**Business Case for Hybrid Campus**

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**Prepared by: Yidie Hu**

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| 1. **Introduction/ Background**   The core business goal of Open Education University (OEU) is to provide various degree programmes in various countries. Considering the slow growth at its campuses, OEU management team decides to focus more on expanding customer base of students and improving education products in order to support its continuous growth. |
| **2.0 Business Objective**  OEU’s strategic goals include expanding the current customer base, providing a unique education product, improving cooperation between campuses and utilising technology for competitive advantage. The hybrid campus project will support these goals by establishing a central hub with studios to broadcast classes to many study centres via video conferencing, which enables economy of scale and lowers tuition fees. With study centres linked to a lecture, up to 500 students can attend the same lecture from different locations. This feature supports expanded customer base and also ensures cooperation between campuses in terms of product offerings, sharing of resources, knowledge and research. The lectures still maintain interactivity, thus achieving higher quality than other online courses. The internal costs will be reduced by lower rent cost (by establishing study centres in local community buildings) and no additional costs for developing course materials (by using the same materials as other campuses), which enables OEU to lower tuition fees to attract more students. |
| **3.0 Current Situation and Problem/Opportunity Statement**  OEU has 20 campuses in North America, Australia and Europe, and it has over 9000 full-time employees and 3500 freelance workers. The problem is that OEU is experiencing slowed growth at its campuses. However, due to rapid growth and development of information technology worldwide, the solution can be that online courses and physical classes are combined when improving the growth at its campuses. Building new physical campuses and upgrading current campuses can also provide opportunities to grow its campuses and meets OEU’s strategic goals. |
| **4.0 Critical Assumption and Constraints**  The proposed hybrid campuses must be valuable assets for OEU. Current employees, clients (students) and local communities must actively support the project, and this new mode of teaching must operate under a framework of government laws and regulations. The project manager must lead the effort, and the project team must include participants from several parts of the university as well as from local communities where study centres will be built. The video conferencing technology for delivering lectures should be stable and require minimal technical support. The online assignment submission system should be easily accessible, reliable and user-friendly to both students and lecturers. |
| **5.0 Analysis of Option and Recommendation**  There are four options for addressing this problem (slowed campus growth):   1. Create a hybrid university which will contain a central hub with studios to broadcast classes via video conferencing technology to many study centres located in local communities. 2. Create completely online courses to deliver complete degrees. 3. Create new physical campuses to provide specialised degrees in the areas where higher education demand is not met. 4. Upgrade current campuses in terms of capacity and technology.   Based on discussions with stakeholders, we believe that option 1 is the best. |
| **6.0 Preliminary Project Requirements**  The main features of the hybrid campus project include the following:   1. A studio to broadcast classes to different study centres with video conferencing technology. 2. Two-way video conferencing class in each study centre. The lecturer must be able to see all students in all classes and students must be able to ask questions. 3. Each lecture linked to up to ten study centres in order to hold up to 500 students per lecture. 4. Physical classes for students to attend in study centres, with a centre manager responsible for discipline and administrative duties. 5. Physical tests and exams at study centres, which will be scanned and sent to lecturers for marking. 6. Online system for submitting assignments. 7. The accessibility of course materials used at other campuses. Students at hybrid campuses should use the same materials as at other campuses, which ensures cooperation between campuses. |
| **7.0 Budget Estimate and Financial Analysis**  A preliminary estimate of costs for the entire project is $700,000. First, establishing a studio will cost $400,000, and it is assumed that there are no building costs for the studio. Second, all 10 study centres will be established in buildings belonging to local communities and they need to be equipped, at a cost of $30,000 each. Thus, equipping 10 study centres will cost $300,000 in total. As for the costs for developing course materials, this project will not involve any additional costs in this aspect.  An estimate of projected benefits is $1,450,000 and it is based on the assumption that there will be increase in profits due to an expanded customer base of students as economy of scale will be enabled (up to 500 students per lecture). With the improved education products supported by improved technologies, the business will gain increased profits. The projected benefit of the first year is $200,000, which increases to $500,000 in the second year and $750,000 in the third year.  Exhibit A summarises the estimated costs and benefits in each year and in total. It also shows the estimated net present value (NPV), return on investment (ROI) and the year when payback occurs. The assumptions made in performing this financial analysis are provided as well. All financial estimates indicate this project is good. The NPV is $551,268.12 and the discounted ROI based on a three-year system life is high at 87.12%. The estimated payback is relatively short (within two years). |
| **8.0 Schedule Estimate**  The sponsor would like to see the project completed within a year, but there is some flexibility in the schedule. We also assume that the new hybrid campuses will have a useful life of at least three years. |
| **9.0 Potential Risks**  This project has several risks. First, the foremost risk is a lack of interest in hybrid campuses by internal lecturers and external students. Conducting a two-way video conferencing class to up to 500 students can be a challenge to the lecturer because students may ask many questions and the lecturer may have difficulty in balancing courses to be delivered and questions to be answered. The hybrid campuses may not attract many new students due to lack of face-to-face support by teaching staff and lack of campus activities such as societies and volunteering activities. Second, there are some risks in renting local community buildings. The local communities may not agree to sign a lease contract for many years, so the hybrid campuses may fail if the community discontinues the lease. Also, there may be some equipment installation issues due to the current building structure. Third, there are some technical risks as the hybrid campuses rely on video conferencing technology. If problems occur in the studios in the central hub, all study centres will lose connection to the lecture that is expected to be delivered. Fourth, the main business risk is investing time and money into this project but not realising the project goals and projected benefits. |
| **10.0 Exhibits**  Exhibit A: Financial Analysis  Graphical user interface, application, table  Description automatically generated |