

Dear Mr. Hlynosky and the Selection Committee:

Initially and on behalf of Pearson we would like to thank the University of Montana community for allowing us to participate in the Online Program Management RFP.

During our presentation, we were asked by the Selection Committee to allow for the public release of a portion of the previously redacted RFP submission. More specifically, it was the desire of the Committee to release a preliminary program list and description of the rationale for the strategy. They considered the public release of the list to be helpful in the evaluation process and would allow for further feedback from the University of Montana stakeholders. Upon review, we agree and would ask that you release this document unredacted.

We would ask that the program list be considered preliminary and is neither binary, nor is it exhaustive. Pearson used available marketplace data and information to formulate the initial program list and roll out schedule. Pearson has not had the benefit of working with UM Faculty, ASUM, Staff and Administration and by virtue of that we would anticipate that the list and roll-out schedule would change. If, for example, the University of Montana would like to consider a smaller or different set of programs, we would welcome that discussion.

We hope this information provides you with a sense of the substantial number of opportunities available to the partnership at both the graduate and undergraduate level. Additionally, it is an expression of our confidence in the potential partnership with UM. Finally, it is meant to provide you with the confidence that Pearson will bring the full weight of resources to UM regardless of the number of programs.

Thank you again for considering our response. We look forward to the privilege of earning your business, helping your learners achieve their educational goals, while ensuring the quality and reputation of the University of Montana is protected and enhanced.

Respectfully,

Joe Morgan

# Unredacted Program Summary

## Introduction

The foundation of Pearson's OPM division was developed in response to three fundamental stakeholder concerns.

1. **For the student** generally and the adult learner specifically who seeks to earn their degree from exceptional institutions. They want deep-rooted connections to the University of Montana and do not have the ability to uproot their lives and move to campus to develop those relationships.
2. **For the academic** who has a pedagogical vision for their online course or program and at times desires more technical capacity to drive that vision and create rich learning experiences.
3. And finally, **for the university** facing greater competition and geographic, financial, and infrastructure constraints, how can they continue to provide access, increase global visibility and reputation while meeting the financial needs of the university. Too often, it is a Hobson's Choice - either risk millions of dollars in infrastructure, technology, course development, process development, and marketing, with no guarantee of success or forego the opportunity entirely.

Positioned at the intersection of quality education, best-in-class student and faculty support, the most advanced technology and compelling marketing, Pearson is the leading provider of online learning services for the world's premier colleges and universities. Our collaborative model, regardless of it being provided at the programmatic or full-enterprise level, is straightforward:

1. UM and its faculty remain the visionaries for the educational experience. Pearson, invisible to the student, provides the systems and technology integration, marketing and student recruiting, course development, and support services to bring that vision to life.
2. UM provides the program and celebrated faculty; Pearson provides never imagined access to quality students and immediate revenue.
3. Each program and every student engagement, across the entirety of UM is unique, justifying a customized, flexible UM solution. Pearson provides a dedicated and fully-integrated team to support what is best about the UM experience while redefining and expanding UM's online presence.

## University of Montana's Opportunity for Growth

Pearson sees an opportunity to deploy a three-prong growth strategy for UM that will create superior student outcomes, drive program-level enrollments at a national level, and intentionally grow to national brand marketing.

### 1. Reversing the 80/20 Rule

The growth of your online programs requires an OPM provider to successfully find and enroll quality in-state students and those from beyond local, state, and regional boundaries. This is particularly meaningful for UM whose region (Montana, Idaho, Wyoming, North Dakota, and South Dakota) has a relatively small population and whose stated goal is to expand its national and global footprint. Yet the traditional OPM industry and each of our competitors claim that nearly 80% of your online learners will reside within 100 miles of the brick and mortar campus. The traditional OPM industry's advice—expand program offerings locally rather than attempt to attract students at a distance.

**Pearson finds this urban legend to be self-fulfilling, (of course it is where your institution is best known), contrived for the inadequacies of a meaningful, national student engagement strategy, unsustainable given the regional population, and completely without merit.** Our approach, rooted in a deeply held conviction that we have a stake in making higher education more accessible, has achieved an opposite impact. Nearly 80% of students from mature Pearson partnership programs (those in market more than 2 years), come from outside the 100-mile radius of the brick and mortar campus. By leveraging Pearson's expertise, experience, and marketing scale (the largest marketer in higher education) UM can redefine its historical notions of student enrollment boundaries.

### 2. Achieving 40

Marketers are familiar with the prohibitive costs associated when applying mass media (television, radio, outdoor, print, etc.) to a very narrow audience and/or a small number of programs. In that situation it is far more effective to use targeted programmatic marketing, focused on capturing existing category demand and conversion "*a potential student who knows exactly the program of interest.*" Mass media is best used to create awareness for the institution and is highly effective to expand the potential audience and brand footprint, but it requires a large suite of programs before it becomes cost effective. Effective use of mass media does not require you to offer something for everyone, but it does require that you offer something for most.

If, over time, UM is prepared to grow a portfolio of online programs that addresses at least 40% of degree conferrals nationally (Total Addressable Market [TAM]) and commits to a single URL strategy (e.g., UM Online), creating a destination for all online programs, Pearson believes we can complement program-focused marketing with overall university brand and mass media marketing.

UM currently services less than 10% of the TAM with its online initiatives. This increases to 40.3% under a proposed Pearson Rollout Plan (see below) using existing on-campus offerings as the basis for that rollout. Pearson is prepared to work with UM to identify those programs that will increase the overall addressable market and enable the use of mass media channels such as TV, outdoor, print, and radio to expand UM's brand reach.

Additionally, while many Online Program Management providers focus on graduate programs exclusively, Pearson has deep experience growing both online graduate and undergraduate degree programs. With that confidence, we are prepared to launch a suite of online undergraduate degrees to compliment the recommended graduate degree offerings. The advantages to UM are significant:

- **Enormous Market**—Using the Bureau of Labor Statistics database, there are 36 million individuals and growing, over the age of 25 with some college credit and no degree.
- **Significantly Less Competition**—186 of the top 200 universities offer online graduate programs. Only 9 of those top 200 universities offer more than 10 online undergraduate degrees. There is a window of opportunity and a relatively unencumbered path to achieving 40% of the Total Addressable Market by adding online undergraduate degrees.
- **The Foundation**—Your portfolio of existing undergraduate online courses will serve as both the foundation for degree design and provide general education courses required for undergraduate degree completion.

### 3. Leveraging the Full Scope of Services

**Pearson routinely provides the services required by UM**, as detailed within this RFP response. We provide the flexibility for each department or college within the university to select a mix of services that differs as needs warrant from one program to the next, while leveraging the advantages of a university-wide approach to the market. Our customized solutions for UM may include:

- Marketplace viability research
- Pearson's approach to personalization in learning
- Program design and planning—Program Readiness Assessment
- University services and integration planning—Institutional Readiness Assessment
- University brand promotion
- Program-specific marketing for select online programs, or university-wide marketing of all online programs
- Student recruitment

- Smarthinking—A proprietary service providing institutions and students with on-demand individual instruction and support from expert tutors across a wide variety of subjects—from beginner to advance, 24 hours per day. 90% of Smarthinking tutors have a PhD or Master's degree. **Pearson is the only OPM company that can provide this robust service.**
- Pearson Writer is a revolutionary digital tool for writers at all levels. Available online and via a mobile app, it provides instant feedback on student writing to help them revise, edit, and improve their writing.
- Retention-focused student support
- Field Placement Services
- Course development including media creation—each custom developed for assigned UM faculty
- Faculty training and support
- 24/7 help desk technology services for students and faculty
- Career Success – a proprietary centralized hub that provides a self-directed roadmap for students to build marketable skills, create ePortfolios, provide Job Market Trends and academic prep tools. **Pearson is the only OPM company that can provide this robust service.**
- Legal and regulatory consulting
- State and professional authorization administration
- Funding for university resource needs
- Faculty development of courses and instruction
- Administrative leadership at the program level
- State and professional authorization effort (if administered by the university)

**Pearson provides the following program list, projections for new student starts, total enrollments, and total revenue (before revenue share). We felt it compelling to provide a well-informed perspective—a point of view, on how a large-scale, phased roll-out would be conceived and its implications for the institution. The suggested rollout schedule enables a rapid ascension into the national market and a critical mass of programs for national brand media.**

Program Name	Degree Level	Phase
Business Administration (Includes current top market concentrations)	Master	1
Accounting	Master	1
Business Analytics	Master	1
Computer Science	Master	1
Cyber Security	Master	1
Social Work	Master	1
Public Health	Master	1
Physical Therapy	Doctorate	1
	<b>9.0% of TAM</b>	
RN to BSN	Bachelor	2
BSN/RN to MSN (Includes current top market concentrations)	Master	2
Nursing Administration	Master	2
Nurse Practitioner	Doctorate	2
Family Practice Nurse/Nursing	Master	2
Nursing Education	Master	2
Nursing (Includes current top market concentrations)	Doctorate	2
Health Care Administration	Master	2
Speech Language Pathology	Master	2

	<b>15.7% of TAM</b>	<b>2</b>
Business Administration	Bachelor	3
Finance	Bachelor	3
Accounting	Bachelor	3
Business Analytics	Bachelor	3
Marketing	Bachelor	3
Economics	Bachelor	3
Computer Science	Bachelor	3
Social Work	Bachelor	3
Management Information Systems	Bachelor	3
Mathematics (Includes concentrations)	Bachelor	3
Information Technology	Bachelor	3
Environmental Science	Bachelor	3
Psychology	Bachelor	3
Psychology	Master	3
Forensic Psychology	Bachelor	3
Health Sciences	Bachelor	3
	<b>33.8% of TAM</b>	

Sociology	Bachelor	4
Criminal Justice	Bachelor	4
Communication Studies (Includes concentrations)	Bachelor	4
Communication Studies	Master	4
Liberal Arts and Sciences/Liberal Studies	Bachelor	4
Applied Behavior Analysis	Master	4
Counselor Education	Master	4
Education	Master	4
Educational Leadership	Master	4
Curriculum and Instruction (Includes concentrations)	Master	4
Education	Bachelor	4
Special Education	Bachelor	4
Early Childhood Education	Master	4
Elementary Education	Master	4
Secondary Education	Master	4
Educational/Instructional Technology	Master	4
Special Education	Master	4
<b>Launch National Advertising</b>	<b>40.3% of TAM</b>	

**Est. Total Revenue before Revenue Share Calc., \$800 Grad., \$500 Undergrad.**

<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Phase 4</b>	<b>Total</b>
\$573,719				<b>\$573,719</b>
\$8,927,482	\$501,810			<b>\$9,429,292</b>
\$21,210,063	\$7,861,957	\$648,422		<b>\$29,720,442</b>
\$28,449,818	\$20,417,599	\$11,065,309	\$1,154,005	<b>\$61,086,731</b>
\$30,954,182	\$31,069,990	\$25,689,406	\$17,551,925	<b>\$105,265,503</b>
\$32,974,055	\$34,498,459	\$38,310,915	\$41,322,502	<b>\$147,105,931</b>
\$34,743,007	\$36,932,253	\$44,779,131	\$59,593,700	<b>\$176,048,091</b>
\$36,394,627	\$39,101,119	\$47,464,775	\$64,818,497	<b>\$187,779,018</b>
\$38,005,778	\$41,121,225	\$49,963,279	\$68,599,920	<b>\$197,690,202</b>
\$39,621,159	\$43,069,120	\$52,366,794	\$72,116,618	<b>\$207,173,691</b>
\$26,116,854	\$44,995,612	\$54,737,562	\$75,507,800	<b>\$201,357,828</b>
	\$29,974,568	\$57,118,055	\$78,864,475	<b>\$165,957,098</b>
		\$37,988,305	\$82,246,832	<b>\$120,235,137</b>
			\$54,621,538	<b>\$54,621,538</b>
			<b>Total</b>	<b>\$1,664,044,221</b>

<b>New Students</b>				
	<b>WSA</b>	<b>SUA</b>	<b>FAA</b>	<b>Total</b>
<b>Year 1 (Launch Phase 1)</b>	-	-	130	130
<b>Year 2 (Launch Phase 2)</b>	299	228	573	1,101
<b>Year 3 (Launch Phase 3)</b>	671	492	1,039	2,202
<b>Year 4 (Launch Phase 4, Branded Marketing – ex. TV)</b>	1,385	1,012	2,016	4,413
<b>Year 5</b>	2,161	1,572	2,694	6,427
<b>Year 6</b>	2,405	1,718	2,748	6,870
<b>Year 7</b>	2,453	1,752	2,803	7,008
<b>Year 8</b>	2,502	1,787	2,859	7,148
<b>Year 9</b>	2,552	1,823	2,916	7,291
<b>Year 10</b>	2,603	1,859	2,975	7,437
<b>Year 11</b>	2,644	1,734	2,403	6,781
<b>Year 12</b>	2,135	1,381	1,865	5,381
<b>Year 13</b>	1,650	970	1,052	3,672
<b>Year 14</b>	921	395	-	1,315

<b>Total Student Enrollments</b>				
	<b>WSA</b>	<b>SUA</b>	<b>FAA</b>	<b>Total</b>
<b>Year 1 (Launch Phase 1)</b>	-	-	130	130
<b>Year 2 (Launch Phase 2)</b>	411	576	1,112	2,099
<b>Year 3 (Launch Phase 3)</b>	1,676	1,980	2,925	6,581
<b>Year 4 (Launch Phase 4, National Brand Marketing – ex. TV)</b>	3,888	4,163	5,677	13,728
<b>Year 5</b>	7,036	7,363	9,140	23,539
<b>Year 6</b>	10,208	10,238	11,933	32,379
<b>Year 7</b>	12,673	12,107	13,195	37,975
<b>Year 8</b>	13,428	12,598	13,679	39,705
<b>Year 9</b>	13,885	13,007	14,092	40,983
<b>Year 10</b>	14,281	13,366	14,462	42,109
<b>Year 11</b>	14,630	13,527	12,173	40,330
<b>Year 12</b>	12,313	11,374	9,377	33,065
<b>Year 13</b>	9,486	8,633	5,212	23,331
<b>Year 14</b>	5,255	4,642	-	9,897