

Megatrends in e-Learning Provision

Initiatives that failed to reach targeted goals

The United Kingdom e-University

Introduction

'We learn by our mistakes' is an old adage in the English language.

Unfortunately, there is little learning from mistakes in education. There is little scientific research on educational mistakes. Research in the area of educational mistakes is notoriously difficult. Documentation is hard to access. Key figures disappear or refuse to be interviewed. Access to vital sources is denied. Where government use of taxpayers' money is involved the secrecy is even more pronounced.

Happily, the closure of the United Kingdom e-University (UKeU) is well documented. These sources will be used in this analysis:

- Bacshish, P. (2005) Lessons to be learned from the failure of the UK e-University. Open and Distance Learning Association of Australia conference, Adelaide. Available at <http://www.unisa.edu.au/odlaaconference/PDFs/32%20odlaa2005%20-%20bacshich.pdf>
- Garrett, R. (2004) The real story behind the failure of the UK e-University. *Educause Quarterly*, 27, 4. Available at <http://www.educause.edu/apps/eq/eqm04/eqm0440.asp?bhcp=1>
- Higher Education Funding Council for England (HEFEC) (2004) *Business model for the e-University*. London: Higher Education Funding Council for England. Available at www.hefce.ac.uk/pubs/hefce/2000/00_44.htm
- United Kingdom Government, Select Committee for Education and Skills (2005) *United Kingdom e-University*. London: House of Commons. Available at <http://www.publications.parliament.uk/pa/cm200405/cmselect/cmeduski/205/20502.htm>.

Bacshish writes as a former staff member of the UKeU. He also writes as a university academic who has carried out both research and publication on the successes and failures of eLearning at university level. His viewpoint throughout is the lessons that can be learned from the failure of the UKeU by the field of university level eLearning. He comments: 'there are few exemplars

for evaluation of a failed e-university – normally the company files are dissipated or locked up indefinitely in an archive, and former staff will not comment on record’

Garrett writes as Deputy Director of the Observatory on Borderless Higher Education in London, England. His is a well balanced presentation of the causes of the failure of the UKeU which are clearly laid out in his article:

In February 2000, with much fanfare, the British government announced funding of £62 million (\$113 million) for a national, commercial e-university called United Kingdom e-University (UKeU). The initiative was touted as an innovative response to the perceived opportunities and threats of online higher education—in the form of U.S. institutions such as the University of Phoenix Online and the University of Maryland University College, not to mention the many—at the time—dot-com start-ups such as NYU Online and Cardean University.

Despite considerable resources and a lengthy development period given to UKeU, the government announced in February 2004 that the project had failed to meet recruiting targets, and it quickly became clear that the initiative would not survive. Recruitment and marketing have ceased, and negotiations are under way to transfer certain activities and assets to the U.K. higher education sector.

In the wake of the announcement, much press coverage has accused the venture of wasting public funds and pursuing an unrealistic business model. Such criticism raises important questions: To what extent was UKeU fundamentally misconceived? Or was it simply saddled with impossible expectations?

The *Business model for the eUniversity* is published in the name of the United Kingdom Government’s Higher Education Funding Council for England (HEFCE). It is available today, unpassworded, on the World Wide Web.

This is a weak, surprisingly bland, document. It abounds in generalised statements, put forward without proof, like:

Recent reports have put the size of the global market for e-learning at several billion dollars, in part due to general economic growth in countries experiencing rapid development and modernisation, and in part due to changes in demographic patterns. But perhaps most significantly, it is due to the ever growing individual and corporate interest in continuous professional development (CPD) and in lifelong learning, the requirements for which are now quite different from those of a decade or so ago. (paragraph 4).

The main aim given for the concept of the e-U is to provide the opportunity for the flagship provision of UK higher education excellence using digital channels, primarily abroad but also at home. The result should be an expansion of the UK’s overall share of the global overseas markets for higher education; an expansion which builds on, rather than substitutes for, current UK provision as far as possible. (paragraph 15).

As the e-U concept is not an electronic version of a conventional university, the committee for academic quality would need to develop a quality assurance process for the learning modules based on a new paradigm. We would expect the main approach to be to quality assure the process used by suppliers themselves when developing the modules – for which the committee might

define a quality management process. For example, the committee might require evidence of active contributions from subject, pedagogical and learning technology specialists. (paragraph 65).

The document is quite lacking in statistical precision. Vague references, seemingly not based on scientific research, are given about the University of Phoenix and Western Governors Union in paragraph 94. There is nothing that resembles the hard-nosed statistical analysis of Schulmeister's (2006) study of eLearning in the United States:

82% of enrollments are for online courses at undergraduate level and only 18% for courses at graduate level, whereby the 2-year public colleges carry the main burden of the undergraduate courses:

	Undergraduate	Graduate
public 2-year	1.435.000	-
public 4-year	566.000	322.000
private 4-year	278.000	202.000

Table 1 - Courses taken according college type; NCES 2004

The differentiation between courses for undergraduates and courses for graduates still does not suffice to tell us what this distribution signifies. Therefore another argument has to be presented.

It can be determined that most of these online courses are offered by 2-year colleges or community colleges where a course generally lasts two years and not by institutions that offer 4-year bachelor courses. This suggests that the bulk of the courses offered for undergraduates are mainly courses for Associate Degrees which is in fact the task of these colleges namely to award Associate Degrees and to act as a bridge to bachelor programs:

	Number of Enrollments	Number of Institutions	Level of Participation
public 2-year	1.472.000	1.070	90%
public 4-year	945.000	620	89%
private 4-year [4]	589.000	1.800	40%

Table 2 - Institutes with online enrollments; NCES 2004

Thus, more than half of all online students are attending 2-year colleges where they hope to get an Associate Degree. What importance can be really placed on this information and who makes up the rest of the students is interesting and requires further differentiation. Comparison shows that those studying for an

Associates Degree make up the lions share in online education (50%) whereas those participating in Masters (21%) or PhD programs (16%) represent a smaller share. Bachelor programs, which spring to mind as the best candidates for online courses, represent only a very small share (8%).

Paragraph 52 gives a vague concept of the teaching structure which seems to lack precise pedagogical research into either the pedagogy of distance education or the pedagogy of eLearning.

The document is titled *The Business Model for the eUniversity* but it is surprisingly unbusinesslike. It does not contain precise financial figures or costings. This is a 50 page document presented in 243 paragraphs.

The Select Committee on Education and Skills document is the official United Kingdom government evaluation of the venture and of the spending of the £50m (£75 million) that the government had allocated to the project.

It is presented thus:

In February 2000, the then Secretary of State, David Blunkett, announced the ambitious project to establish the e-University as a single vehicle for the delivery of UK universities' HE programmes over the internet. The Government allocated £62 million to the HEFCE for the project over the period 2001-2004.

UK e-Universities Worldwide Ltd (UKeU) and e-Learning Holding Company Ltd were established in 2001. In September 2003 UKeU launched its first programmes, attracting just 900 students against a target of 5,600. On 25 February 2004, the HEFCE Board decided that in future HEFCE funding should support the development of e-learning in universities and colleges—in effect the HEFCE terminated UKeU. £50 million out of the Government's allocation of £62 million has been spent on the project.

The Committee announced its inquiry into the e-University project on 16 June. Our purpose was to account for the expenditure to date (£50 million), to clarify why the UKeU venture failed, what lessons could be learnt from the failure of the project, and to consider the future for e-learning and e-Universities in the UK.

Historical context

The historical context of the UKeU was that it was first mooted in the year 1999 and was founded in the year 2000 just before the dot.com bubble burst and collapsed and was closed in 2004 at the time of many other collapses of internet technologies. It was launched at the height of the dot.com boom and closed when the dot.com bubble burst.

The UKeU was launched in February 2000 by the UK Secretary of State for Education, Mr David Blunkett, who appointed the United Kingdom Government's Higher Education Funding Council for England (HEFCE) to take charge of the project.

By August 2000 studies on the business model, tools and markets had been completed.

By July 2001, follow-up studies were complete and the operating company UK

eUniversities Worldwide Limited (UKeU for short) had been incorporated with an Interim Management Team.

By March 2002, a chairman and CEO were in place and the Framework Agreement had been signed with Sun Microsystems for development of the e-learning platform.

By March 2003, two courses had been launched with a dozen more following in September 2003. By January 2004, some twenty-five courses were recruiting students.

In September 2003, HEFCE had become unhappy with progress, and commissioned PA Consulting to carry out a Business Review of UKeU. As a result of this review and other consultations, in February 2004 HEFCE announced that they would 'restructure' UKeU.

UKeU was closed in July 2004. Thus, the overall concept of a 'UK e-University' lasted four-and-a-half years, while the operational phase lasted just over two. The UKeU failed to meet its targets, aims, and objectives.

The launch of the first UKeU courses was delayed until September 2003. When launched, they attracted just 900 students against a target of 5,600. Furthermore, despite it being a condition of grant, UKeU failed to attract significant private investment. The following summary of UKeU progress against its targets is taken from the Business Review of the UKeU, conducted from September to December 2003 by PA Consulting:

From initial incorporation in 2001, the e-University didn't move from its initial start-up into its business launch phase until September 2003, when the first tranche of 16 courses were made available on-line and the first wave of 900 students signed up. However, this position was still significantly behind that originally targeted for this stage of the business plan agreed with UKeU in April 2002.

The original business plan forecast rapid growth to 110,000 students within the UKeU's first six years, reaching over 250,000 by Year 10. Revenues were forecast to grow commensurately, breaking even by Year 5 (2006-07) and generating gross profits of more than £110m by Year 10. Even by Year 2 (2003-04), the original plan forecast student enrolments of more than 5,600 (downgraded from 12,600 in the first PwC plan) and revenues of £2.7 million. In practice, the UKeU has underperformed against the results forecast by the original plan in respect of courses available, students enrolled, platform delivery and external investment secured.

A new and substantially revised business plan was approved by the UKeU Board in November 2003, containing updated forecasts for enrolments, product launches and operating costs. The revised plan was based on significantly lower business volumes than the original plan, targeting growth towards 45,000 students and revenues of £40 million by 2009-10. Expected break-even was forecast for 2007-08.

The revised plan was predicated on the availability of a further £30m of capital from HEFCE in addition to the £27m already invested. Unlike the original plan,

the revised business plan contained no provisions for private sector investment within the next six years, although this option was still being explored.

Technical issues

Most of the technical issues centre around the UKeU's decision to develop its own LMS (Learning Management System) or VLE (Virtual Learning Environment) rather than use one of the many on the market. This proved to be hugely costly and extremely lengthy and delayed the operational launch of the project considerably. In the event the UKeU was closed before the LMS was finished so it is unknown how satisfactory the product might be.

All the commentators roundly criticise the UKeU for this.

Bacsich comments:

Like others both before and after, UKeU decided to develop a brand-new learning environment (platform) rather than use one of the existing widely-used commercial products. However, *this strategy completely flew in the face of the recommendations of both the business consultants and the specialist consultants.*

Thompson (2004), in a paper written in late 2001 as a reflection on the business plans of 2000, did not even cite platform specifics as one of the critical success factors for UKeU. Second, the specialist consultants (Bacsich & Davies, 2004) advised: All technical input and much exemplar input suggests that an e-University can start *now*, including with an initial LMS [learning management system].

Whatever the reasons for UKeU ignoring such advice, by summer 2003 inside UKeU the confidence in the brand-new platform was beginning to seep away (outside agencies had already made their negative views clear). In fact, the UKeU CEO had earlier quietly commissioned some competitor research on platforms in order to re-check the earlier assumptions, and by September 2003, UKeU was indeed offering blended learning and courses using both WebCT and Blackboard.

But this came at major cost to brand integrity, as Bacsich (2005) notes: [this] 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.

Garrett adds:

A major problem arose from platform investment. Early on the company decided that existing commercial and other platforms were inadequate and that competitive advantage lay in developing a world-class platform in-house. 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).

Between 2002 and 2004, UKeU spent millions developing a new platform. Following a competitive tender, the company brought in core technology and expertise from Sun Microsystems. Bold claims were made about the emerging system. To quote a UKeU brochure from 2003, "We have created a new eLearning platform and architecture that dramatically exceeds the capabilities of any previous system."

On one level, in-house platform development was sensible. If the UKeU courses could run on a platform widely acknowledged to be superior, it would go some way to reducing the aforementioned brand confusion—there would be a better alignment of the traditional U.K. higher education brand and high-quality online programs. Given that the UKeU platform remains incomplete, it is difficult to assess its full capabilities. It is an open question whether the vision or reality of the UKeU platform is in fact significantly and qualitatively different from the latest version of commercial and open source rivals. Recent years have witnessed significant platform convergence, with vendors focusing as much on third-party interoperability and support services as on core functionality. Key trends have been the integration of the course management function into broader administrative capabilities and attempts to enhance the pedagogic respectability of leading platforms.

Whether or not the UKeU platform is (or would have been) among the best in the world would be very difficult to demonstrate to potential students. There is generally a significant gap between the pedagogic conception of instructional designers and those of the average faculty member, to say nothing of the average student (even at the graduate level). This suggests a tension between the amount of investment in the new platform (said to be around £20/\$35 million) and the rather limited marketing pay-off in terms of student recruitment.

In retrospect, the company might have saved significant funds by using an existing platform, getting programs up and running more quickly, and leaving more funds for marketing. This would also have permitted the venture to grow more slowly (that is, with reduced upfront investment and ready-to-go third-party technology, UKeU could both have recruited faster and had more modest growth targets). Platform innovation might better have come once drawbacks of third-party systems had been demonstrated in practice and healthy recruitment had prompted private investment. Indeed, this approach would have allowed the in-house platform to develop at an appropriate pace, thus avoiding the embarrassment of missed deadlines and media scrutiny.

The House of Commons Select Committee treated this aspect under the heading 'A technology-driven approach' as follows:

Considerable focus and finance was given to the learning platform. £14.5 million—almost one third of all money received by UKeU—was spent on developing a new platform in partnership with Sun Microsystems Ltd. In describing UKeU's key priorities in order to succeed, Sir Anthony Cleaver spoke first of the technology platform and said that 'John Beaumont immediately focused on the platform'. It was clearly their number one priority.

Sun Microsystems Ltd were signed as a strategic partner in October 2001, but the technology development proved more complex than anticipated. Difficulties in developing this new platform caused delays in the launch of UKeU's courses until September 2003 and problems still existed even then. Furthermore, only a small proportion (around 200) of the 900 students were using the UKeU platform—the majority of students chose to work with individual HEIs' own platforms.

It has been suggested that the existing web-based learning platforms could have been used or adapted for use at a fraction of the cost of the new platform. UKeU's decision to develop its own learning environment was not based on any market research or other research findings. The basis for this decision is uncertain, but it was UKeU's opinion that the Government's objectives could not be fully met without developing a new platform. This was linked to the highly ambitious nature of the project. Because of the scale of the project that was envisaged from the start, the idea of gradually developing the scope of an existing platform was not considered.

There are examples of successful platforms that have worked, however, and could have been utilised by UKeU if they had been slightly less ambitious about the scale of the operation. The UKeU were evidently aware of such examples. John Beaumont told this Committee: 'The two examples that are often highlighted in the US are the University of Phoenix and e-College. The University of Phoenix has probably got the largest number of students of a private university. It is increasingly online but across the States, Canada and Puerto Rico there are over 100 campuses so it is a blended approach. The other one which is probably nearer to wholly online higher education is something called e-College which is Nasdaq listed, set up in 1996. Last year their online courses grew by 40%; they have now got about 1.4 million students, of which a good third are wholly online, the rest are hybrid. Those are the two best examples.'

When we asked why these successful platforms could not have been used rather than UKeU developing its own complex platform, John Beaumont replied that this had been examined before he and Sir Anthony joined UKeU. UKeU allowed the development of the technology platform to drive its strategy and the development of programmes. It had a skewed focus on the platform, based on an assumption that once this was right, the original projections of very high student numbers would be easy to realise. Unfortunately this assumption was not based on research evidence, but on an over-confident presumption about the scale of the demand for wholly internet based e-learning.

It is clear that the technical platform was a major issue in the demise of the UKeU. There were other possibilities. Most conventional UK universities had by this time purchased either WebCT or Blackboard and either of these LMSs or VLEs should have been adequate for the project which was not even a university (as it did not offer its own degrees). By this time Dublin City University had already made the decision to become the first university in the world to use the open source LMS Moodle. It is still using it in 2007 and many hundreds of universities throughout the world have followed its example. If it was good enough for Dublin City University it should have been good enough for the UKeU.

In spite of the unanimous criticism of the House of Commons Committee, Garrett and Bacsish, the position is not totally clear. In submissions to the *Megatrends in e-learning project* learndirect, the United Kingdom's and

Europe's leading provider of elearning with 500.000 students a year, states that it developed its own LMS or VLE, that this was a kernel of the success of their system, and that it was the basis for their ability to handle half a million elearning students per year.

Online courses

The House of Commons committee underlines:

The launch of the first UKeU courses was delayed until September 2003. When launched, they attracted just 900 students against a target of 5,600.

5.600 seems a meagre target for a £50 million project.

Bacsish has more detail:

By March 2003, two courses had been launched with a dozen more following in September 2003. By January 2004, some twenty-five courses were recruiting students.

Garrett adds:

The venture was a private company (with around fifty staff), majority owned by the U.K. higher education sector. It did not award its own degrees, instead contracting with U.K. universities to offer theirs. The company focused on infrastructure development, course development support, quality assurance, and marketing. The target audiences were primarily

- (1) international graduate students who wished to study online rather than come to the U.K. and
- (2) the private sector (businesses wanting customized degree-level training for staff, for example).

The first programs were available in early 2003. By early 2004, more than 20 U.K. universities and other organizations were listed on the UKeU Web site offering around 40 programs, but most with a start date of mid to late 2004. The only recruitment figures ever released were 900 students by November 2003 (against a target of 5,600).

There are two major issues here: Garrett's statement that the UKeU did not award its own degrees and the condemnation from all the commentators that it offered e-learning and not blended learning.

Not awarding one's own degrees takes the ground from under the project's claim to be the UK *e-University*. The ability to award one's own degrees may be taken as important for the status of being a university. The planning documents and the HECEA *Business Plan* are unclear on the exact relationship of the UKeU and the other more than 100 UK universities many of whom, like Staffordshire University and the Open University of the United Kingdom, had extensive overseas distance education programmes. They could only regard the new government creation as a rival, as a competitor for overseas markets developed with much effort over many years and as a competitor for what they would have regarded as much-needed finance.

All the commentators criticise the UKeU for offering elearning and not blended learning. The House of Commons Committee speaks of ‘an over-confident presumption about the scale of the demand for wholly internet based e-learning’.

Blended learning is a different field of educational provision from elearning and this criticism needs to be evaluated against these criteria:

- The American e-learning authority, T.H.Davenport, stated in a recent article that ‘The use of elearning is generally unsupervised by any instructor or training professional; this is one way it achieves economic efficiencies’.
- Many elearning authorities accept that technological advances have made it possible for not only course content but also student support to be provided electronically
- The leading United Kingdom elearning provider, learndirect with 500.000 students, made it clear to the *Megatrends in elearning provision* project that it was a specialist elearning provider, with total focus on elearning. Blended learning was not considered in its analysis, in spite of the fact that it has more local bases in the UK than any other enterprise, except MacDonalds.

Management, strategy, attitudes

It is frequently stated that the UKeU did not have any acknowledged elearning experts amongst its senior management and that, therefore, policy discussions had to begin at a lower level than an experienced team would accept.

The House of Commons Committee was clearly irked that the senior management, who could be held responsible for the collapse of the project, voted themselves performance-related bonuses. They write:

One issue which provoked public comment was the awarding of bonuses to senior executives of UK e-U. The bonus scheme and potential share packages are examples of the anomalies that were caused by the fact that the structure and systems were set up under the assumption that private investment would be part of the project. When little investment was forthcoming, the structure and systems were not changed to reflect the circumstances in which UKeU was operating. Systems and structures that may have been considered appropriate when set against the original plan became inappropriate for a venture that was almost entirely publicly funded. We consider that for either the private sector or the public sector the bonuses paid to senior staff were wholly unacceptable and morally indefensible. The argument that they reflect private sector practice does not stand up to scrutiny. Any company which paid bonuses of this kind having underperformed in the way that UK e-U did would face severe criticism from its shareholders.

Economic aspects

The House of Commons Committee presents UKeU expenditure thus:

Table 1 Public expenditure on the e-University project to date

Public Good Activities	e-China project	£3 M
	e-Learning research centre	£1 million
	Research studies and other disseminations	£2 million
	Advisors: legal and business	£1 million
Commercial Activities	Technology platform development	£14.5 million
	Learning programmes development	£10.9 million
	Sales and marketing (including overseas)	£4.2 million
	UKeU operating costs	£12.9 million
Total expenditure		£49.5 M

Source: HEFCE

Clearly the expenditure on the technology platform development was large, but some of the expenditure (e-China project, e-Learning research centre) could be regarded as for the public good outside the UKeU project.

The Committee add from the consultants' report:

The original business plan forecast rapid growth to 110,000 students within the UKeU's first six years, reaching over 250,000 by Year 10. Revenues were forecast to grow commensurately, breaking even by Year 5 (2006-07) and generating gross profits of more than £110m by Year 10. Even by Year 2 (2003-04), the original plan forecast student enrolments of more than 5,600 (downgraded from 12,600 in the first PwC plan) and revenues of £2.7 million. In practice, the UKeU has underperformed against the results forecast by the original plan in respect of courses available, students enrolled, platform delivery and external investment secured.

Conclusion. What were the causes of the failure of the UKeU?

The House of Commons gives a authoritative and detailed causes of the failure of the UKeU. Its presentation deserves to be cited in full:

The UK e-University project was effectively wound up last year by HEFCE, having spent £50 million of public money but having succeeded only in attracting 900 students. We inquired into the issue to find out why this had happened, what lessons could be learnt from the failure of the project, and to consider the future for e-learning and e-Universities in the UK.

Our findings are that the UKeU failed largely because it took a supply-driven rather than demand led approach. This supply-driven approach, combined with the very ambitious nature of the venture in an emerging market that did not sustain the high expectations of demand, and an inability to work in effective partnership with the private sector, led to the failure of UKeU to meet its targets,

aims, and objectives. The launch of the first UKeU courses was delayed until September 2003. When launched, they attracted just 900 students against a target of 5,600. Furthermore, despite it being a condition of grant, UKeU failed to attract significant private investment.

We have also concluded that there was insufficient market research. There was no formal market research undertaken to assess either the level of demand or the nature of the demand and the type of e-learning required. There was no systematic evaluation of the markets, no thorough and robust market research, and no understanding of consumer demand.

UKeU also focused too much on providing an integrated e-learning platform. UKeU allowed the development of the technology platform to drive its strategy and the development of programmes. It had a skewed focus on the platform, based on an assumption that once this was right, the original projections of very high student numbers would be easy to realise. Unfortunately this assumption was not based on research evidence, but on an over-confident presumption about the scale of the demand for wholly internet based e-learning.

The project failed to form effective partnerships with, or gain significant investment from, the private sector. UKeU's attempt to form genuine partnerships with the private sector was a commendable aim and could have helped it to stay competitive and market-orientated. Instead, UKeU became another example of how difficult the public sector finds it to form successful partnerships with the private sector. The failure to find private sector partners or investors should, however, have caused the holding company, HEFCE and the DfES to have concerns sooner rather than later about the viability of the project.

One issue which provoked public comment was the awarding of bonuses to senior executives of UK e-U. The bonus scheme and potential share packages are examples of the anomalies that were caused by the fact that the structure and systems were set up under the assumption that private investment would be part of the project. When little investment was forthcoming, the structure and systems were not changed to reflect the circumstances in which UKeU was operating. Systems and structures that may have been considered appropriate when set against the original plan became inappropriate for a venture that was almost entirely publicly funded. We consider that for either the private sector or the public sector the bonuses paid to senior staff were wholly unacceptable and morally indefensible. The argument that they reflect private sector practice does not stand up to scrutiny. Any company which paid bonuses of this kind having underperformed in the way that UK e-U did would face severe criticism from its shareholders.

We do not want the Government to become increasingly risk-averse as a result of what happened with UKeU experience. Instead it should learn from this experience and, in the future, take a more experimental approach to such high risk ventures. This would involve focussing more on testing various models and prototypes; taking an evidence-based approach; involving the private sector as partners in a more organic process; undertaking effective risk-assessment procedures; and setting open and transparent success criteria for such projects.

We recognise the important role the Government has to play in providing support, information and guidance for e-learning to develop within HEIs. The Government's role in providing an overarching national strategy for e-learning is vital to ensure consistency, coherence, and clarity of purpose in developments across the sector. The Government must clarify its national strategy for

developing e-learning in the UK and how it intends to invest in and support e-learning across the HE sector in a way that provides coherent progress.

Garrett provides five other reasons which he labels 'problems':

The first problem for UKeU was timing. UKeU debuted in February 2000, just a few weeks before the dot-com crash. During the Internet boom, the potential for new technology to transform many aspects of society in the short term, including higher education, was dramatically overstated.

The second problem was focus. The dot-com boom presented online delivery as an alternative to the conventional campus rather than as a supplement, as has more often turned out to be the case. UKeU's business model centered on wholly online provision, with very little evidence of a secure market.

This led to a third problem—branding. 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.

A fourth problem arose from platform investment. Early on the company decided that existing commercial and other platforms were inadequate and that competitive advantage lay in developing a world-class platform in-house.

All this leads to a fifth problem—impatience. An April 2004 press release from the Higher Education Funding Council for England (which administers public funding for higher education in England, including for UKeU) stated that one reason for "restructuring" UKeU was that "student recruitment had not met planned targets in the first year." This serves as a reminder that in terms of recruitment, the company has only been operational for a single year. In other circumstances, the 900 students recruited by November 2003 to the handful of programs then available would have been judged quite respectable.

Bacsish summarises his views on the causes of the failure in a series of recommendations for the success of university e-learning projects:

1. Understanding and leveraging the brand is crucial.
2. The right market research, *and* the willingness to act on it, is crucial.
3. 'Time to market' must be kept short.
4. Cost of marketing must be kept low.
5. Realism about differentiators is necessary: 'quality' is not a differentiator; price is; platform functionality is *not*.
6. An e-university must be a university *and* a company – doing that well is hard; it affects every aspect.
7. Good management and staff are essential – ensuring them is hard.
8. (For English-language organisations) it is not really an 'English-speaking world'.

In this report attention has been drawn to the findings of the *Megatrends in e-learning provision* project that is not recorded by any of the commentators nor by the House of Commons Committee. This is that, at the time that the UKeU was being developed, one of the world's most successful elearning institutions, learndirect of the University for Industry, was being developed.

The achievements of this institution in enrolling half a million students per year and administering them in successful systems, causes one to query some of the central reasons accepted by the commentators for the failure of the UKeU.

Learndirect was developed in the same country, in the same educational system, at the same time as the UKeU failed. It clearly went out to recruit staff who were experts in elearning and who were dedicated to elearning. But it did not embrace blended learning, which the commentators establish as a major criticism of the UKeU. It set out to develop its own LMS/VLE, as the UKeU did, and attributes much of its success in handling half a million students a year to the robustness and sustainability of this platform.

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