By Betty Leydon

The E-Everything Revolution: What’s a University to Do?

Higher education is wrestling with the “e-everything revolution.” Internet access and the Web are compelling universities to do much of their business, both administrative and academic, online. Everyone talks e-business, e-learning, e-commerce—and the possibilities, everyone blithely agrees, are endless. The advantages of entering the arena are simply too good to pass up. The ability to reach new markets with new educational offerings means there is potentially a lot of money to be made in the e-everything revolution.

Meanwhile, many institutions are being asked by their boards of trustees, often proponents of successful high-tech business executives, to investigate the possibilities afforded by these new technologies. In addition, outside companies are approaching college and university presidents and provosts daily, inviting them to be partners in developing products for the online marketplace. The business plans presented by these companies show millions of dollars in revenues quickly flowing back to the institution.

Where should we begin? And with how much caution? Should colleges and universities jump in both feet, stick a toe in to test the temperature, or stay out of the water altogether to avoid getting caught in the rip tide? First, we need to understand better what is really going on. The Internet and associated technologies have made it possible for anyone who wants to get into the education business to reach new demographic and geographic markets. At the same time, the demand for education of all types— including both degree and nondegree programs, from secondary to skills-based—is higher than ever.

Today we hear of new ventures hopping to cash in: UNext.com, Fathom, GEN. As in the dot-com frenzy, we may wonder whether our risk aversion is making us miss a lucrative opportunity. We may also fear that the new technology could dramatically change the higher education market, leaving us behind. Harvard Business School Professor Clayton Christensen, in his book The Innovator’s Dilemma: When New Technologies Cause Great Firms to Fail, wrote that some of the best companies have floundered because they ignored the “disruptive technologies” that were driving changes in economies, markets, and products. Disruptive technologies (e.g., the desktop computer twenty-five years ago, the electric car today) are often ignored because they bring a different value proposition to market—one not initially recognized by the mainstream. When market leaders overlook or underestimate the impact of such innovations and concentrate instead on “sustaining technologies,” those that incrementally improve the performance of established products valued by mainstream customers, they fall behind. Complacency goeth before a fall.

In higher education, online learning and other types of online educational products and services could be considered disruptive technologies, devalued by “mainstream” students at residential colleges and by “mainstream” faculty and administrators reared on the commonplaces of face-to-face classroom learning. If mainstream students don’t ask for online learning, traditional higher education institutions will be tempted to ignore it as irrelevant. However, if institutions do ignore it, Christensen warns, they could soon find themselves out of business as new differential advantages are created and the heart of the market begins to shift. At some point, he would argue, the technology that enables online learning will improve to the point that virtual classrooms will reach the minimally acceptable level of mainstream students. At this point, students may decide they don’t need the super-high-quality, expensive education at a residential college; they may begin to make decisions based on convenience and price. Caught napping, the conservative colleges and universities will be unable to move fast enough to develop new products or capture new markets made possible by the disruptive technologies.

On the other hand, some institutions may be acting too aggressively. Duke University President Nannerl Keohane recently attended a university presidents’ meeting that included a discussion of major issues facing higher education. One of these is “mission creep.” Either in the hope of making money or in the fear of being left out, many colleges and universities may be jumping into the online marketplace with little regard for their institutional mission. Some of these new ventures have been started without a clear understanding of the programs or services to be offered—and even without deciding whether these programs or services should be free in order to build potentially fruitful, long-term relationships with online visitors.

So how do we know if online learning and other types of online educational products and services will dramatically alter the higher education market and economy? We don’t. But we had better prepare for various possible scenarios. Keeping an eye on our mission, we need to craft deliberate strategies to invest effectively in these new, disruptive technologies, educational products, and markets while continuing to enhance the residential college experience that is our niche.

We should not pursue technology simply for technology’s sake: lack of a clear strategy and quantifiable goals could cause a waste of both time and money. Any online venture needs a sound business plan with measurable outcomes, acting with a plan would be worse than doing nothing, since we would only squander human and financial resources. The business plan should take into account our current environment as well as the future impact that technology may have on education—removing the constraints of time and place, changing learners’ expectations, and facilitating new educational methods, products, and organizations.

Yes, experiments with innovative technologies will cost money, and we should expect to make mistakes. And of course by the time we have online learning figured out, another disruptive technology (desktop virtual reality, new handheld devices, pervasive computing?) will have arrived to make us re-think everything again! Pilot projects make sense, then, as a way to explore business viability while limiting risk. As we consider new products or markets, we should build on our current strengths, not create entirely new deavers. At Duke, for instance, the Fuqua School of Business has been a recognized leader in the field of online education with its Global Executive MBA (GEMBA) program. Building on this strength, Duke recently formed a private venture, Duke Corporate Education Inc., to create customized business education programs tailored to the needs of companies. This “incubator” approach will allow the institution to experiment with new technologies and markets in ways that do not detract from its primary mission.

We must be explicit about, and mindful of, what we’re trying to accomplish in our newfangled experiments. As the e-everything revolution launches us into the uncharted waters of the e-everything world, we should navigate carefully and hold to the steady course of our institutional mission. Above all, we should look to preserve the lasting values of a traditional education.