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Successful Global Expansion of Higher Education— Minimizing Risk and Maximizing Opportunity

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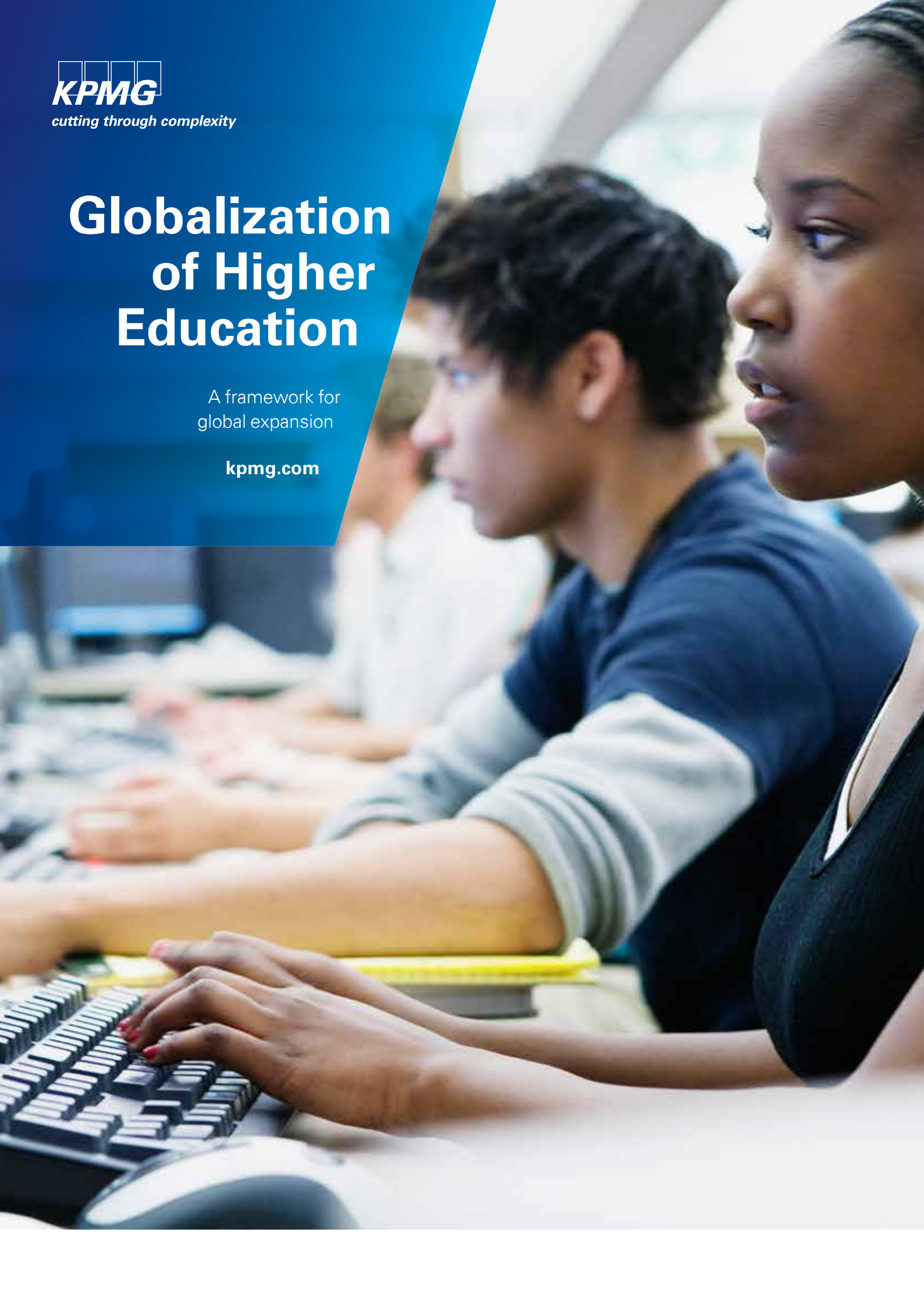


cutting through complexity

Globalization of Higher Education

A framework for
global expansion

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Foreword

All around the world, the higher education sector is facing both increased pressure and new opportunities. In part, this market shift is related to the influence of a number of external forces such as globalization, the financial crisis, the developing middle class, and changing student expectations. Internal forces are also becoming stronger: technology is driving massive change, costs are increasing, and greater focus is being placed on delivering operational efficiency.

As a result, many higher education institutions are looking to take advantage of growth opportunities outside their national borders in order to enhance their brands, scale, and revenues. This is not a phenomenon unique to the developed world or isolated to top-ranked institutions. Those within emerging economies are successfully establishing a presence in the north and west, even while institutions in mature markets are moving south and east.

As trusted advisors to higher education institutions around the world, KPMG has been involved in some significant international expansions in the sector in both developed and emerging markets, including Canada, Australia, the US, the Netherlands, Austria, Singapore, Brazil, India, the United Arab Emirates (UAE), South Africa and the UK.

The following report outlines some of the lessons learned arising from our work in this area. We hope that by sharing these practical insights, we can help higher education institutions develop a clearer picture of the challenges and complexities that they face as they plan and implement their international strategies.

To discuss the content of this report and the implications for your organization, please reach out to any of the contacts listed at the back of this publication.



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Executive summary

- The forces of globalization have accentuated the demand and value of international education, creating an increasingly competitive global marketplace for higher education institutions.
 - Increasing demand by employers for global skills has caused students to seek multinational experiences in order to improve their marketability.
 - In an effort to enhance their economic growth and national skill set, countries – particularly in the emerging markets – are striving to both attract foreign institutions and build up their own local education capabilities.
 - As enrollment in mature markets plateaus and institutions face greater competition from non-traditional sources such as online and distance education providers and the private sector, many institutions are looking overseas to raise both their enrollment and their revenues.
- Similarly, many institutions are increasingly collaborating on research activities outside their borders to attract and retain talent and to access new sources of funding.
- Higher education institutions are adopting a broad range of operating models to facilitate their entry into new markets: solo ventures, collaboration and/or partnership arrangements, and non-traditional delivery models such as online and distance education are some of the more common models but – across the board – the only constant is that the details of every arrangement are unique.

While there is no doubt that international expansion can be a very positive and rewarding experience for many institutions, it is a complex endeavor and not without risks that must be identified and managed to achieve success.

Guiding principles to deliver successful international initiatives:

- **Develop a framework for expansion:** Developing an overarching governance structure, engagement process, and monitoring arrangements to guide all overseas endeavors over their life cycle is critical to reducing risk and delivering the institution's international strategy.
- **Focus on communication:** It is vital to ensure that academic staff, administrators and researchers are aware of the established processes for partnership development and are updated on emerging risks in target markets.
- **Align clearly to academic and research strategies:** Securing early academic engagement and ensuring a strategic fit help ensure that proposed international ventures support the institution's overall business strategy.
- **Take an iterative approach:** Timelines and budgets involved in expansion initiatives are often longer and larger than anticipated, so it is important to frequently review progress and make adjustments.
- **Undertake due diligence:** By conducting the various due diligence processes in step with the project development plan, institutions can identify emerging issues to course correct, thus avoiding the need to 'unpick' arrangements after the event.
- **Build transparent partnerships:** No matter what model of expansion is adopted, institutions must remember that successful partnerships are built on open lines of communication, mutual benefits and transparency between the parties.
- **Plan appropriate exit strategies:** In many cases, exiting a partnership can be as – if not more – complex than initiating one, so institutions must ensure that this is considered up front.
- **Engage advisors early on:** Financial and legal advisors should be used throughout the planning process as an independent sounding board and to gain experience from their global reach.

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