Lessons to be learned from the failure of UKeU (UK eUniversities Worldwide Limited)

Paul Bacsich, Matic Media Ltd

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Introduction*

This paper was written by myself in October 2005 to be presented at ODLAA's 17th biennial conference, *Breaking down barriers – The international experience in open, distance and flexible education*, held 9-11 November 2005 in Adelaide, South Australia (http://www.odlaa.org/ODLAA2005.aspx). ODLAA is the Open and Distance Learning Association of Australia.

The version used for the report that follows was the first polished release, a roughly 15,000-word document. This was pruned down to a 7000-word document covering (but in much compressed form) the same ground, and then with much more effort and sacrifice of topics a 5000-word document was finally submitted to the conference secretariat (the length target was 3000-4000 without references). This was refereed and further edits and shortenings occurred to produce the final document distributed at the conference. A post-conference version was then prepared for the Proceedings. For some years the paper remained available on the ODLAA site but is no longer available. However, this short conference version can be found on the Re.ViCa site at http://www.virtualcampuses.eu/index.php/Lessons_to_be_learned_from_the_failure_of_the_UK_e-University.

The paper was one of the main inputs into the Re.ViCa project's analysis of critical success factors for e-learning and its subsequent creation, after much discussion and international input, in an agreed "new synthesis". A shortened history placing it in the context of the evolution of the ideas of Critical Success Factors can be found on pages 96-102 of the Re.ViCa Handbook (http://revica.europace.org/Handbook.php).

For some years it has been clear that the short version – even while available – gave only a limited analysis of the issues affecting UKeU. Consequently the author took advantage in 2009 of an invitation to Brazil to produce a longer version as Appendix A to his overview paper *Implications for Brazil of lessons learned from distance learning providers in other countries*, presented to the conference *Education in the XXI century: models of success*, hosted at the Parliament of Brazil. The overview paper is available in English and in Portuguese versions in the Proceedings of the conference – and online at http://www.virtualcampuses.eu/images/3/34/Bacsich-brazil-paper-final-main.pdf – but Appendix A is not. This version that follows is still double the length of Appendix A.

Note on Provenance

This paper – with the original filename ukeu-bacsich long final – came from the author's filestore of material about UKeU in particular and e-universities in general.

Production Notes

There were no specific issues except necessary reformatting required.

* By Paul Bacsich, July 2010.

Document Control

In this version the layout follows UKeU Reports House Style where appropriate but the text is unchanged from the original, exept for correction of a few residual typos – except in the References section where all reference data has been modernised.

The original document now follows, starting on the next page.

0. Abstract

The failure of UKeU occurred in a glare of public scrutiny. There was an extensive review by a Select Committee of the UK Parliament, much press comment, and a few academic evaluations. Yet all were flawed: in particular the Select Committee interviewed only a few senior staff, and the evaluations were done by outsiders.

This paper is a critique of the public UK view and prior research literature, with important lessons for future e-universities worldwide. It aims to establish that several alleged reasons for failure – including the dot.com bust and the lack of marketing – were comforting but erroneous – and that the underlying reasons were wider-ranging and subtler. Some of these new factors are:

- Skills needed by the CEO and Board members and by staff.
- Keeping the funders and stakeholders "on side".
- Engendering trust with university suppliers.
- Ensuring that systems development does not dominate the management agenda

1. A potted history

The UKeU was first proposed as a concept by David Blunkett, then Secretary of State for Education for the UK, in a speech in February 2000, as a vehicle to deliver the best of UK higher education in online fashion across the world. The Secretary of State instructed the Higher Education Funding Council for England (HEFCE) to take the lead in putting this into practice. By late summer 2000, the key initial studies on business model, tools and markets had already been done and a shadow body, the "e-University Steering Group" had been established. There was then a period of (to outsiders) some apparent inactivity but by May 2001 many follow-up studies had been done and the operating company "UK eUniversities Worldwide Limited" had been incorporated; by Summer 2001 an Interim Management Team had been appointed; and by October 2001 the Strategic Agreement had been signed by Sun Microsystems. By March 2002 a new Chairman and CEO were in post and the Framework Agreement had been signed with Sun to commence development of the e-learning platform.

By March 2003 two courses had been launched, from the Open University and Sheffield Hallam University, with many further courses following in autumn 2003 making a total of 15. By January 2004 some 25 courses were recruiting students. However, it became clear that HEFCE had been unhappy for some months, especially with the low student numbers and the lack of private finance, and had commissioned PA Consulting to carry out a Business Review of UKeU. PA reported finally to HEFCE in January 2004 and in late February 2004 HEFCE announced to the UKeU Board and to the world that they would "restructure" UKeU. Although it was not announced as such at the time, this restructuring led to a rapid decline in funds and confidence – UKeU closed as an operating entity in summer 2004.

In a nutshell, the overall concept of a "UK e-University" lasted 4½ years, while the company in its operational phase lasted just over two. Even by the standards of e-learning burn-outs, this was fast.

Unlike in many cases in the public or quasi-public sector such as TechBC or Scottish Knowledge, there was no organisation that followed on from UKeU, even in a general sense. However, a number of small components of UKeU continued more or less unchanged as spin-offs, including the eChina Programme and the e-Learning Research Centre.

2. What went wrong?

This issue was extensively discussed in the press and somewhat later by a Select Committee (2005a) of the House of Commons. Each Select Committee is part of Parliament not the Executive but it is reasonable to take its views as semi-official. Thus we deal with it first.

2.1 The Select Committee

The top-level conclusions of the Select Committee have been admirably summarised in the flyer for their report (Select Committee, 2005b):

> The Committee's findings include that the UKeU project failed largely because it took a supply-driven rather than a demand-led approach to a very ambitious venture in an emerging market. Sufficient market research into the level or nature of consumer demand was not undertaken, and the project failed to form effective partnerships with private sector investors. Criticism is also made of the decision to award private sector-influenced bonuses to senior executives of UKeU in what turned out to be an almost entirely publicly funded project.

The conclusions were also widely reported in the Press. (The last point we take as a criticism rather than as a cause for failure.) We shall note for later use that there are many other conclusions and observations in the body of the report.

2.2 The Press and other commentators

A number of commentators with experience in the area pointed out that two years of operation was not long enough to judge a dot-com. For example, Michael Driscoll, vice-chancellor of Middlesex University (who run a Global Campus operation focussed on blended learning in several countries) pointed out to the Guardian (2004): "The honest reason? It hasn't been given long enough. They've had to develop the partnership for delivery, they've had to work out contracts and develop the platforms. It takes time and it is expensive."

Others pointed to the general factor of the difficult conditions for internet start-ups compared with the heady days of 2000 and the more specific difficulty that companies were having raising private capital compared with the early days.

Many technocrats pointed to the seemingly large sums (estimates varied widely and wildly) that had been poured by UKeU into an e-learning platform which to the general view (including many who had not seen it) was lacking functionality, performance and reliability.

Those with a wider view of the world pointed out the differences between the US market for higher education (where there were several private and public e-universities doing well, as well as a few doing badly) and the UK and wider global market. This could be regarded as a failure of market research.

2.3 The Higher Education Funding Council for England

Their main view was that universities were now more interested in "blended" learning, involving a mixture of IT, traditional, work-based and distance learning, to meet the diverse needs of students. This view had in fact come through from the consultative exercise (HEFCE, 2004) that they had run for their e-learning strategy.

This view was also supported by industry gurus, such as Professor Steve Molyneux. As reported in Computing (2005), he said: "I will always be a strong advocate for elearning, but am wary of those initiatives that try to replace, rather than supplement, the face-to-face learning option."

2.4 The PA Business Review

This document PA (2005) has been recently published by HEFCE, both in its original form and in the version containing UKeU's replies to the PA document. Section 6 contains "Summary Findings & Conclusions". Readers should bear in mind that the Review was composed in late 2004, before the decision was taken to restructure UKeU. The main conclusions are:

- The enormous challenge of "end-to-end integration of the whole e-learning value chain".

- The "lack of a documented business strategy for the eU".

- The "significant questions over the feasibility of UKeU's marketing strategy", especially at a detailed level. Examples include "focus on market-led programmes from internationally prestigious institutions is only partly reflected in the planned retail and corporate product portfolio" (in other words, too supply-led), "undue attention given to low priority markets" (second-tier and small countries), and "corporate and managed service business [plan] lacks evidence or specificity, and appears to underplay the competitive pressures".

- The financial challenge deriving "from the chosen business strategy of developing a complete infrastructure of end-to-end capabilities on which a portfolio of product and service revenues can be built. This strategy has imposed extreme demands on business and financial performance." The specifics included high fixed costs, delayed market entry and "an imperative for very rapid growth in revenues once the business moves into its launch phase, which may well prove greater than market opportunities and/or UKeU's capacity to exploit them can sustain".

- Significant platform problems: "still at a prototype stage", "not suitable for supporting the eU's business needs as it stands, "issues... over end-user system performance" and "the delivery project [is] high risk".

- Finally, an "investment challenge" consequent on the high need for capital, which, given the lack of imminent private sector funding, would fall on HEFCE.

It can be seen that while these are trenchant criticisms, they are some way from the hysterical tone of press commentators.

2.5 Insider information

There were very few members of UKeU that went "on record" in the months after its closure. The reasons for this are not clear, but there seems no sign of pressure being put on individuals to be silent. Many staff certainly were disenchanted and just wanted to put the "episode" behind them; many others were busy trying to get jobs or making their way in new jobs. A certain amount of leakage of documents, and rather more of views, seems clearly to have taken place, but there was little explicit news management and little evidence that any of the leaked documents had an effect.

Thus the early views especially of the press appeared to be formed by those not close to the organisation – which no doubt contributed to their lack of resonance with those who had actually worked for the organisation. However, one of the few that did go on record had his views reproduced in Garrett (2004). This article is to an unknown extent a fusion of views of Garrett and his main (visible) informant, Jonathan Darby, former Chief Architect at UKeU. The views expressed in the article focussed on five points:

1. Timing – just before the dot-com crash.

2. Focus – wholly e-learning rather than blended.

3. Brand confusion – including what the phrase "the best of U.K. higher education with online convenience" really meant.

4. Platform issues to do with the costs and risks of developing a new platform.

5. Impatience – presumably of HEFCE. This lack of time to be successful is the point made above by Driscoll (and several other commentators)

Conversations with other UKeU insiders indicate that many would support these views – but they are not the only causes.

3. The literature on Critical Success Factors

The author has been researching in the area of Critical Success Factors for virtual universities for several years. (The initial impetus came from Joanne Curry, via her workshops on business models for e-learning in the late 1990s.) There are a number of presentations on the topic but few public papers since much of the work was done under consultancy contract. The best distillation of the author's views a few years ago is taken from Bacsich (2001):

- If a consortium "really hangs together" as the Americans call it – or as I call it more technically, has high binding energy – then it is more likely to succeed. Binding energy can be generated in many ways, including top-down and funding-driven. It can come from friendship of individuals or a shared vision of what might be. It may or may not have legal strength associated with it.

- The best guarantee of high binding energy is homogeneity or managed diversity (e.g. the OU-BBC partnership). The greater the diversity, the more power there may be to surmount obstacles, yet the greater challenge in mobilising resources.

- In particular, consortia will work better if they are "stratified", i.e. take in universities at a similar level in the rank order. Note that Universitas 21 is all high-rank research-driven institutions. Cardean has a similar model, but GUA/NextEd less so.

- Linguistic diversity is a particular problem, although it may be the cultural baggage coming along with the linguistic. In particular, there appears to be no successful example of a bilingual Virtual University. [This was written before the clear success of the Open University of Catalonia.]

There are a number of related criteria referred to in the reports but there is no space to go into these here.

4. Putting this to the test

So how do the external diagnoses and the scholarly literature shape up to the challenge of predicting (even if after the fact) the problems that beset UKeU? This paper will discuss the research literature first.

4.1 Factors from the research literature

High binding energy

UKeU was one organisation (a limited company). It had a forceful CEO who exercised strong control over all parts of the organisation, a staff who were loyal to an extreme (many working long hours, as is not untypical at dot-coms), and a clear flow of funds from HEFCE. There were some niggles (Bacsich, 2005) about the building and its effects on inter-departmental working and some evidence of internal cultural differences: in particular Conole et al (2005) observe, based on interviews, that there was a "mismatch between those with more of a business-orientated vision for UKeU and those more interested in the academic aspects and the potential educational innovation". However, it is hard to disagree with the premise that UKeU had high binding energy.

On the other hand, the classical literature would argue that the criteria should additionally be applied to the environment of UKeU and in particular to the universities who were the academic partners. Here one is on much less sure ground. A wide range of UK universities were partners of UKeU – and over the last few years the coherence of UK academia has largely broken down, with separate subgroups jockeying for position with government and business.

Homogeneity or managed diversity

Although there is some evidence that the internal structure of UKeU was not completely homogenous, it was remarkably so compared with the lack of homogeneity across the UK university sector. However, the nucleus of the operation was the Sun-UKeU joint venture and one should really analyse that entity.

In some ways the Sun corporate culture was *too* similar to that of UKeU: in fact there was even some cross-recruitment of staff and consultants. Sun Microsystems of course brought many talents and skills to the organisation but it did not (in the end) bring real money, rather discounts on purchases of hardware and software. And of course Sun were then paid a lot of money to develop the platform, so the net flow of funds was from UKeU (funded from HEFCE) to Sun – not the initial intention at all. Moreover, some UKeU staff and advisors felt that the purchases would not have been necessary, or not at that level, if the platform had not depended on Sun hardware and software.

The natural conclusion is that the joint venture was *not* homogeneous and that the diversity was *not* in reality managed. Similar conclusions were reached by the Select Committee.

It would be interesting but outside the bounds of this paper to analyse the similarities and differences between the Sun-UKeU joint venture and the other major joint venture in distance learning, the OU-BBC partnership. Like a double star, was the diversity part of the energy but also part of the stress?

Stratification

The original vision of UKeU was that it would deal with the “best of UK higher education”, perhaps as few as half a dozen organisations, with possibly the Open University and/or London External as delivery engines. Indeed, the slogan “Oxbridge brands with OU delivery” was heard from time to time. (Witty reversals of the slogan were held also, but perhaps only amusing to cynics in the UK HE sector or those who had not realised how prestigious the OU had become while they were dozing.)

This original vision did not last long. A wide range of universities ended up as partners of UKeU. While many of them were prestigious (and not only in their own eyes), rather fewer had stellar reputations in overseas markets (where reputations tend to lag some years behind UK views, for reasons too complex to go into here).

The stratification criterion does seem one of the most dangerous for consortia to break. Universitas 21 continues to be successful and the Worldwide Universities Network has also made great strides in collaborative research and e-learning. Both of these have rigid stratification in terms of the uniformity of type (not only brand level) of institution involved. On the other hand, it has been noted in several quarters including Ryan and King (2004), especially in footnotes by Bacsich, that the Global University Alliance, with a rather more varied membership (and with the UK members somewhat lower in brand than the non-UK ones) has not been so successful. Where there is less stratification, variety seems to work much better in a smaller country, as demonstrated by the Swiss Virtual Campus and the Finnish Virtual University.

There were some further problems. Because the funding for UKeU came only from England, there was no strong incentive for Scottish universities to join in – yet several of them were either prestigious within the UK or well-known outside the UK or experienced in e-learning (in one or two cases all three). Furthermore, Scotland had its own e-university, the Interactive University, which took Heriot-Watt out of play and (UKeU would argue) distracted, at least initially, a number of others. It also confused the branding because UKeU could not claim to be "*The* UK e-University".

There was later a small amount of funding for Wales and Northern Ireland. This led to useful effects in that one university from each country (both experienced in e-learning) joined the UKeU consortium; with courses which were good but without seemingly the ability to generate rapidly high student numbers – and it all happened too late in the cycle to save UKeU.

Linguistic diversity

This was one area in which UKeU had no problems, at least in technical terms. All teaching was in English. This of course restricted the market but simplified the technology. One should note in passing that UKeU had students all across the UK (rather more than originally envisioned or wished by some partners) but there was never any attempt to provide material in Welsh (as the OU has done from time to time) or Gaelic.

There was a lot of criticism of UKeU's decision to teach only in English, including some ill-judged point-scoring in the Select Committee about Brazil (UKeU was well aware of the downside of the approach) but it certainly simplified the technological choices.

However, in the unfortunate way of events that seemed to bedevil UKeU, even this "one-language" strength turned into a weakness when it became clear that in the eChina programme (which involved several Chinese universities also) for introduction of e-learning across China (especially in English language teaching), it was infeasible to have an English-only system (of menus, etc) even if much of the content was to be in or about English. A UK-Chinese technical review in September 2003 established that the UKeU platform in its then form could not cope with Chinese. While of course Sun argued that it could be modified, the additional costs and timescales involved ruled out this option. The shrewder among UKeU staff drew their own conclusions.

4.2 The OBHE diagnosis and the Select Committee Critique

In the interests of space the review looks only at the OBHE diagnosis and the Select Committee critique, rather than at the more general press comment. Most of the criticisms of PA are picked up also. There are interesting more detailed business-financial analyses that need to be done – but not here.

Timing

Under this general issue are discussed:

- A start-up just before the dot-com crash.
- The impatience of HEFCE.
- The failure to form effective partnerships with private sector investors.

The author has a particular perspective on the dot-com issues since every six months he taught at MSc level the topic of "business planning for internet start-ups" from 1999 through to 2003. The dot-com crash certainly had an effect on sentiment but the advice from venture capitalists remained and remains that "a good business plan is fundable". It is surely not good enough to blame the *zeitgeist* for the failure of a company. There is also the more convincing evidence that a number of developments including in e-training actually flourished *because* of the downturn (due to cost pressures on conventional solutions). As noted in Blustain and Pirani (2004) "Even the current economic climate has not dampened expenditure plans. According to NETg in May 2001, 54% of corporate training managers and executives feel that the sluggish economy will have no affect on e-learning programme budgets." See also Cisco's own description of their e-training plans through this difficult period (very difficult for Cisco) in Buller (2004).

With respect to the impatience of HEFCE, only they can speak authoritatively on this. The evidence is that government agencies can be very impatient, sometimes even impetuous. The apparent haste with which HEFCE closed down UKeU is surpassed by the way the UK Department of Health closed down the NHS University (an e-university oriented to training employees in hospitals, etc) *before* it had even offered any courses and the way in which two CEOs of the University for Industry were removed more or less overnight. Nor is it just a UK way of working, as those know who have studied over the years the e-learning twists and turns in British Columbia round TechBC and OLA, or in the Netherlands round the Dutch Ou. In some ways shareholders are more patient, perhaps because it is their *own* money locked up in a company.

It is certainly a criticism of the UKeU that they did not form effective partnerships with private sector investors, in that this was one of the basic tasks given to UKeU. The partnership with Sun was not effective: it was artificial, no real net money came from Sun in the long term and the stresses of the joint venture, especially around the platform, were evident to those involved. There were at least two attempts to form other effective partnerships, one in the early days involving a proposed purchase of Scottish Knowledge and one in 2003 involving a large consultancy company, but neither came about. Some would question whether this mission was wise, and view it as a distraction from core business; as and when the operation had been successful, commercial partners would have appeared. However, the mission seemed to be politically necessary in the climate of the early 2000s, with a heavy focus on public-private partnerships (many others of which also struggled or failed). In Scotland and in Catalonia they handled things differently, in that the partnership was between universities and state organisations, and these have survived.

Focus

Under this general issue are discussed:

- Wholly e-learning rather than blended.
- Supply-driven rather than a demand-led approach.
- Sufficient market research into the level or nature of consumer demand was not undertaken.

UKeU took the view from its inception in 2001 that its proposition would be wholly e-learning – “pure-play” in internet jargon. When the author was brought on board UKeU in spring 2003, this purity was one of the things that UKeU was beginning to be concerned about at CEO level; but earlier worries had been expressed by Sales and Marketing as early as spring 2002, as noted in Bacsich (2005): a report to the UKeU Board observed that: “The concept of 100% online is not established and faces competition from class-room, blended and distance learning programmes. We must, therefore, reinforce our arguments for our approach and demonstrate benefits.” However, due to lead time with partners and the time to change entrenched internal attitudes, it was not until autumn 2003 that any courses were launched which were blended – this may seem a quick turn-around but the courses were essentially “badged” versions of the Global Campus courses from Middlesex University, rather than being newly developed for the UKeU platform.

It has to be said that the UKeU focus on pure-play e-learning flew in the face of the advice from the specialist consultants, several of whom were extremely experienced in these issues. It is possible that a mis-reading of the major consultants’ views could lead one to ignore face to face. In particular, Thompson (2004), written in 2001, notes:

> The third success factor concerns the quality and user-friendliness of the student support arrangements – it seems to be acceptable, and even preferred, that they be provided online and asynchronously. Face-to-face provision seems to be of much less importance to actual students, which is again contrary to the views held by some academics on the supply side. Interestingly, this finding also shows that views sometimes expressed by potential students in anticipation of provision do not always match their preferences in the out-turn.

In contrast, among the specialist consultants, Bacsich, Mason et al (2004), written in 2000, note much more cautiously:

> The issues of how, and to what extent, to move face-to-face teaching towards online teaching are now reasonably well understood by experts. (See section 10 in particular.) One can expect to reduce the proportion of face-to-face teaching in the e-University as technology advances

> and social conditions change. With diffidence, some specific suggestions might be as follows. In the first three years of operation, face-to-face tutorials (1 hour in length) should also be offered via a network of learning centres; this policy to be reviewed at the end of that period.

However, perusal of the consultants' detailed reports – in particular Mason (2004), written in 2001 – suggests that from a "harassed CEO" standpoint the recommendations were phrased in too "academic" a way ("maybe this, maybe that"). More generally, it is not clear that in the "hothouse" atmosphere of the early Management Team (when many of the system decisions were taken and in which no specialist consultants were represented) that any of these reports were actually read in detail. It is also possible that there was some mis-reading of some of the crisper conclusions or a feeling that they were too prescriptive.

The Select Committee (2005a) have also noted that: "There was no research by UKeU about the type of learning demanded. They did not consider conducting research into the pedagogy of e-learning and the needs of the learner." In the author's knowledge, *no* research of this nature was carried out by UKeU – they relied (if at all) on the earlier pre-UKeU reports of 2000 and 2001 such as those cited above. The questions were on the agenda of the e-learning Research Centre but this had hardly started by the time HEFCE announced that UKeU would be restructured. With hindsight, one can argue that the mistake was not to carry out such research in 2002 and early 2003.

In a sense, whatever the consultants' prescribed, the market should surely decide. In this vein, Fielden (2004), written in 2000, noted that the e-University should: "Vary the scale of virtuality in its products; some offerings may be suitable for 100% virtual delivery, while others may need face-to-face support, text-books, or direct teaching of different kinds." But Fielden (and perhaps the market-led viewpoint he represented) was not involved in the later discussions about setting up UKeU.

So to what extent was UKeU supply-driven rather than demand-led? Was "sufficient" market research done?

It is important to understand what the precise criticisms were. The Select Committee (2005a) notes in paragraph 35 that: "Secondly, there was a distinct lack of marketing and *use* of market research" (our italics). It carefully does not state that there was a distinct lack of market research. However, later on (paragraph 44) it notes: "UKeU *did not undertake any market research* or give sufficient emphasis on marketing" (our italics). There are many other remarks about the lack of building on earlier market research, the anecdotal nature of market research (taken from the interview with the Chairman) and the lack of leveraging on British Council expertise. Unfortunately, none of these points stand up to much scrutiny.

Prior to UKeU being set up in October 2001, there were two main phases of what might be called market research. The first was the study done by Fielden et al (2004) and his CHEMS team. This was followed by some further work in summer 2000 (not yet published) to try to produce figures for specific countries. All this was fed into the PwC business model and initial plans. The second phase was the series of "Impact of the Internet" studies commissioned by HEFCE in spring 2001. By this time the plans to set up UKeU were well under way, but it is fair to say that the studies commissioned by HEFCE in this phase were not quantitative market research but a mixture of competitor analysis and thematic “country” studies (which might of course form the basis for future quantitative research).

Not long after the Sales and Marketing department was fully functional, plans were put in place for more systematic market research. Market entry studies were done on each main target country (Hong Kong, Singapore, etc) in autumn 2002. A country study (Thompson et al, 2005), first draft 2002, was commissioned on Japan (which had been an obvious lack in the earlier HEFCE studies), but one might argue that this was HEFCE-like in that it was qualitative. In early 2003 a systematic study (Curbishley, 2005) reported, which involved interviews with a good cross-section of 12 UK universities. Section 3 of the report makes clear that in addition “discussions were held with the British Council in Manchester and Singapore.” This is at least a minor contradiction to what was said in paragraph 52 of Select Committee (2005) that “UKeU did not consider learning from the British Council about marketing”. Further, a magisterial report Ngo (2005) was done on pricing.

As well as the market research studies, several competitor analysis studies were commissioned in Spring 2003 from the new Special Projects department of UKeU. In particular a study (Bristow, 2005) of Phoenix was done, which closed a long-standing gap in the earlier HEFCE studies. Studies were done on other competitors, in particular the Interactive University in Scotland, and a new country study done on four main case studies in China.

So what is one to make of the earlier criticisms of lack of market research? It does seem unarguable that in a rapidly-changing world (especially in the context of the dot-com bust) the delay between the 2000 pre-UKeU market research and the 2002/2003 UKeU quantitative market research was too long, and that the general HEFCE studies of 2001 did not fill this gap in that they were too general and too incomplete. With hindsight it seems clear that quantitative market research and systematic competitor research (including of partners/rivals in the UK) should have been commissioned in early (not late) 2002 after it was realised that the PwC material was too old and the HEFCE studies were too general to be useful in realistic target-setting – but in early 2002 there was no Sales and Marketing Director in post. For more on gaps in the HEFCE studies see Bacsich (2004b).

However, in the area of the *use* made of market research, the conclusions of the Select Committee are more in line with the facts of the case. The Director of Sales and Marketing was *not* on the Board of UKeU – a strange-seeming omission since perusal of his CV and subsequent career makes it clear that he had worked at Board level and indeed went on to take a CEO position. Bacsich (2005) also notes the “functional silo” issues which affected the flow of information within the company. And it was clear to the author as an incomer that the early pre-UKeU market research (however superficial it was) was effectively unknown to the senior managers – indeed he had to re-supply it on more than one occasion. It was said that at a senior level that the material had been lost in the move from the original UKeU premises to the new ones – something about the tone of the utterance led one to feel that one should not probe more deeply.

However, it has to be said that the Select Committee got the wrong end of the stick when analysing the role of the Chairman. Paragraph 54 claimed that:

> The question is whether it was appropriate or sufficient that the only market research conducted consisted of the Chairman, Sir Anthony Cleaver, making visits to the Far East, talking to Ministers and Heads of Universities, and then developing ideas based purely on these discussions.

No one disputes that the Chairman made a number of visits to countries and talked to ministers and senior officials. The Chairman described what he did, no doubt meaning to be helpful, but the Select Committee did not follow up to ask what others did. The UKeU Reports contain a number of country and market research studies and the archives contain more detailed “market entry” plans for many countries, including Korea. In addition to the market research studies for the “retail” sector, there were also a number of market research studies done of the needs of the Fortune 500 global corporate sector, usually with global players (in particular Taylor Nelson Sofres plc and Corporate University Xchange) as well as UK analyst firms including Shift Media and FEdS. The main public document is UKeU et al (2003); it is hoped to republish this and publish some of the other key reports in due course.

Branding

In this area there is much less to add or to subtract from earlier analyses. In particular Garrett (2004) put the point well:

> Confusion existed between the mainstream U.K. education brand emphasizing the three elements of tradition, place, and quality and marketing by UKeU that promised “the best of U.K. higher education with online convenience” without being able to utilize these elements. This is not to say that online delivery is low quality, but rather that its novelty – and some critical comment in the media—have led many to question its potential.
>
> Leading U.S. providers such as the University of Phoenix Online were arguably better placed because of a strong alignment between the convenience branding of the parent body (the University of Phoenix itself) and the convenience branding of online learning. Of course, many U.K. universities might be characterized as convenience institutions, but convenience is not a strong part of the image of U.K. higher education abroad.

The other main issue was confusion between the brand of UKeU and the brand of individual institutions. As Select Committee (2005a) put it (paragraph 132):

> In the original HEFCE consultation with sector in October 2000, some HEIs were concerned that there would be branding challenges in an e-University that worked with a wide range of HEIs. Dr Howells told us:
>
> ‘I am not sure that was the reason why there were such abysmal numbers of students signing up to this but I have no doubt whatsoever that if there was a clearer brand – I get tangled up just trying to say UKeU anyway. I do not know who dreamt that one up but it is not a great title. It is typical of the sort of rubbish that was around at that time.’

Dr Howells’s phrasing might have been robust (note that he had not been involved at all with UKeU so perhaps felt that he could speak freely), but Bacsich (2004a) records what a mouthful the full name of UKeU was and the lengths to which people went to avoid saying it. The author’s own experience outside the UK, especially in distance learning circles in Asia, was that “UKeU” was often confused with “UKOU” – again, not very helpful (to either party).

The original plan had been that UKeU would work with just a few high-rank institutions that had high international profile but not in e-learning; thus there would have been a clear difference between the competence, and brand, of UKeU and of the institution. As it turned out, UKeU worked with a wide range of institutions, including several who were well-known for e-learning overseas (like Middlesex University with the Global Campus) thus making it much less clear what the added value of UKeU was. It has to be said that several of the institutions that UKeU worked with were not well known overseas (even some who had quite high rank in the UK) and this meant that UKeU could not leverage on their reputation in the overseas markets.

Platform

This covers the issues to do with the costs and risks of developing a new platform. UKeU decided to develop a brand-new Learning Management System (e-learning platform) rather than use one of the existing products such as WebCT or Blackboard (the two main commercial contenders in the English-speaking HE market). So what were the reasons for this? Garrett (2004) gives the following analysis.

> The central argument was that the platforms then available (course management systems such as Blackboard and WebCT) were:
>
> - too narrowly conceived (concerned with course management only, rather than integrating portal, content, and other functionality);
> - positioned e-learning as supplementary to the campus (whereas for UKeU, at least in the original thinking, provision was to be entirely online);
> - overly content-driven (rather than student-driven); and
> - did not permit much of what the developers regarded as good pedagogy (team teaching, problem-based learning, blind marking).

Internal evidence suggests that these reasons came from the Chief Architect of UKeU who was interviewed for the paper in question.. In the author's view, they are not a complete set of reasons: another key one, often put forward by Sun, was that for a large-student-number UKeU, it is actually cheaper to develop one's own platform than to license (on the usual per-user basis) a commercial platform.

Whatever the detailed reasons, and unlike the situation with the use of face to face, *this strategy completely flew in the face of the recommendations of the pre-UKeU consultants, both the PwC consultants and the specialist advisors.*

Interestingly, Thompson (2004), in a paper best thought of as a distillation of and reflection on the PwC Business Model Report and Annexes of 2000, did not even cite the platform as one of the critical success factors for UKeU. His four factors were: thorough market research; matching student expectations about duration and intensity of study; quality and user-friendliness of the student support arrangements; and the specific technological needs of expected users and their functional requirements. Indeed, all four of his critical success factors could be summed up by the phrase "market and student research".

Secondly, the specialist consultants, in one of their series of presentations listed in Baker et al (2001) to the e-University Planning Team on 5 February 2001, made the following point:

> All technical input and much exemplar input suggests that an e-University can start *now* [presenter's italics], including with an initial LMS [Learning Management System].

Now admittedly this was the last point in slide 101 of a 119-slide hours-long presentation to a senior HEFCE audience, but as noted above, the platform was not supposed to be a critical success factor. What went wrong seems to have been the setting up of the joint venture with Sun and staff changes at in the planning team and later at UKeU where the new brooms did not want to know of or did not read the earlier analyses.

But by summer 2003 at UKeU the confidence in a brand-new platform was beginning to ebb, even internally (outside agencies including the OU had already made their negative views very clear), Bacsich (2005) reported: "There had even been some discussions (not only in Management Team) during June and July [2003] about buying in a commercial VLE, to run initially alongside UKeU's platform." (A little of this leaked out to the Press some months later.) In fact, a few months earlier, UKeU had quietly commissioned some competitor research on platforms (and users of these platforms) in order to re-check the earlier assumptions, while still hoping (against hope) that the UKeU platform would "come good". This work was commissioned via Sun from their university consultants, but the work was then taken over internally by UKeU. Little of this work has been published so far, or is now very interesting, with the exception of the analysis by Bristow (2005, first written 2003) of eCollege, which was influential in changing attitudes internally among the sales and marketing team and some technical staff, but not among the leadership of those engaged in the development of the UKeU platform. Despite the hold-out in the hard core, by September 2003, UKeU was indeed offering blended learning and courses using both WebCT and Blackboard – at some cost to brand, as Bacsich (2005) notes (in a footnote to p.38):

> By that time UKeU had also agreed (although hoping it was only for a 'transitional period') to offer HEI courses on standard platforms (both WebCT and Blackboard) which made it intellectually impossible to justify the 'third generation' rhetoric of the brochures concerning the UKeU Learning Environment. Around the world, many large distance e-learning HEI programmes (Capella, Hong Kong OU, Ulster, Middlesex, etc) now use WebCT and quite a lot also use Blackboard (including Tec de Monterrey and the UK Defence Academy...

It can be seen from the above that the use of standard platforms further contributed to the lack of distinctiveness of UKeU: it did not have a high brand, it did not have a monopoly of overseas e-learning, now it did not even have a unique learning environment.

The above is only an initial introduction to the platform issue. Much more detail on the consequences of this decision (not the validity of the decision itself) can be found in the PA Business Review. As PA (2005) notes:

> *We were not asked to comment on the appropriateness of the decision to implement a bespoke platform solution*. [our italics] Whatever its merits, this approach has led UKeU into a position where the technology and delivery risks, and the associated costs of ownership, are relatively high compared to a less ambitious technology strategy.

The author would add that the other main consequence was loss of *time* – many courses ran at least a year behind the original launch plans because of this decision, either directly from it or because of the “distraction effect” it caused. Time to market is and was crucial to the success (or as it turned out, failure) of UKeU.

5. A new synthesis

The preceding sections have analysed (briefly) how the classic “Critical Success Factors” literature and the specific semi-official analyses of the UKeU failure done so far stand up to the task of explaining the failure.

The conclusion to be drawn on the classical literature is that it seems now best regarded as guidance as to the most major errors to avoid, not as a guide to subtler tactics.

The conclusion to be drawn on semi-official analyses is that they are correct in parts, but have many flaws. So how does one draw out a new synthesis from this that would provide guidance for future operations?

One immediate restriction to remove is that one cannot focus only on private-sector operations. The failure of many private players and of several public-private operations (linked to a general culture shift away from this “third way”) means that there is renewed interest in public-sector operations. Thus a new synthesis must try to cover both ends of the spectrum.

5.1 Mainly but not only for private-sector organisations

Eight more criteria to add to the classical list of Critical Success Factors are the following. Space does not permit a detailed analysis of each, but some links back are given to the earlier conclusions.

1. “Time to market” must be kept short.

2. Cost of marketing must be kept low.

3. Realism about differentiators is necessary: “quality” is not a differentiator; price is; brand may be, MLE functionality is *not.*

4. It is not even yet a 56 kbps world.

5. An e-University must be a university *and* a company – doing that well is hard; it affects everything (IT, HR, etc).

6. Good management and staff are essential – obtaining or training them is hard

7. Partner universities are cautious and needy/greedy.

8. (for English-language organisations) it is not really an “English-speaking world”.

Time to market

This is a more specific aspect of the general issue on timing. Once an e-university is set up, its “sponsors” (government, shareholders, etc) can become impatient quite soon. (As has been noted earlier, governments can lose heart or lose interest very quickly because of elections, changes of key ministers or more general political changes.) Thus nothing, but nothing, can be allowed to get in the way of launch. The best cannot be the enemy of the good. This particularly affects procurements – indeed one view of the failure of the NHS University was that it got trapped in a procurement morass. (Note that procurements in particular are much more complex in public-sector organisations because of specific public sector procurement rules such as OJEC in the European Union.)

Cost of marketing must be kept low

It is interesting and relevant that UKeU offered a weightless product that was sold by “weighty” techniques – Bacsich (2005) reports on the panoply of business managers and international partners that were set up. By the latter part of 2003 in UKeU this issue was being addressed, by the use of a so-called “interactive channel”, but probably too late.

There are good arguments, including political and regulatory, for in-country presence, and the problem is actually worse for blended solutions (a fact which advocates of blended solutions often ignore); the implications are that in-country presence must be carefully managed, with a bias towards the largest-population and most “fruitful” countries. Bacsich (2005) notes “the natural choices of Hong Kong, Malaysia and Singapore”, contrasting them with “the more opportunistic choices of Malta, Mauritius and Sudan, based on local contacts and serendipity” and some other implausible countries.

Differentiators

UKeU learned the hard way that a value proposition based on specific platform features was problematic – in particular, if the features could not be delivered and the platform had to be substituted then the value proposition credibility was nil. There is no evidence from years of evaluation literature that students (in contrast to the academics that teach them) value specific platform features for their own sake. Analysis in UKeU of competitor providers to UKeU revealed the fact (well-known to experts outside UKeU) that a number of leading players in distance e-learning (private and public, including the Open University) deploy somewhat minimal systems or one of the commercial mainstream platforms, without apparent detriment to their business.

Similar considerations apply to quality. Unless a provider can turn quality criteria into a benchmark and get it taken up by the press as a way of influencing student choice (as for example the university rankings in the UK) it is foolish to start a reputation battle in this area. More likely, lack of quality (e.g. lack of reliability) will get taken up. Thompson (2004) pointed out that one of his (only four) critical success factors was “quality and user-friendliness of the student support arrangements”, which neatly relates back to the last point.

It is not a 56 kpbs world

It is a complex technical task to architect a system to give adequate performance at low data rates; a task which UKeU failed to achieve. The standard web paradigms do not give one much help, in that they are profligate with their use of HTML and associated code.

It is conventionally assumed in advanced countries that (until the advent of broadband, which was much less prevalent in the era in which UKeU started) most countries wealthy enough to be considered targets for e-learning could support 56 kbps access from home. The mistake the technocrats made was that they confused the availability of 56 kbps *modems* in a country with the availability of a 56 kbps internet *service*. There are a few institutions including NextEd, London External and the Open University who have taken this issue seriously and carefully crafted systems, but most have not – even for developers in the third world.

An e-University must be a university and a company

This is really a special case of the general critical success factor of homogeneity or managed diversity. Maintaining this balance is essential but tricky, and is an area where UKeU did not manage it well. There is a fair amount of anecdotal evidence to back up this assertion, summarised in Bacsich (2005). There is also one systematic study from Conole et al (2005) which reports on the alienation that the Learning Technology team felt from other, more business-focussed parts of UKeU. The author was not a member of this team, though in close contact with them, and has no reason to disagree with the perceptions of the team, but the cause, and what if anything to do about it, are more complex issues – in particular, some other parts of UKeU regarded the team as the *source* of many of the problems, not the *victims* of them.

Some specific aspects where the author feels that UKeU got the balance wrong are the following:

- UKeU was split almost completely into those few departments which hired university staff and those which did not; there was very little mixing, except (to its credit) in Learning Technology (who hired a number of university staff including researchers and educational technologists). In particular, Learning Programmes had very few university staff, even though it was the department most in touch with universities – this most probably contributed (but was not the only reason for) to the feeling of lack of trust between universities and UKeU. Sales and Marketing had no university staff at all – and in the author's view this led to a lack of understanding of the subtle ways in which universities, especially postgraduate schools, "sell" courses (without always seeming to sell in a crass way) and admit students to courses in way which can defy codification.

- The pension scheme for UKeU was summarised by Bacsich (2005) as "good as a corporate scheme, [but] it could not (by 2002) compare with the final-salary schemes (USS and TPS) used for UK HEI staff in academic and many operational departments." In addition, there were no transfer arrangements to and from university schemes. This made it virtually impossible to hire middle-level people from universities, thus those that came were either junior or towards the end of their careers.

- At a senior level, although the CEO had had university experience it had been followed by a substantial time in senior roles in the corporate sector, from which it seemed to many that he took his “tone”; and only one of the internal Board Directors had had recent university senior-level experience. The overall tone of the organisation was non-university, often defiantly so and yet at the same time rather unknowing of how universities work. This contributed to the trust issues referred to earlier.

Good management and staff are essential

Too few staff came from universities (see the remarks above about pension schemes) and a number of recruitment compromises took place involving secondments and consultancies, which caused their own strains and jealousies.

More worrying, too few were appointed with knowledge of e-learning. This was true at a senior level – the Select Committee notes that: “UKeU did not have anyone with e-learning expertise in a senior management position…the Chief Executive, had experience of e-business but not e-learning.” It was also true at middle management level and at lower levels (with the notable exception of Learning Technology). In particular, the Senior Management Team was the main sounding board for the CEO and rehearsal point for issues going to the Board; but there were essentially only two people (out of around ten) on that Team with non-trivial knowledge of e-learning – which led to many discussions starting from first principles.

Bacsich (2005) reports on other recruitment issues.

Partner universities are cautious and needy/greedy

Dealing with universities was time-consuming. This is one of the perennial problems that consortia have, and in this sense UKeU was a consortium (with the UKeU company at the nucleus). In the author’s view the situation was made worse by the fact that there were too few UKeU staff knowledgeable about and acceptable at a senior level in universities (and worse, not all the acceptable ones were used in that role), and by the fact that in the early days of UKeU an expectation had been set that UKeU was a “cash rich” organisation from which large sums could be extracted with ease for flimsy business plans. After a few tedious months of negotiations of business plans and contracts, universities were usually cured of this feeling, and later contracts were much more tightly drawn, but this in turn seemed to lead to a feeling of grievance (see the trust issue earlier).

It is not really an “English-speaking world”

This is a factor for those e-universities (in UK or the Commonwealth, or increasingly elsewhere) who wish to teach across the world in English.

Despite the benefits of English as noted in British Council (2005) and the predictions since the time of Graddol (1997), most UK university admissions staff know only too well that there are not nearly so many students who are (a) competent enough in English to benefit from an English-language degree course and (b) wealthy enough to come to the UK to study. UKeU suffers from a third problem: to set the scene for this we recall the rather "flip" point-scoring of the Select Committee when the topic moved to Brazil.

> Q307 Mr Chaytor: Coming back to the marketing and the programme that was offered, when did you learn that the Brazilians spoke Portuguese?

In fact, as the UKeU staff noted in their answer to Q265: "Except for a specialist technology course or an MBA you would have to have the courses in Portuguese" – and then went on to remind the Select Committee of the Quality Assurance precepts that would be broken by teaching in Portuguese. As an earlier internal report UKeU (2002) noted: "Localisation will be key, but English language is seen as more and more important (note: Portuguese translations would ensure much bigger market in the short-term – probably essential for all but business and management programmes.)" It went on to analyse the cultural issues for Brazilians as to selecting US or UK propositions for e-learning.

I am indebted to my colleagues at the School of the Future at the University of Sao Paulo in Brazil for help with the following analysis. In a country like Brazil a "foreign" e-university has to target a particular "high-middle" stratum in society who are (a) competent enough in English to benefit from an English-language degree course and (b*) wealthy enough to be able to pay for higher education (so typically likely to go to a private university in the absence of an e-university) yet not (b) wealthy or high-status enough that if so minded they would normally study abroad. In some countries that target stratum is quite large, in others (and they felt it was the case in Brazil) that stratum is quite small – its size is determined by local, not global or out-of-country, factors.

5.2 Mainly for public-sector organisations

There are four further issues that mainly bedevil public-sector organisations:

1. There still must be a "business model" even if not commercial; funds do not just appear.

2. Open source is part of an answer – but no one is yet "betting the farm" on it.

3. Interoperability is getting closer but not there yet.

The issues here are enormous ones and really deserve their own paper, but in the interests of completeness and given the topical nature of the issues, some brief details are given below.

There still must be a "business model" even if not commercial; funds do not just appear

There is still a tendency among some public sector organisations, especially international ones, to assume that general considerations such as saving the planet or helping the deserving are sufficient justification for funding and that no further details are required. However, any observer of the tortuous process of second-wave funding for institutions – the African Virtual University comes to mind – would see that international funding agencies no longer work this way, even if they ever did. Partners in consortia are also very concerned with the speed of transfer of funds from the headquarters to themselves – indeed, specific clauses to ensure rapid transfer of payments are routinely inserted into contracts for EU consortia. This can give the headquarters organisation some issues with financial management.

Open source is part of an answer – but no one is yet "betting the farm" on it

There is currently great interest in the use of open source solutions for e-learning. In the past, many of the agencies and experts promoting this are rather far from the sharp end of large-scale operational services. However, this is changing – the recent decision by Athabasca University to "bet the farm" on Moodle may bring Open Source out of the "small is beautiful" closet if it comes off. Athabasca's progress in this area will be closely watched by vendors and other big distance learning players. At a more modest but still operational level, Oxford's University Department for Continuing Education is using Moodle for its new Online Advanced Diploma in Computing, delivered by e-learning to many students in the UK and beyond. Straws in the wind, perhaps, but the straws are growing in number.

However, there is still much work to be done to ensure that open source solutions are treated "fairly", in particular within procurements. This requires detailed (and rather dull) administrative work on adjusting procedures, rather than rhetoric or public relations. Governments in some countries are changing the climate with useful position papers, but procurements have their own logic and procedures, several enshrined in legislation. There is, alas, it seems, little interest in the open source community in getting engaged in that kind of detailed work. In a number of presentations and papers (e.g. Bacsich, 2004) the author has proposed a "new generation" procurement methodology, with the following features:

- "Procurement as a 'conversation' between customer and supplier business models, which iterates towards 'best value' as feature inclusion/exclusion is negotiated using cost and time-scale factors.
- Procurement based on generalised features rather than on (in some cases) over 100 specific features of the functionality or user interface."

However, as yet the open source community has not seen the advantage of this for open source procurements.

Interoperability is getting closer but not there yet

After the heady days of a few years ago when the IMS-driven approach to standards for e-learning began to dominate, and the quixotic (in the author's view) European opposition to this began to die away, it has been realised that ensuring full interoperability between different e-learning systems remains an elusive goal, and that many of the supposed minor details of implementation differences take much time to resolve. Leveraging on his background both at a senior level in UKeU and as chair of one of the main JISC committees overseeing this area, Slater (2005) put the point well (in paragraph 5):

> In contrast to recent developments in higher education, industry work on national issues has recently slowed dramatically with standards bodies making less headway and software teams downsized. This perhaps results from a failure to raise as much revenue as anticipated: industry is waiting for more uptake before investing further.

The UKeU platform was rigorously compliant to IMS specifications (perhaps too much so, some argued) and yet there were still issues of interpretation. New developments such as JISC's e-Learning Framework, now broadened to the UK-Australian e-Framework, promise much; EF (2005) claims that: "The primary goal of the initiative is to produce an evolving and sustainable, open standards based service oriented technical framework to support the education and research communities.". However, implementors will for some time still remain cautious and minimise the variety of subsystems they use, based on bitter experience and broken promises from vendors.

6. Some other factors specific to UKeU

In addition to the critical success factors that are likely to have general applicability, there were additional ones that impacted on UKeU. (Some non-critical success factors are discussed in the section after this.)

Skills needed by the CEO and Board members

The Select Committee has pointed out the lack of e-learning knowledge of the Chairman and CEO, and earlier in this article the general paucity of e-learning skills was pointed out. It does seem to be more than special pleading from the e-learning lobby that "there's something about e-learning that is different" – those that do not understand e-learning (and we all start off in that situation) cannot get to understand it fast enough when placed in a command position in a fast-moving organisation or project.

One rationalisation of this lack of expertise was that such expertise would be provided by (a) subordinates with skills in e-learning and (b) checks and balances would come from Non-Executive Directors with skills in e-learning. Regarding (a), the impression of many more junior (and some senior) staff was that their knowledge of e-learning was not valued by top management; some even had exit interviews with top managers when they left, but with no perceptible effect. Regarding (b), several of the Non-Executive Directors had distinguished careers with involvement in e-learning. There was also a supervisory company, e Learning Holding Company (HoldCo), with several Directors from institutions with knowledge of e-learning, together with an arms-length Committee for Academic Quality which oversaw the "e-learning quality" aspects of UKeU. History indicates that neither made any expression of concern which reached ministries or the wider public.

The Select Committee made an intriguing comment (paragraph 85):

> The holding company was the body through which HEFCE was able to invest public money in the e-University venture without having any direct relationship with the operating company. HEFCE granted HoldCo funds to invest in the operating company. In light of this, HEFCE expected HoldCo to have a role in ensuring value for money in terms of public investment in UKeU. Sir Brian Fender, former Chairman of HoldCo told us:
>
> 'The Funding Council expected the holding company to be aware of value for money when passing money from the Funding Council through to the operating company, and I think that is a role we accepted, but we have to do it in a rather limited way, as you can imagine, because this is a voluntary or an unpaid Board with a part-time and modestly paid, I might say, Chief Executive, and there is a limit to how we could investigate the value for money of the operating company.'

As in the curious case of the dog that did not bark in the night, it was not explained why the Board of HoldCo was "voluntary and unpaid" (there was no need for this) and why indeed the CEO was "part-time and modestly paid". It could have been different – certainly the Board of UKeU was remunerated, including the Non-Executive Directors – as were the members of the Committee for Academic Quality.

An authoritative analysis of this aspect cannot be published until the Board minutes of the Board of UKeU and of the Board of the supervising company to UKeU are released for analysis and quotation. However, some pointers are given below from material that is available for quotation.

The Select Committee did make one recommendation which could be interpreted as a view of an alternative mode for HoldCo. In paragraph 99 it suggested:

> A group of advisors to HEFCE including members of PwC who produced the original business plan, and experts from The Open University and British Council, for example, could have been put together to keep UKeU in much closer account in terms of the decisions they made. This would have enabled much closer accountability from the start of the project.

There are a number of reasons why it would have been more complicated to bring this about as described, including the fact that the Open University was a business rival to UKeU, that the British Council was undergoing a comprehensive review with key staff leaving or planning to leave, that the PwC team had been largely disbanded (PwC Consulting had been taken over by IBM) with its lead consultant retired and actually consulting for UKeU, that two of the specialist consultants to PwC had joined UKeU, that complications had ensued preventing the hiring of another, and that some others were not available or not wanted or not interested. But something of the sort could have been put together within the HoldCo structure.

Some indication of the challenges facing the Committee for Academic Quality – which had to monitor UKeU even though it was serviced by UKeU and its members paid by UKeU – can be obtained from a perusal of Unwin et al (2005) – see especially the footnotes by Bacsich and the commentary by Williams.

Keeping funders and stakeholders "on side"

The Select Committee makes it clear that there were regular official meetings between UKeU and HEFCE, and between UKeU and DfES. For example, it is noted that "the Minister was regularly briefed on the progress of UKeU by HEFCE" and that "the Chairman and Chief Executive [of UKeU] also met the Minister every six months".

However, it is naive to assume that this would be sufficient. To begin with, six months is a long time in the history of a start-up. Secondly, it flies in the face of the evidence of the actual way DfES and the other UK education agencies actually keep in touch with large projects – a network of informal contacts takes place, often at apparently unrelated meetings and often via quite junior civil servants, who will then alert their superiors if they feel there is an issue of note.

It also has to be said that there was a strong culture of "keeping it in the family" at UKeU. The contracts that staff signed, and the conditions on "commercial in confidence" were no different from the usual corporate contracts. Training on press and public relations was given to senior staff, but it did not seem any different to that given elsewhere (in fact, a well-known industry trainer was used). However, the culture was very different and the level of loyalty of staff was very high (typical of a start-up, as mentioned earlier). Even so, it is hard to believe how few leaks there were, given the watchful eyes of the press, increasingly negative as time went on. It did help that the press and public relations side of things was handled in a very professional manner, and it is hoped to publish the manual at some stage.

In the end, however, the secrecy became counter-productive. The lack of information, the depressing nature of what figures and information was produced (with no context), coupled with an increasing flow of negative information coming from universities about the shortcomings of the platform and other aspects of UKeU, finally broke through the complacency at DfES and HEFCE. In the author's view, it would have been far better for UKeU to "take it on the chin" much earlier, explaining that there were problems and aim for a "thought leadership" approach to explain that good things take time, maybe even a longer time than was in the business plan. But UKeU was under the cosh of a specific (and under-researched) business plan, government delusions about private-sector funding, and a "partnership" with an IT supplier which was not a partnership at all (as the Select Committee notes). Perhaps readers will have more sympathy for a CEO in such circumstances.

Engendering trust with university suppliers

UKeU had a thorough approach to contracts. Each partnership with a university supplier was enshrined in a contract. These were extremely thorough, as substantiated in UKeU (2005). However, this process did not seem to generate trust between UKeU and the institutions – indeed, as argued in Kelly (2004) it may have been so thorough because it had to compensate for the *lack of trust* caused by the considerable difference in organisation and business approach between a university and UKeU. There were also regular complaints from universities that UKeU was not telling them the whole truth about platform problems and a series of misunderstandings about marketing and admissions. The lack of trust meant that universities were extremely reluctant to start any work at all on a UKeU contract, even preparatory work, until the contract with UKeU was fully agreed and signed – a process which could take months. In UK academia this is not the approach in other types of contracts – in particular taking such an approach in many JISC or EU contracts would leave to almost inevitable project over-run or even failure.

The author's view is that the trust issue should have been reduced in seriousness by (a) first ensuring that the universities-facing part of UKeU looked like an organisation with which universities were familiar (even if rather more businesslike) and (b) deploying staff in the negotiations who looked like or indeed had been people that university staff deal with in their own universities. As noted earlier, UKeU hired very few university staff, and none at all from administrative, finance or marketing areas of universities.

Some evidence that this process would have been beneficial comes from the reconstructed approach to purchasing of IT systems put in place when initial purchases of IT subsystems led to prices typical of those which large corporates would pay, not struggling university-type start-ups. The author was brought in to manage some key subsystem purchases of components of the UKeU platform. The procurement process was reconstructed to be in line with university-sector best practice (as used also by JISC), with use of advisory committees of academic experts, price comparisons with other academic organisations, careful indirect analysis of suppliers, contact with other universities, etc – in other words, the usual panoply of tactics that a university IT department (but not a corporate one) is familiar with. Prices dropped by about a factor of up to 10 by use of this process.

Ensuring that systems development does not dominate the management agenda

As UKeU staggered towards closedown, a furious debate erupted in the press and among outside experts as to what the platform development had cost – and whether its high cost was the prime cause of UKeU's collapse. Due in part to UKeU's lack of provision of information (even if for good competitive reasons), it took some time before figures were generated that gained general acceptance. Even the PA Business Review had added to the confusion by conflating expenditure on platform software development with expenditure on the underlying hardware. The Select Committee notes in Table 1 of its report that out of a total expenditure of £49.5 million, "technology platform development" came to £14.5 million. This does not differentiate between hardware and software – but internal UKeU figures as comments to the PA Business Review indicate that some £10.9 million was spent on software development. As various observers have pointed out, with somewhat less than 1000 students, this equates to around £10,000 per student. In the early days of Open University e-learning, the OU expected to buy in its systems at a cost of a few pounds per student per year, not a few thousand pounds. The £10.9 million was one of the largest items in the budget, as much as the expenditure on learning programmes development. It was a lead weight dragging the budget down.

But the worst effect was more insidious: this was the large fraction of management time (including top management time) spent on the UKeU platform – at a time when there were many other calls on their time, especially marketing and sectoral liaison.

The Senior Management Team (of Directors and Heads of Department) met every fortnight on Monday mornings – perusal of the SMT notes and observation of the meetings confirms that issues to do with the platform (usually bad news) were often a major issue. In addition, there were frequent and often unscheduled meetings between the CEO and Chief Architect on the platform, occasional intervention of the Chairman, disruption to relationships with universities, morale problems, overload and resignations among key staff, and in the later months, a number of reorganisations, the appointment of a Platform Project Manager (later extended to Business Service Delivery generally) and a labour-intensive structure of PRINCE2 and supplier meetings. Bacsich (2005) documents some of the main changes in this era. Far less of this would have happened if a commercial platform would have been bought in. Even for 100,000 students (the high figures in the initial unresearched business plan) it would have been far cheaper to buy (or lease?) rather than build even in terms of headline costs – and of course with such high student numbers further purchase or development could have been financed out of income.

Continuity of staff

Finally, there is a so far neglected issue of how the personnel in UKeU kept changing. This might not of itself have been a problem, but the know-how did not get maintained. The main transition points were as follows (for more details on Chronology see Bacsich (2004c)):

1. In 2000, an initial PwC team created the business model. The lead consultant had in fact just retired from PwC but was brought back to head up the team. Via a range of routes, a team of specialist consultants was recruited (often via universities) to carry out technical and pedagogic studies. A separate group carried out marketing studies.

2. In late 2000 and early 2001, a second stage of technical work was done by a slightly different set of specialist consultants, this time recruited via PwC. Many of them assumed that they would transition into some longer-term role with the nascent UKeU, but instead an Interim Management Team was set up with a commercial (but not academic) Managing Director, a part-time Finance Director and a Technology Director who had not been involved at all with any of the previous studies. The marketing team was not retained, the lead PwC consultant went back to retirement and the specialist consultants went on to different work, in some cases (like the author's) quite different work.

3. In later 2001, some of the former specialist consultants and one or two new ones began to reform as a Committee on Pedagogy, as the joint venture with Sun began to take place; but in a very minimalist way.

4. In November 2001 the substantive Chairman of UKeU was appointed and in February 2002 the substantive CEO was appointed. Shortly after that the Interim Managing Director left. There is no material prior to March 2002 in the UKeU archives: that, plus information supplied to the author (see earlier in this paper), makes it clear that there was a knowledge transfer issue across that boundary.

5. In May 2002 one of the newer specialist consultants was appointed as Chief Architect and two Directors of Marketing started shortly afterward. In September 2002 the last of the Interim Management Team left.

6. A few of the former specialist consultants, plus some more new ones, were contracted by Sun to advise UKeU. Several of these (including the author) later joined UKeU in 2003 on one basis or another. Whatever their original motivations, they rapidly formed the view that it was by now too late to influence the organisation. Many of those hired or seconded by UKeU from universities had left by the end of 2003. Bacsich (2005) observed that: "they were talented, and missed. In fact, all in all the intellectual gap became very evident, at just the time when conventional wisdom indicates that innovative 'out of the box' solutions are usually required to save companies in similar situations."

7. The e-Learning Research Centre, seen in early 2002 as a key vehicle for advising UKeU, was originally supposed to be set up in summer 2002; in fact it was October 2003 before it was functional and early 2004 before it had any full-time staff – in other words, far too late to be useful to UKeU. This delay is one of the few that cannot be blamed on the UKeU platform or the staff associated with it – it is best described as having got lost in a "procurement maze".

The major issues arising out of this chronology is thus the loss of IPR caused by UKeU staff changes both at senior level within the organisation and among specialist, business and marketing consultants who were in the real sense holding the key IPR. Unlike the one-off systematic procurement for the joint venture technical partner (which of course generated its own problems), procurement of business, marketing and specialist advice was *ad hoc*, had little continuity and left many gaps (such as the lack till late in the day of any analysis of Phoenix or the Interactive University). Some, perhaps on the Select Committee, might argue that the failure to buy Scottish Knowledge and partner with the Open University were much more serious errors than they seemed at the time. The author did not and does not feel so, but his views might be felt to have been coloured by the intellectual benefit of working on the Scottish Knowledge due diligence and the personal benefit of his then picking up substantial business, first via his then university and then as a consultant and employee, from the UKeU's failure to partner with the OU.

There is a dilemma which affects many issues to do with UKeU: the only people who can be objective are those who do not know enough to make the judgement at all.

7. Emerging factors

Finally, as a change from the deep internals of UKeU, this paper raises some factors which are not (yet) critical success factors (either generally or in the specific case of UKeU) yet are beginning to cause problems.

Ethical considerations are starting to inhibit research/evaluation and it is getting worse

Traditionally, the UK had a relaxed view of research ethics compared some several other countries, Canada in particular. This is clearly demonstrated by the early Open University work on evaluating the modern paradigm of windows-based computer conferencing in the early 1990s, under the JANUS and related projects, which led to syntheses such as Mason and Bacsich (1998). In the author's view, the speed with which evaluations took place and the rapidity that results could be fed back into systems deployment and development undoubtedly contributed to the explosive take-up of FirstClass in the Open University in that period. However, under the impact of UK legislation (Data Protection, etc) and the globalisation of the research culture, things are now more restrictive even in the UK. As a relevant example, the successful bid for the creation of the UK e-Learning Research Centre had a substantial section on research ethics and a requirement for this was written into the published advertisement for the Research Centre Evaluator – which noted (see ALT, 2003) that the post required "Liaison with members of the Research Centre at UKeU and the two partner HEIs, respecting company confidentiality ('the firewall'), partner sensitivities, and research ethics of the HE sector and its lead organisations including HEFCE and JISC." The reference company and HEI confidentiality show some of the other issues that tend to bite when consortium-driven evaluations are in play – this has also been the case in the US including with commercial vendors such as eCollege.

Staff development: an endless and thankless task – where do all the trained staff go?

Both in the college sector and in the university sector, project managers in the UK have bemoaned the apparent lack of skilled e-learning staff, despite the alleged downturn in the market and the years of staff development that has gone on at a national level and in universities. Bacsich (2005) contrasts the unfavourable recruitment situation for UKeU in the 2000s with the favourable recruitment situation for UKOU (the Open University) in the early 1970s. It seems clear that the only long-term solution is to reduce the training and support burden by making the tools easier to use and more similar to those which staff use anyway – perhaps one of the earliest large-scale examples of this in e-learning was the use at the Open University in the early 1990s of the FirstClass system both for email (which staff used for many purposes) and for computer conferencing (which was mostly, but not only, used for teaching). Maybe it is time to remind the new e-learning generation of the seminal concept of "worldware" propagated by Ehrmann in many of his reports in the mid 1990s. This is described (Ehrmann, 1996, based on joint work with Morris et al) as "hardware or software that is developed, marketed and used mainly in the workplace (e.g., research tools and resources, communications media, productivity tools)" yet can be used for education.

Multi-standard services (PC/Mac/Unix) are getting harder to implement and support

A number of observers have pointed out that it is very hard to provide a consistent look and feel across the three main technical platforms of Windows, Macintosh and

Unix (Linux, etc) environments. This is true especially with the richness of modern user interfaces, but is even true within the somewhat more impoverished paradigms of the web-based world; and the problem is getting harder, not easier. It has been usual to ignore the existence of Unix in terms of systems to deliver e-learning to end-users at home; although the spread of open source (and Linux in particular) may change this perception. It is much less well known, except to those luckless souls charged with the task, that even the Windows and Macintosh platforms give rise to issues of implementation and support. This gave rise to some problems with Mac services on the UKeU platform, and help desk support for them. The pragmatic approach was to provide full support only for the Windows platform, and a "best efforts" service for the small minority of users on Macintosh; except for those constituencies of e-learners where the Macintosh is still prevalent – design, publishing, etc. (The author was a Macintosh devotee for many years since the mid 1980s, and it pains him to make such a recommendation, but the world is not always as we would wish.)

Lack of clear paradigm for "mid-band" (512 kbps-ish) is inhibiting service development

Now that many end-users in many countries have broadband, it might seem that it was easy to define a new generation of service offering for e-learning that transcended the former paradigm of text and simple diagrams (suitable for 56 kbps) that much online material used to conform too. However, broadband is a broad church – some countries (of which Canada was one) like to believe that the threshold to broadband is at 128 kbps (setting it this low provides a beneficial lift to a country in the league tables of broadband penetration); others prefer to adopt the purist definition that the threshold is around 1.5 Mbps; the third way (as in the UK) is to talk vaguely about broadband including services in the sub-Megabit range from around 512 kpbs. As with lower-speed services, the real issue is not what the "last few yards" broadband connection can sustain (which may be up to 8 Mbps or more) but what the end-to-end connection from the server through intermediate networks can generate and transmit (which is usually a lot less). In the last couple of years since UKeU ceased active operations, the growth of broadband of some sort around the world has been immense – thus generating an interesting potential market of e-learning consumers on broadband. But there is almost no thinking of what the service offerings should be.

Since at these speeds broadcast quality video is not viable (whatever over-excited articles one reads in the press) – even if it was pedagogically useful – some serious systems and interface thinking needs to be done.

No such thinking went on at UKeU. (To reiterate, this was not a critical success factor, but it was symptomatic of the impoverished research culture of the operation – neither doing research nor even much in contact with it.) Given the tiny number of students (under 1000) that UKeU had across the world, it might have been that restricting the service only to broadband customers would not have made any difference – and it would have generated far fewer problems of interface and support. (Anecdotal information coming back from university partners was that many students did indeed have broadband, either from home or via university or company networks – in the Open University course in particular many students were in fact academic staff at tertiary institutions.)

8. Preserving the know-how

It is fortunate that there is an archive of UKeU material to draw on, both paper documents and an electronic archive. The paper archive consists of 166 boxes of material in long-term secure but inaccessible storage – a subset of 32 boxes have been moved to a secure but accessible location and analysed at a general level by the author.

The electronic archive consists of over 13 GB of material organised in nearly 90,000 files in over 11,000 folders – there are supplementary archives of a further 5 GB. The electronic archive has been available so far to only a small number of authorised people associated with the analysis of the material.

In view of the likely interest of the UKeU archives a wider set of researchers, and in line with HEFCE wishes, it is hoped to produce subsets of both the paper and the electronic archives that will be made available to authorised researchers. However, there are issues of data protection, IPR and commercial confidentiality (since UKeU is still undergoing a liquidation process, with various legal ramifications) to be resolved before this can take place, and a further issue of appropriate accommodation for the paper archives including facilities for visiting researchers. A scoping paper has been produced and discussions are under way, but no timescale can be given.

Preservation of the tacit knowledge is not so easy. Some work has been done with interviewing staff, as recorded in Conole et al (2005). Bacsich (2005) observed:

> Such tacit knowledge, located with people now spread far and wide, decays fast. It will be a more challenging task to recreate this knowledge, both of the attested failures, and the few (but more than thought of) successes. This knowledge may, in the long term, as e-learning continues its growth, embedding and massification, be the most useful knowledge of all.

9. References

This is the only part of the paper where the text has been adjusted – this is to reflect the new publications that are coming out in 2010 and the changed location of many of the old papers.

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