

iPASS: Business Model Findings From the First-year Evaluation

EDUCAUSE iPASS Community Webinar

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iPASS Business Model Findings

- Overview and Highlights
- Findings: What Does the Data Tell Us?
 - *Spending*: How much was invested in iPASS? How was money and time spent?
 - *Revenue*: How was iPASS funded?
 - *Participation*: Who is Using the iPASS System and how can it lead to improved financial outcomes for institutions?
- Next Steps: Data Reporting and Collection

iPASS Overview

- How Much was Invested in iPASS Activities?
- How were Resources Spent?
- What is the Per Unit Cost?
- Who is Using the iPASS System?
- How was iPASS Funded?
- What are the Student and Financial Outcomes?

Highlights

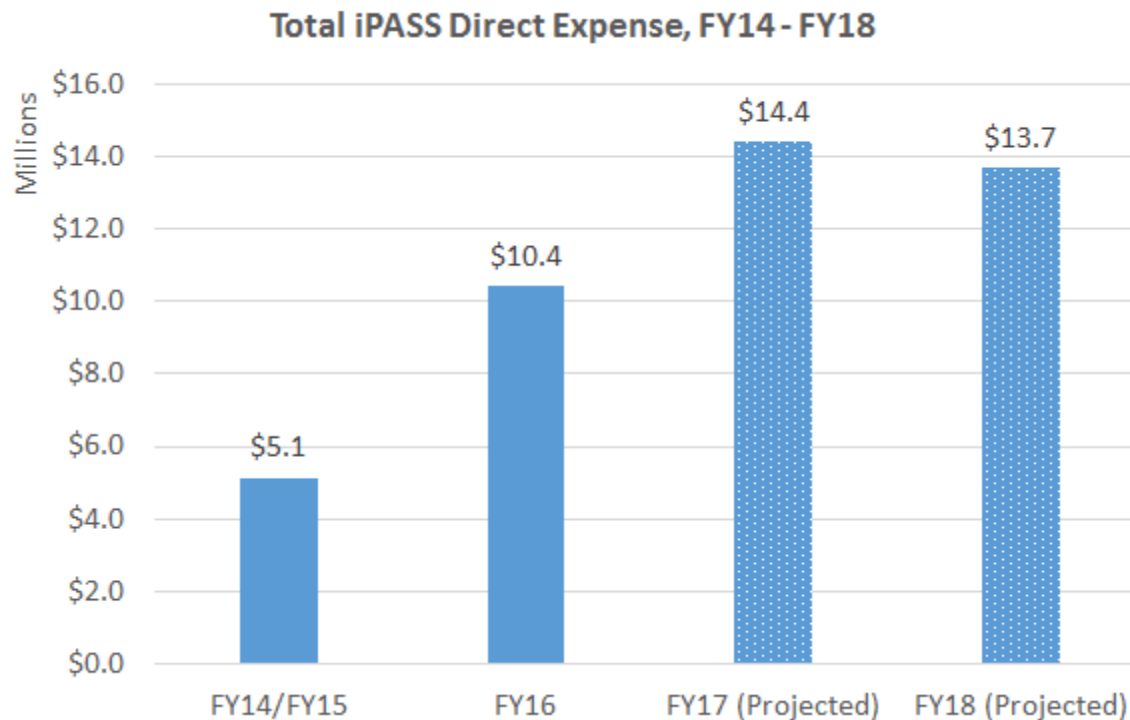
- Grantee spending averaged more than \$700,000 on iPASS activities from FY14 – FY16.
- In FY16, iPASS grants leveraged nearly \$150,000 in new institutional spending on iPASS activities.
- Personnel costs were the largest expenditure; only one-quarter of spending was to purchase iPASS technology/software.
- Costs per student are expected to decline as additional students have access to and benefit from these systems, but expansion opportunities remain to drive costs down even further.
- The majority of iPASS activities are funded with institutional dollars.
- Expected increases in student retention rates could generate a return on investment averaging about \$1m annually per institution.

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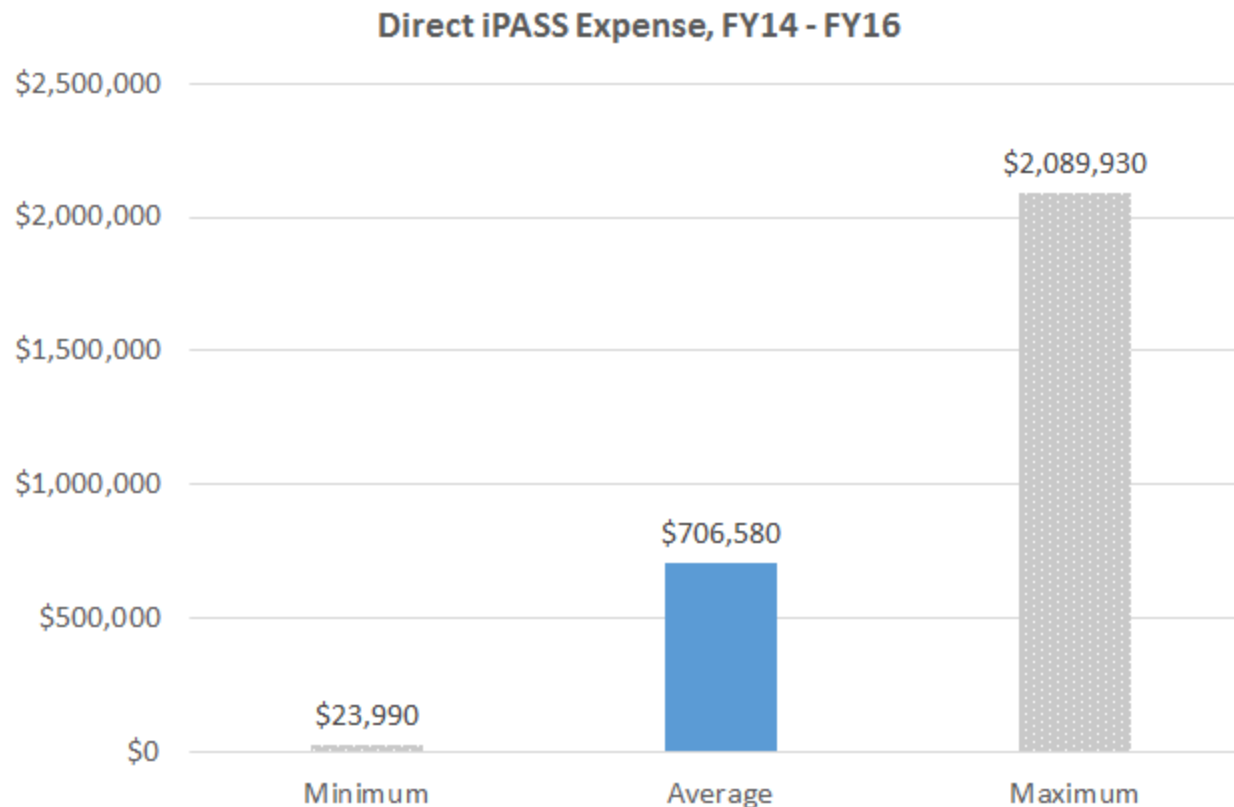
iPASS Investments are Growing

- Grantees invested a total of \$15.5m on iPASS activities between FY14 and FY16 (*includes: technology, personnel, and operating expenses*).
- Investments in FY16, the first grant year, were double the investment during the pre-grant period.
- Investments are projected to increase over FY16 levels for FY17 and FY18.



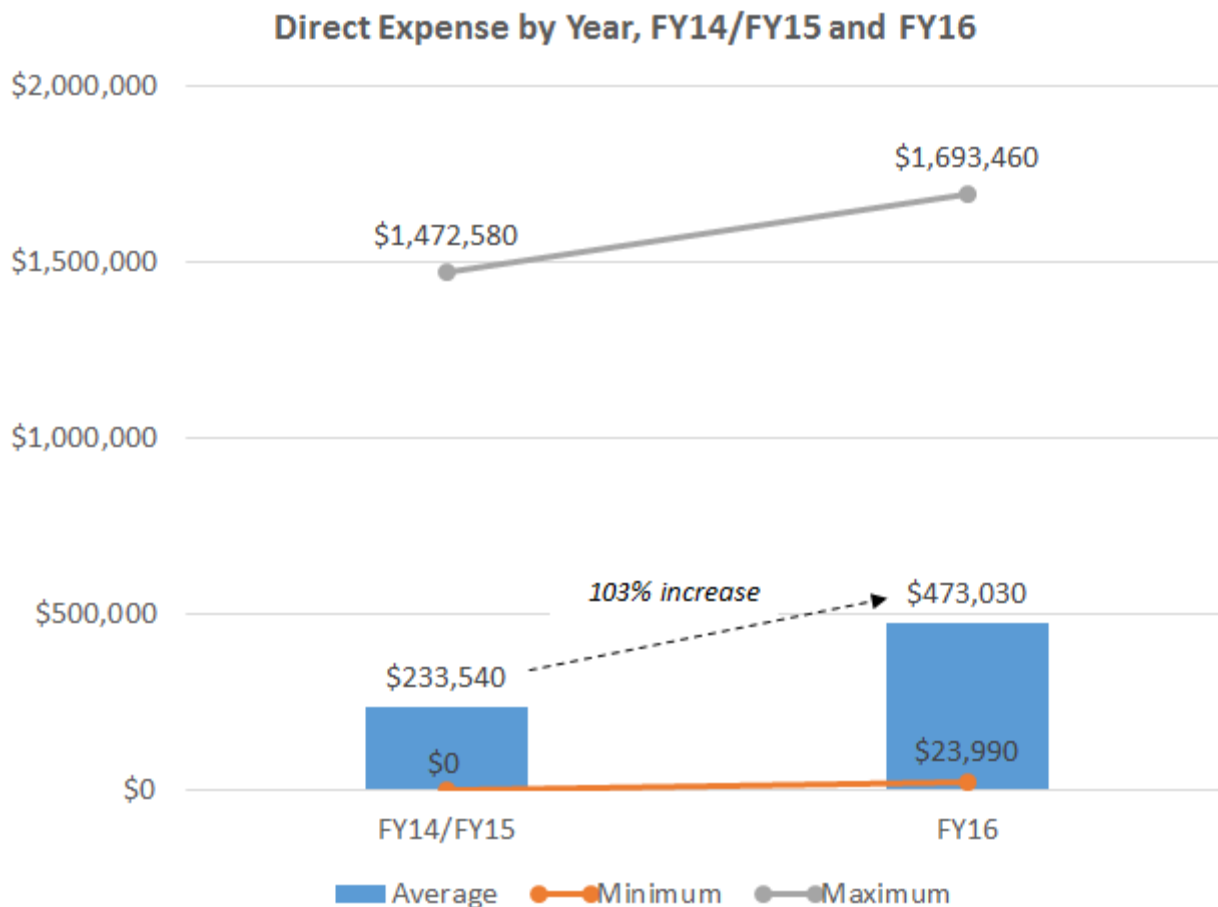
There Was Wide Variation in iPASS Investments

- Grantees spent an average of \$700,000 on iPASS-related activities between FY14 and FY16.
- There was large variation because some grantees had significant investment prior to the initiative while others were just beginning their projects with the iPASS grant.



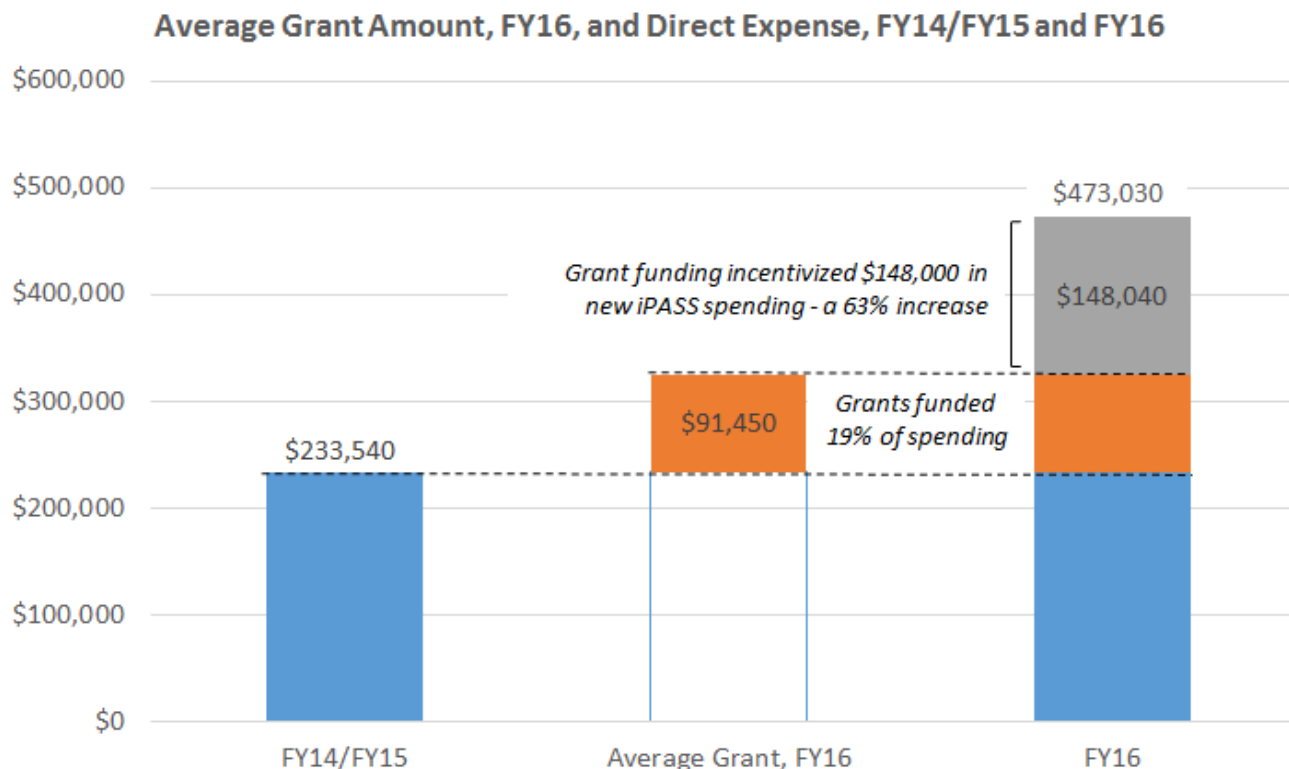
iPASS Spending Doubled in the First Grant Year

- In the first year of the grant period (FY16) spending averaged almost \$475,000.
- Nearly two-thirds of grantees (14 institutions) reported initial investment during the year (or two) prior to receiving their current iPASS grant, averaging \$234,000.



iPASS Grants Spurred New Institutional Investment

- iPASS grant funding (all sources) financed nearly 20% of spending, on average, during the first-year of grant-sponsored activities (FY16).
- The iPASS grants incentivized a 63% increase in advising-related investments when compared to the initial investment made in FY14/FY15, prior to the onset of the grant.



Note: Grant funding includes iPASS grants from the BMGF as well as any funding from other foundations for iPASS-related activities.

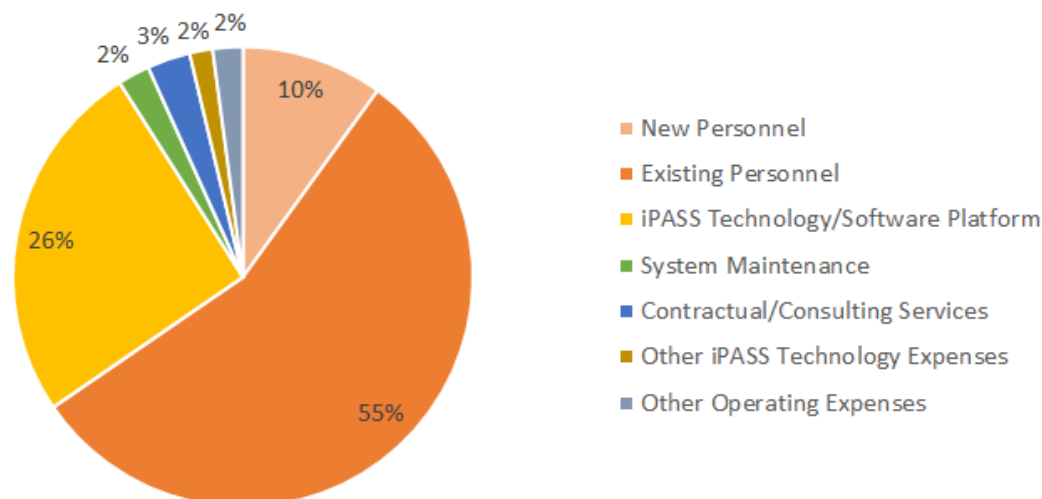
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Personnel Costs Exceed Technology Costs

- About two-thirds of iPASS spending from FY14-FY16 was devoted to personnel costs:
 - More than half of all spending covered the time of existing personnel (averaging nearly \$400,000).
 - Only 10% of spending was to hire new staff with iPASS responsibilities (averaging \$70,000).
- iPASS technology/software costs only accounted for one-quarter of total spending, averaging \$180,000 per institution.

Distribution of Direct Expense by Spending Category, FY14 - FY16



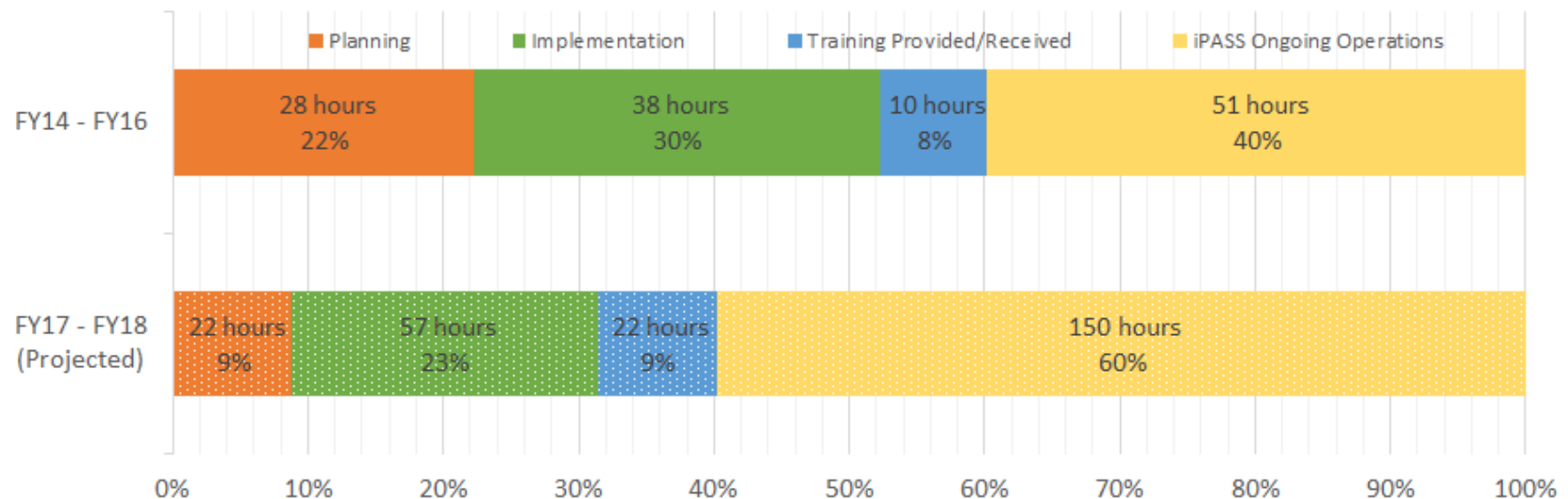
Note: "Other iPASS Technology Expenses" includes IT hardware (e.g., servers) or other iPASS support software.

"Other Operating Expenses" includes: training materials, marketing and communications, other contractual and consulting services, non-IT equipment, equipment replacement and repair, and other expenses (e.g., travel).

Planning and Implementation Required Most Time

- More than half of iPASS staff time in FY14-FY16 was spent on planning (22%) and implementation (30%).
- In FY17 and FY18, ongoing operations are expected to account for 60% of weekly staff time, on average. Planning time is projected to decline, but average weekly implementation hours are expected to increase.
- Faculty and staff across all grantee sites averaged about 125 hours per week of iPASS activity during FY14/15 and FY16; those hours are expected to double during FY17 and FY18, averaging 250 hours a week per institution (per annum).

Distribution of Average Personnel Hours per Week (All Positions), FY14 - FY18



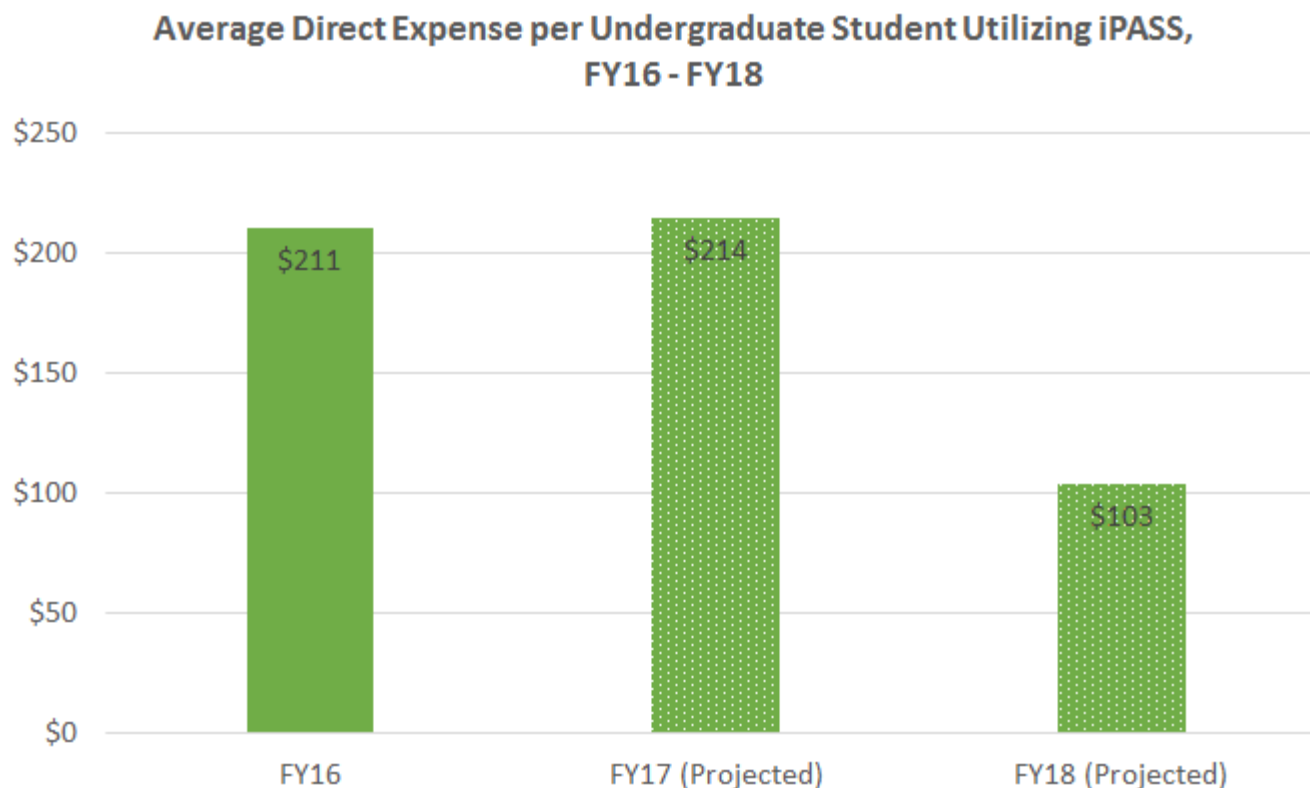
Note: Ongoing operations includes time spent utilizing, maintaining, or updating the iPASS system (e.g., advisors time spent using the iPASS technology; staff time updating underlying data; system maintenance, etc.). Data show the institutional average of total weekly staff hours across all positions (per annum).

iPASS Findings

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- How were Resources Spent?
- **What is the Unit Cost?**
- Who is Using the iPASS System?
- How was iPASS Funded?
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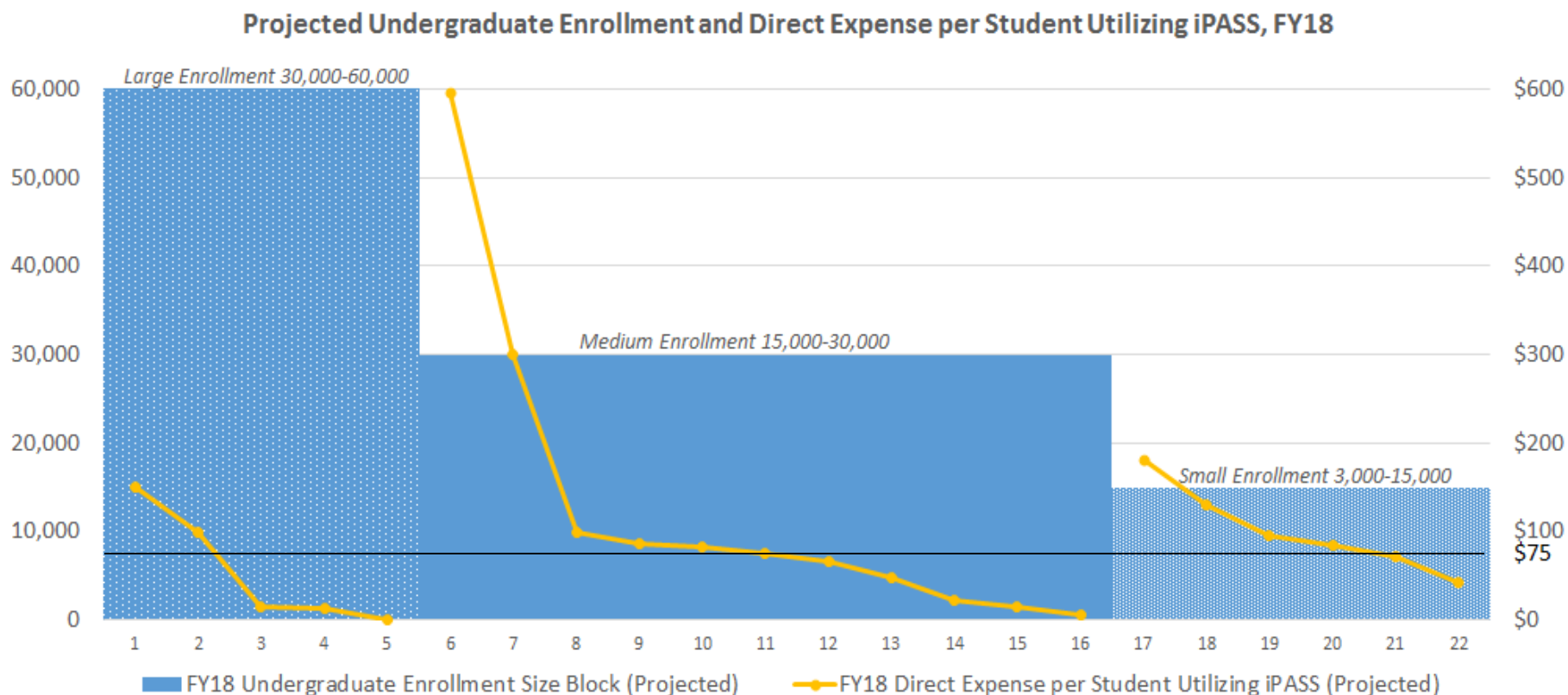
Expanding Utilization is Key to Reducing Unit Costs

- In FY16, 16 of 22 grantees (73%) had students utilizing their iPASS systems, at an average cost of \$211 per student served.
- Grantees project the cost will be reduced by one-half, to \$103 per student served, as they continue to move from implementation to operation and scale up use.



Scale & Spending Can Impact Grantees' Unit Costs

- Half of all grantees are projecting a per student cost of \$75 or less by FY18.
- Scale matters, but total spending is also a factor: A majority of large and medium-sized institutions project per student costs of \$75 or less in FY18...but at least 40% of institutions in all three size categories expect to spend more than \$75 per student.

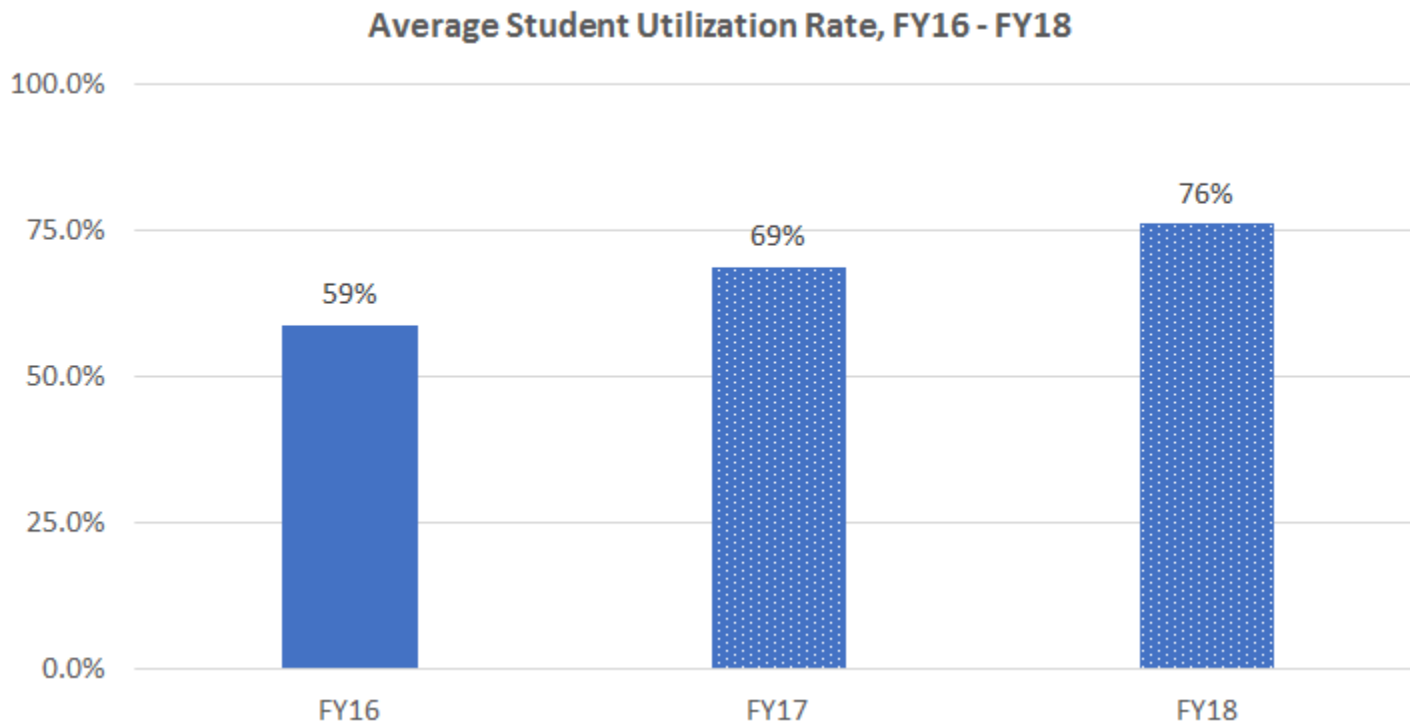


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Opportunities to Expand Access Remain

- Among grantees with operational programs, 59% of undergraduates with access to iPASS were using or receiving iPASS services, on average, in FY16.
- Utilization rates are expected to increase to 76% in FY18, but opportunities remain to expand access and reduce unit costs.

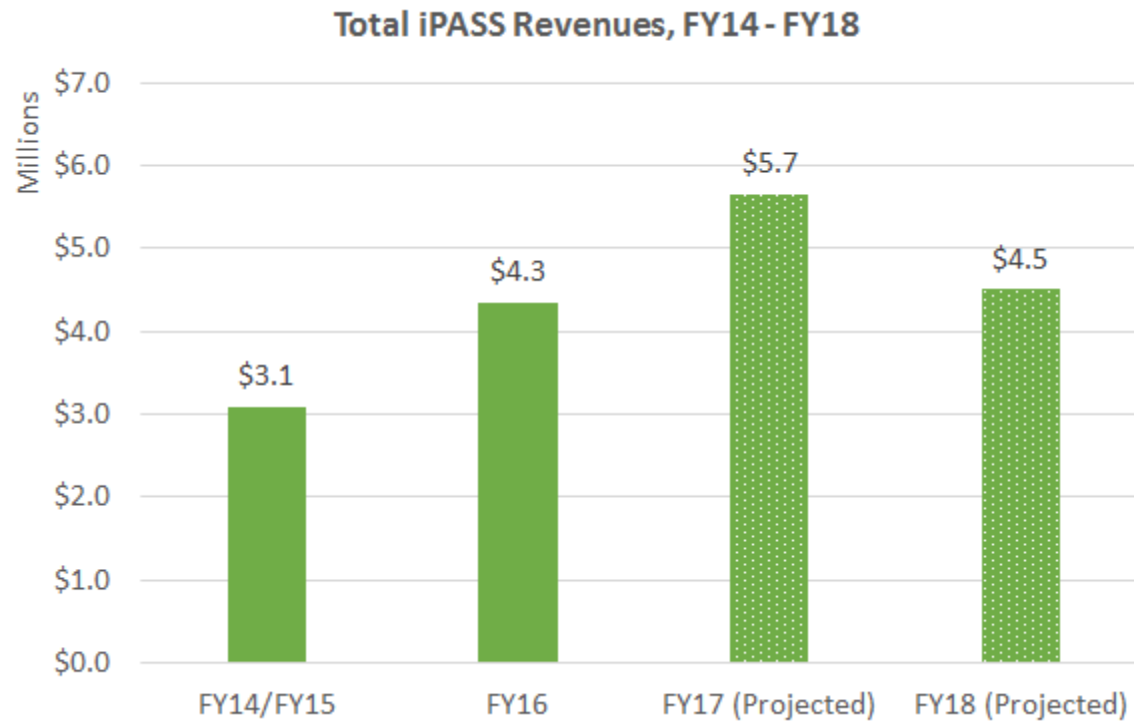


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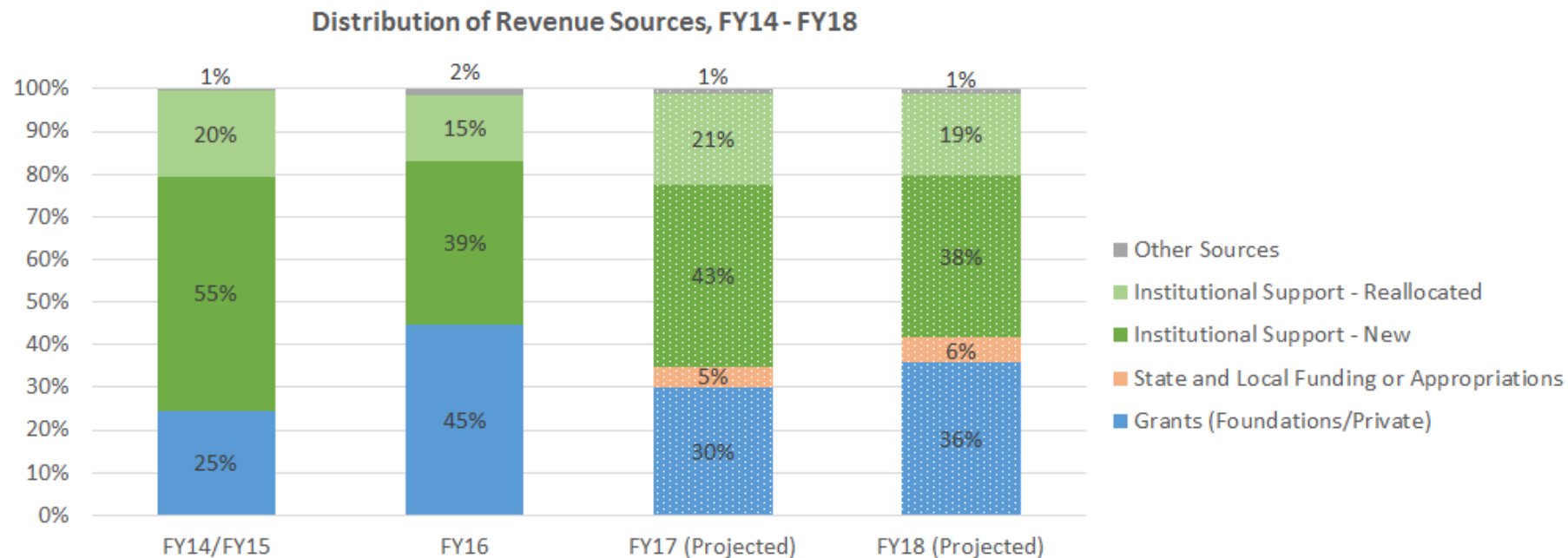
Total iPASS Funding is Expected to Peak in FY17

- iPASS revenues totaled \$4.3m in FY16, averaging almost \$200,000 per institution.
- Funding is expected to increase 30% in FY17 to \$5.7m (averaging \$257,000 per institution) before declining to \$4.5m in FY18.



The Majority of iPASS Funding is From Institutions

- Institutional resources funded over half of iPASS activity in FY16, with grants accounting for 45% of total revenues.
- Grants represented a larger share of funding in FY16 than prior to the initiative, but are expected to represent a smaller proportion of total funding in FY17 and FY18.

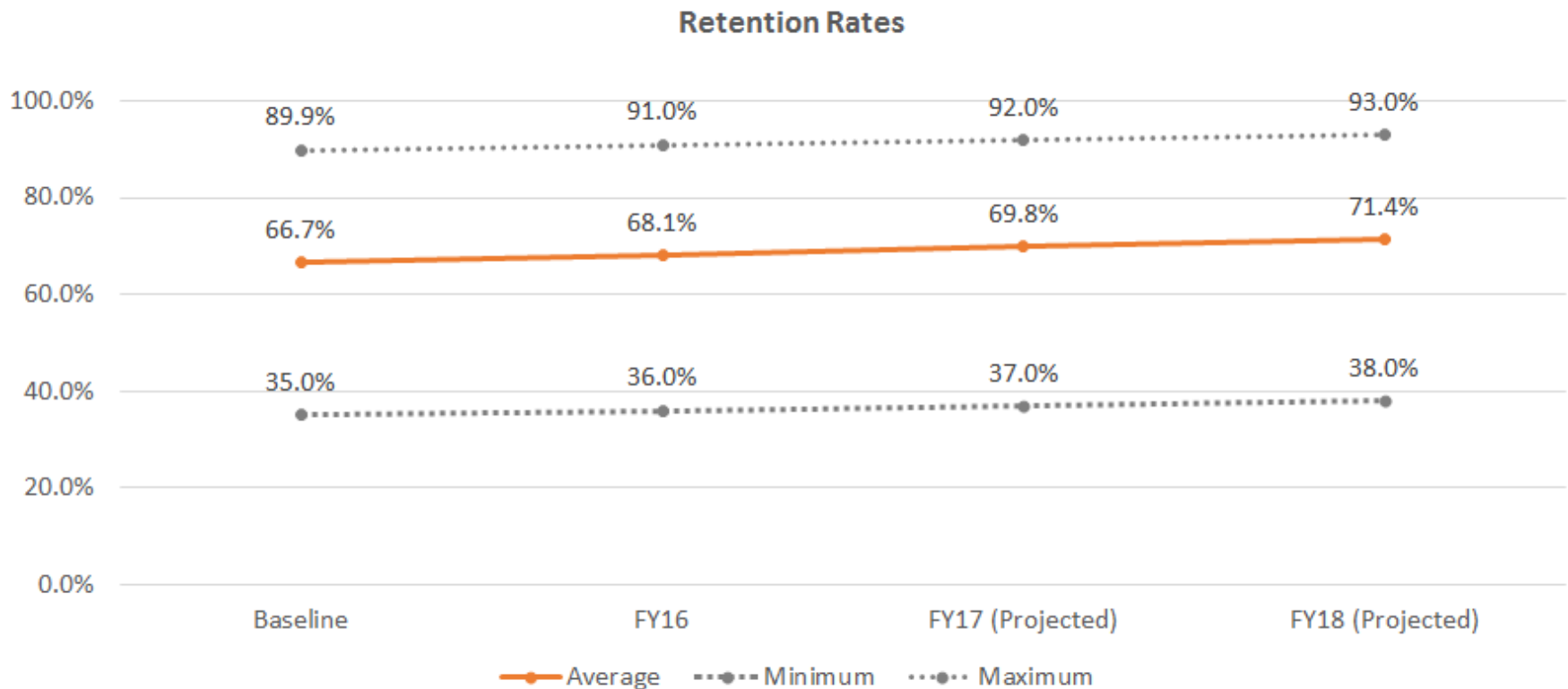


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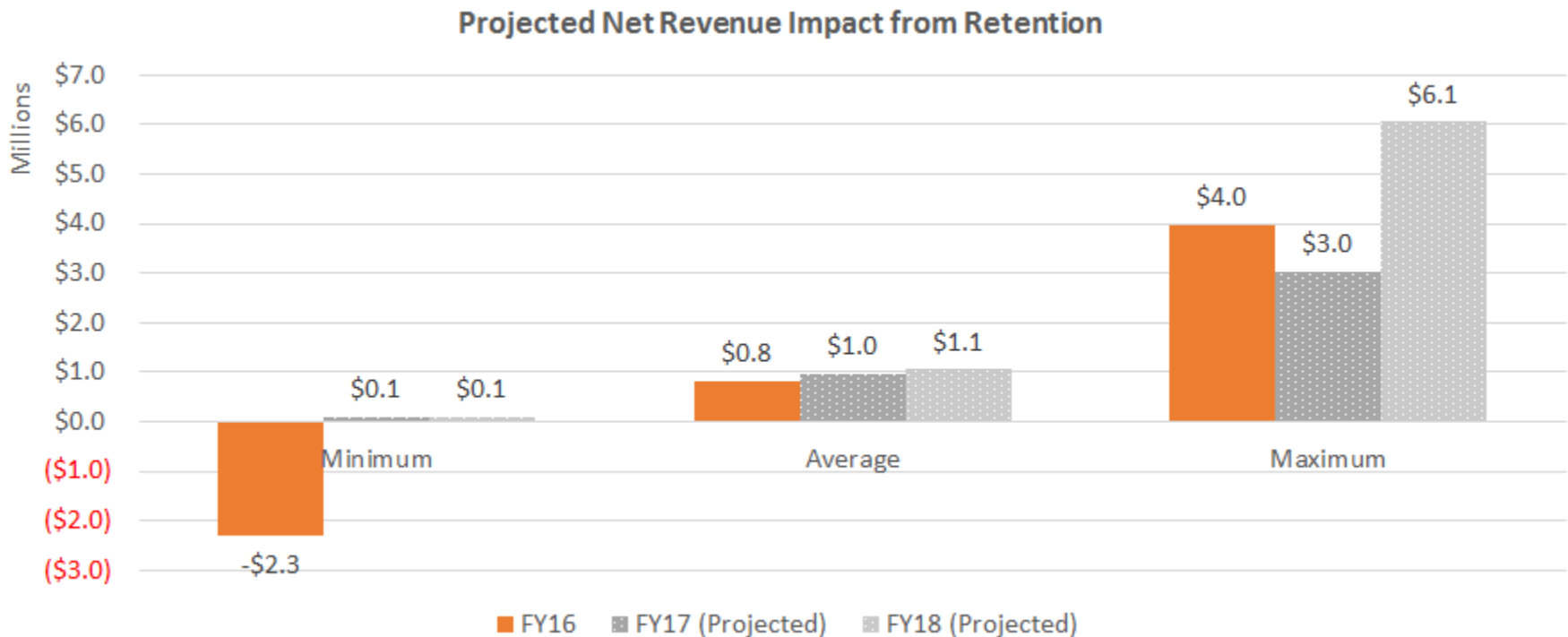
Retention Rates are Expected to Continue Rising

- One-year student retention rates averaged 68.1% in FY16, increasing by more than 1 percentage point compared to the baseline year.
- Rates are projected to continue increasing modestly.



Improved Retention Can Generate New Revenue

- Rising retention rates boost enrollment and can generate additional net revenue for grantees.
- The projected revenue increases averaged more than \$800,000 per institution in FY16 and are expected to grow modestly along with retention.



Key Takeaways

- iPASS spending averaged about \$700,000 per institution between FY14 and FY16.
- Two-thirds of resources were spent on personnel and only one-quarter financed iPASS technology/software purchases.
- The cost per student benefiting from iPASS is expected to decline, but depends on utilization rates and total spending.
- Opportunities exist to boost utilization rates – only about three-quarters of students are expected to benefit from iPASS in FY18.
- More than half of funding for iPASS activities came from institutional revenues.
- Retention rate increases could generate around \$1m annually, on average, in new net revenue per institution.

Next Steps

Next Steps for Year 1 Data Collection

- Examine the variance across institutions in greater detail and identify key levers.
- Continue coordination with CCRC to contextualize the cost and ROI analyses by incorporating their qualitative and quantitative findings.
- Create a short summarization of the initial findings for public release.

Next Steps for Year 2 ROI Data Collection

- In July, 2017 rpk GROUP will send each grantee their individual template.
 - Grantees should report “actual” FY17 data.
 - Prior FY18 projections will remain, and can be updated if necessary.
- Return completed template to rpk GROUP in August, 2017.
- Templates will be reviewed, returned for revisions as necessary, and finalized.