Sample Insourcing Plan

Evaluating What to Move In-House and When

In interviews with 40+ enablement clients we found that most institutions opt to continue their partnership with online enablement vendors at the end of their contract term. In many cases, this is due to overall satisfaction with the vendors' quality of service and the desire to continue growing online programs. However, some institutions have signed on for another long-term cycle simply because they had not considered other options, like insourcing or using fee-for-service providers, until it was too late. Some institutions that decided to insource were not fully prepared, leading to service failures and even revenue declines. Below, we outline a sample migration path, featuring tips from those few institutions that have successfully pulled most or all of their online support services in-house after having partnered with an online enablement vendor.

Preparing for Independence: Sample Insourcing Plan

Phase 1: Full Turnkey Partnership

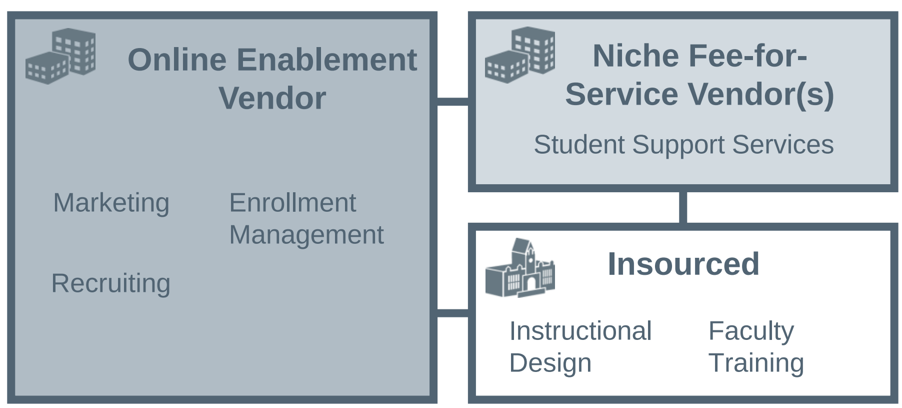
Next Steps:

- **Designate a day-to-day vendor relationship manager to build expertise** in anticipation of future insourcing
- From the start of the partnership, **begin diverting a portion of surplus tuition funds** from online program(s) into a dedicated account for later investment in internal infrastructure

Phase 2: Service Unbundling

When to Make the Transition:

- **Four or more programs online**, enabling scalable internal shared services and attractiveness to additional niche vendors
- **Sufficient accumulated funds** to finance one-time infrastructure costs (e.g., LMS transition, server purchases) and **sufficient projected tuition revenues** to finance ongoing staff salary lines (e.g., instructional designers)



Next Steps:

Prioritize insourcing functions with these attributes:

- Frequent or in-depth interaction with faculty
- Premium on institutional knowledge and experience
- Examples: Instructional Design, Faculty Training

Avoid insourcing functions with these attributes:

- Significant advantages to scale
- Advanced analytics and software platforms
- Necessary to rapidly increase (or decrease) staff based on shifts in market and employer demand
- Examples: Marketing, Recruiting

Sample Insourcing Plan (continued)

Evaluating What to Move In-House and When

Phase 3: Full Insourcing

When to Make the Transition:

- Ten or more online programs, with plans for more
- Significant accumulated cash reserves (typically $5 to $10M) for one-time capital costs (e.g., marketing call center) and ongoing costs (e.g., CRM platform, staff)

Insourced

Instructional Design	Recruiting
Faculty Training	Enrollment Management
Marketing	Student Support Services

Next Steps:

- In order to build the necessary in-house expertise, direct the institution's vendor point-person to **begin hiring a "shadow staff"** of marketers and recruiters, financial aid counselors, online student success specialists, etc., accepting the need to finance the temporary overlap in service.
    - To avoid confusion, clearly delineate vendor vs. internal tasks. For example, some institutions have directed their new internal marketing team to lead one or two advertising campaigns while the vendor continues to run other functions.
- **Set clear deadlines for transfers** of academic content, website control, recruiting data, etc., typically a month or more before the formal end of the partnership to allow time to rectify any unexpected issues.

What They Wish They Had Known: Top Advice from "Insourcers"

- **Lay the groundwork early** for eventually pulling services in-house. Waiting until the vendor contract expires leaves insufficient time to prepare for the transition.
- **Invest into the transition.** Be ready to fund internal services that overlap with vendor-provided services, possibly for years, to build sufficient in-house expertise.
- **If possible, ensure marketing, recruiting, and enrollment management are all managed by the same entity**. Contacts reported major difficulties in tracking leads and providing a streamlined student experience when these functions are split between the institution and vendor(s).
- **Budget separately for one-time capital investments and ongoing costs**. Pulling out of a vendor partnership means assuming new financial risks. Ensure that programs are financially sustainable by building up tuition cash reserves early in the vendor partnership to fund one-time investments, but only finance ongoing costs like staff and maintenance with ongoing tuition revenues.