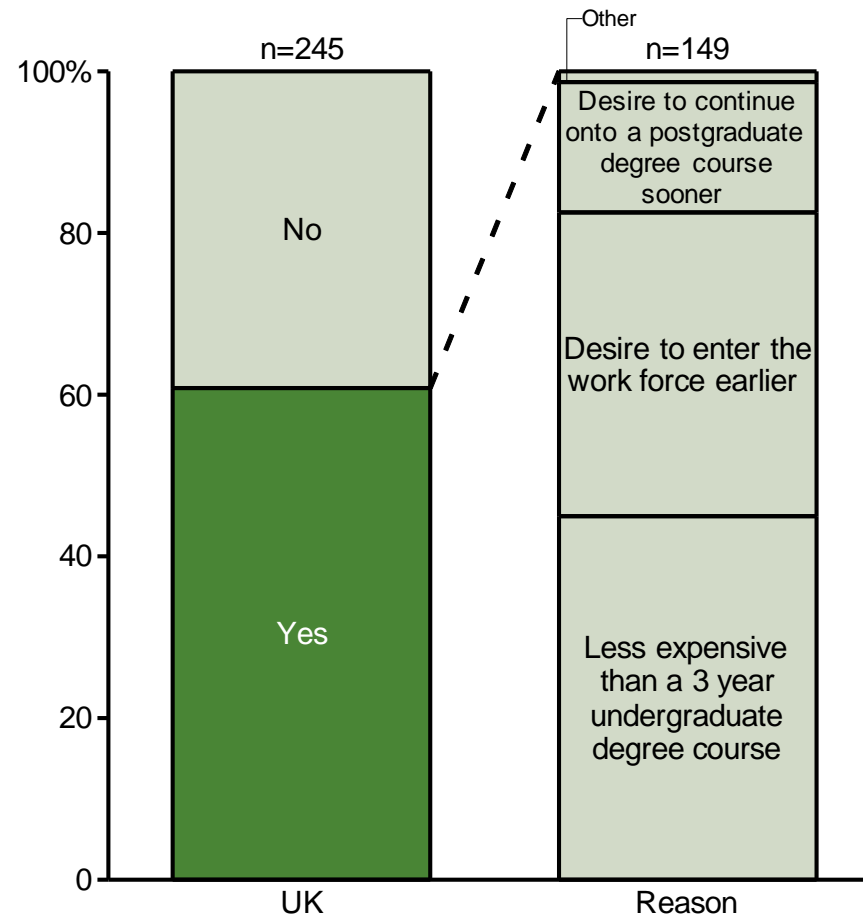
# Limited Labour Market Differentiation

## Average UCAS Score for an Entrant vs. Average Annual Leaving Salary





# Current Interest in 2-Year Degrees



# Beyond Pathway Programmes – Three Partnership Models



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## Marketing & Student Acquisition



- Marketing Spend & Effectiveness
- Conjoint & Segmentation
- Lead Generators

## Joint Ventures



- Private colleges
- Departments
- TDAP and RDAP

## Online

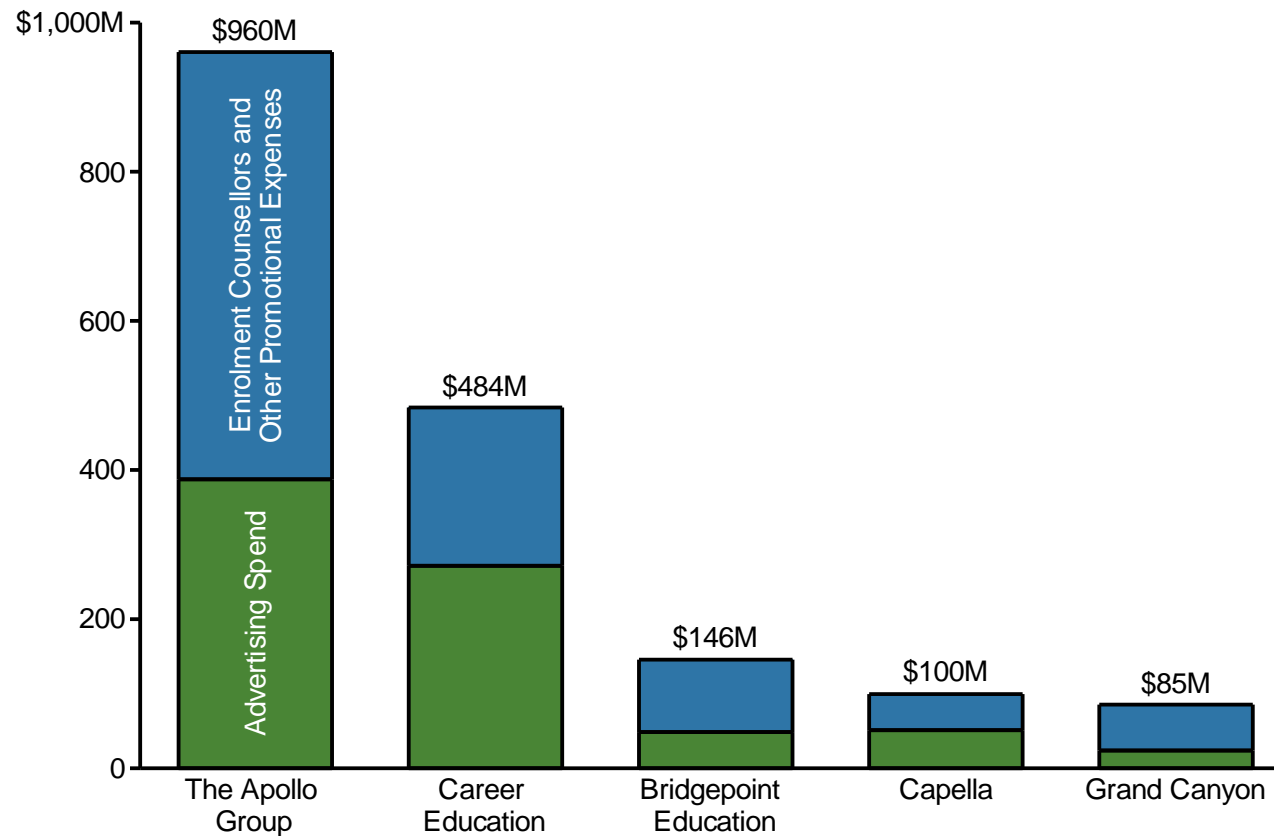


- Sophisticated (and expensive!) technology
- Advice on curriculum and materials
- Student support



# Private Sector Marketing

## Marketing and Promotional Expenditure of Selected Providers, 2009



Marketing Expenses as  
% of Revenue

24%

26%

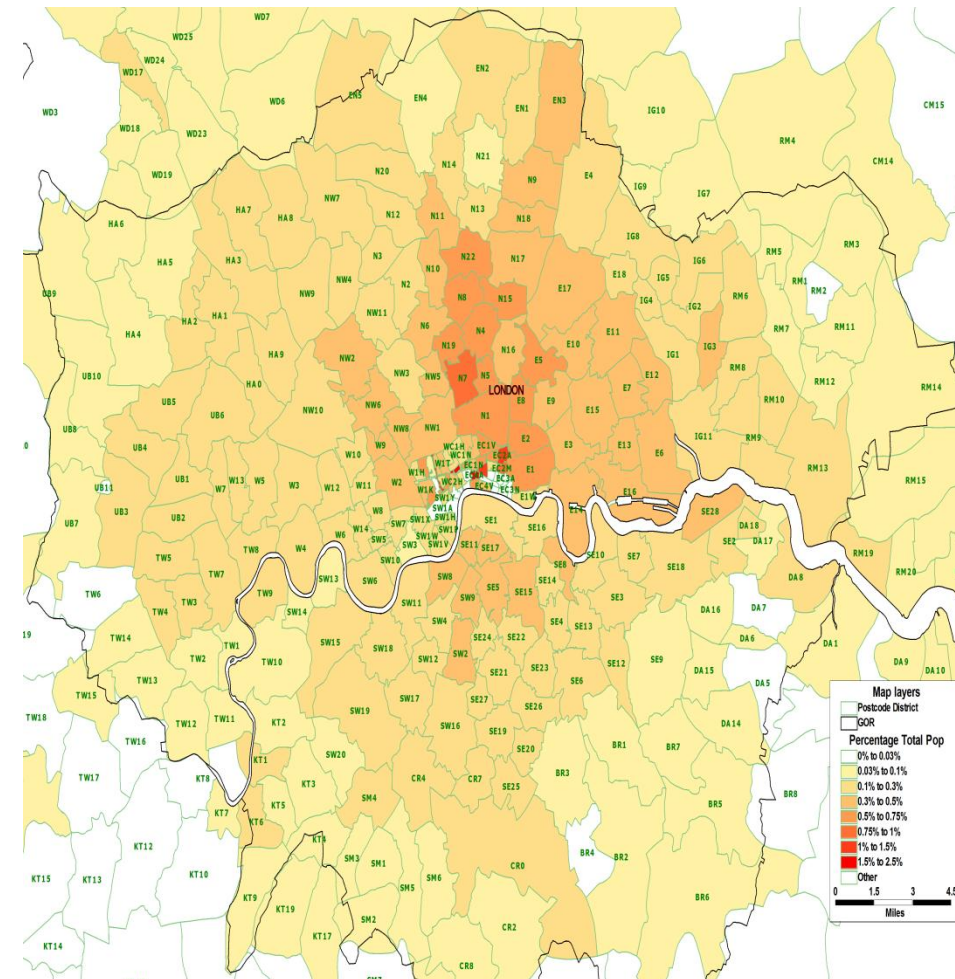
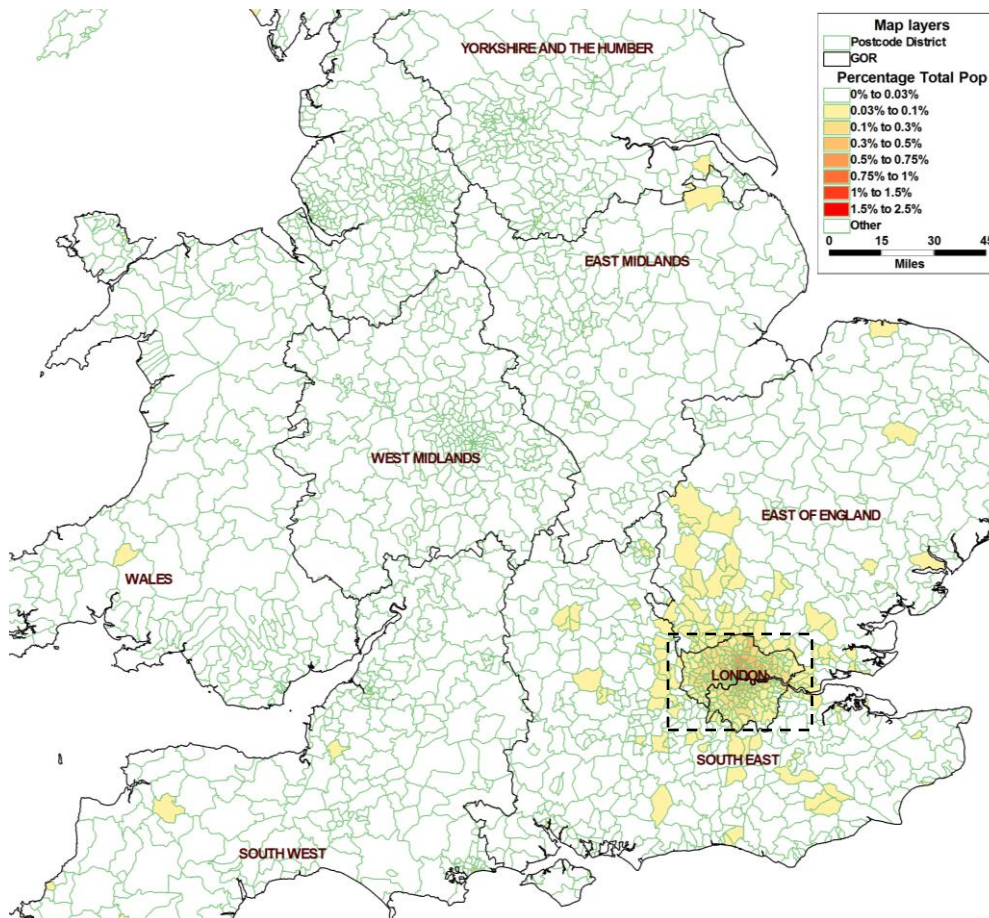
32%

30%

33%



# Postcode Analysis





# Economies of Scale Online

## Online Locally Weighted Relative Market Share vs. Profitability 2007

