

October 2024

INTERNATIONAL VERSION

IU GROUP ROUNDTABLE



WE ARE HAPPY TO ANNOUNCE THE FOLLOWING MAJOR ACHIEVEMENTS



Our products and services are constantly being **awarded and ranked** in external surveys



IU Copilot School featuring Microsoft launched and has its first students



Over 700 students studying through **Study Access Alliance**



Positive feedback on **IU System accreditation** and **UFred institutional review**



More than **30 German Olympians** study with IU, **1 even won a gold medal**



Best and most timely course staffing for on Campus for Q4

Study about democracy with high reach

Launched **new degree Model Dual MyStudium**, 1st intake in Oct

Multiple **high profile PR** about IU from major German news outlets



Rollout of 28 programs for **LIBF with a total of >520 students**

Significant more **usage of Syntea**, new features and Rollout to all **LIBF courses**



WE BELIEVE IN OUR MISSION, VISION AND STRATEGY BUT FACE SIGNIFICANT CHALLENGES AND SHORTCOMINGS

Our core

OUR MISSION

EMPOWER PEOPLE

**AROUND THE GLOBE WITH THE MOST
PERSONALIZED EDUCATION**

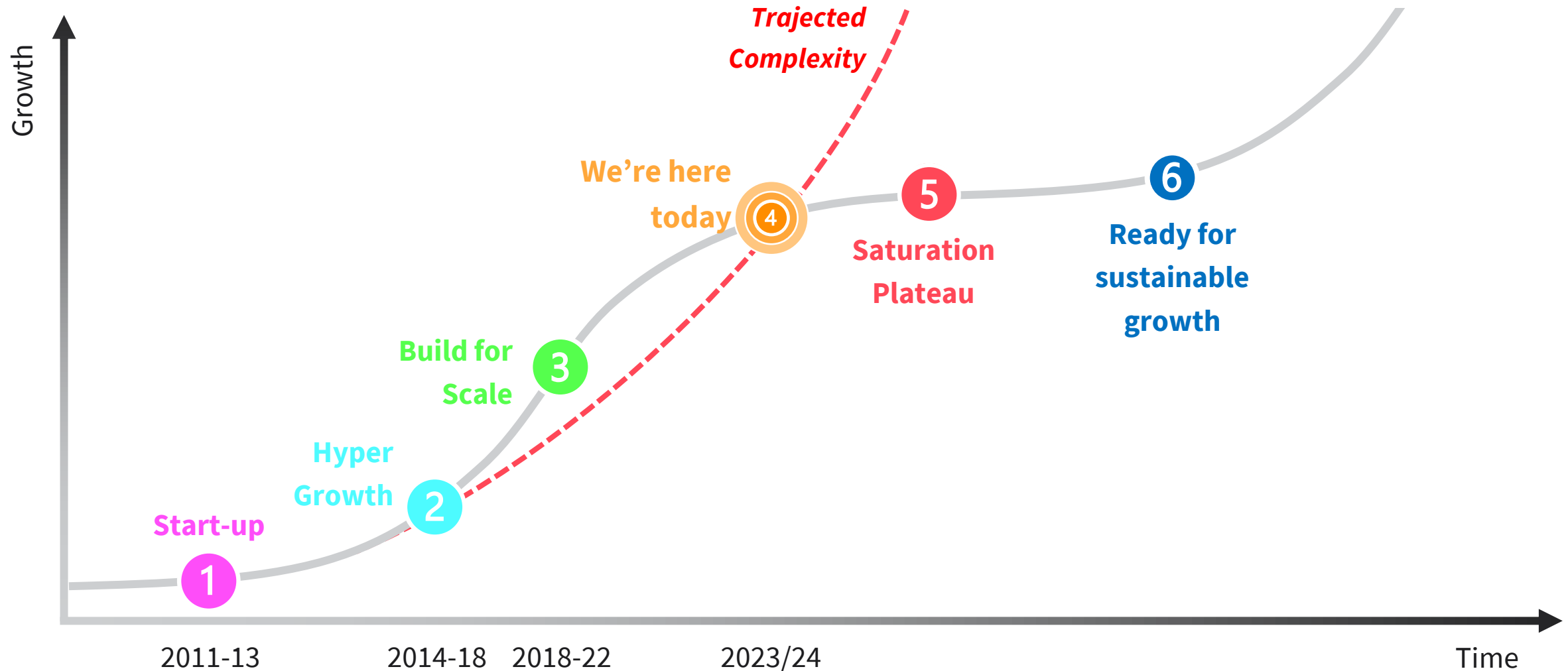
OUR VISION

**EVERYBODY CAN ACCESS
EDUCATION TO GROW**

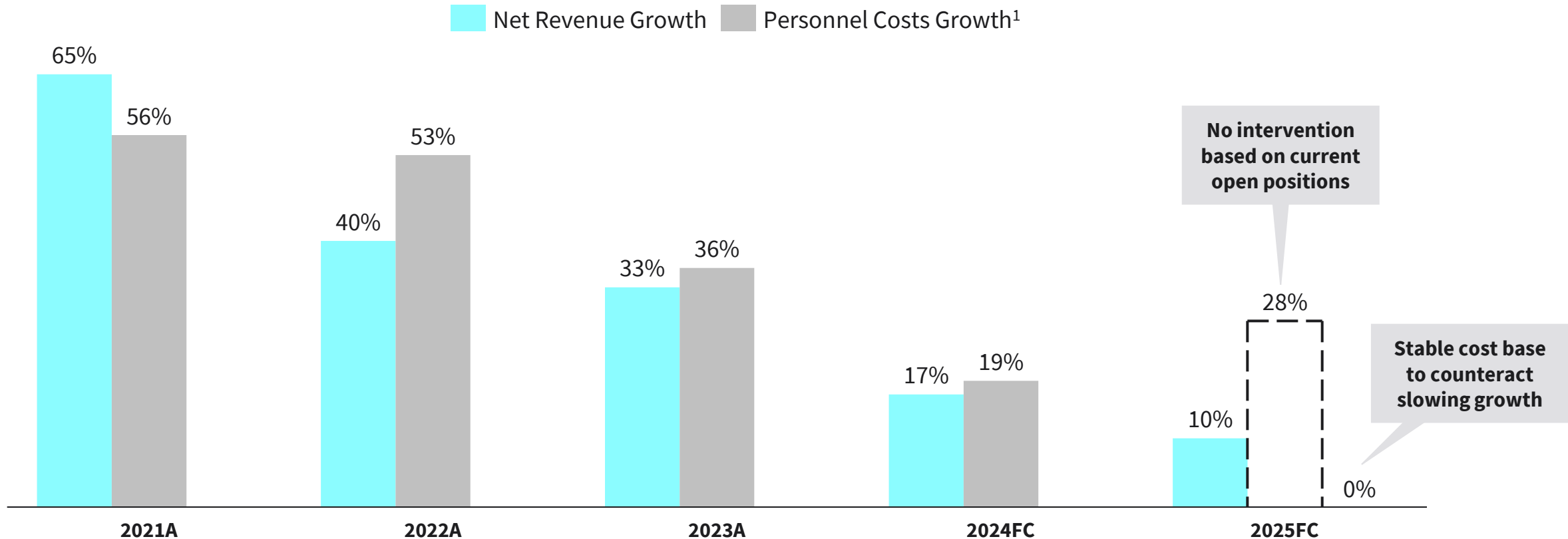


**OUR PURPOSE AND VISION
REMAIN STEADFAST, BUT WE
NEED TO ADJUST OUR
APPROACH TO RETURN TO
SUSTAINABLE GROWTH WITH A
HIGHER MARKET ORIENTATION**

OUR “META-STRATEGY” IS TO ENTER THE SECOND PHASE OF THE S-CURVE¹ TO RETURN TO SUSTAINABLE GROWTH



IN THE FACE OF SLOWING GROWTH WE NEED TO KEEP THE COST BASE STABLE TO PRESERVE OUR RESOURCES



Personnel cost growth has been larger than net revenue growth for the past years.
With only **10% projected net revenue growth** for next year, we need to **intervene to keep our costs at 2024 level**.

LOOKING AT THE CURRENT SITUATION AND KEY DRIVERS OF THE SHORTFALL

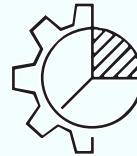
KEY DRIVERS OF SHORTFALL

Market Performance Shortfalls



- **Dual Studies** intake shortfall and y-o-y decrease
- **Reduced growth in Online DACH** without being able to outgrow the market
- International **expansion shortfalls**

Higher Churn



- **Higher churn in Online** due to lower intent customers

Cost Increases & External Factors



- Additional **in-person teaching costs** affecting margins in Dual Studies
- **Complexity costs** due to building the platform
- **High growth costs** without growth transpiring



Given the slowdown in growth trajectory we need to fundamentally adjust our focus **from trying to force top line growth** towards **bottom-line contribution** and identifying the **select growth levers** we really believe in

HOW WE WILL TACKLE THE 3 MAIN PROBLEMS

PROBLEMS TO SOLVE



International Roll-up



Growth & Efficiency DACH



NPS in OnCampus



MINERVA WORKSTREAMS – STRATEGIC LEVERS

- 1 Optimize operational efficiency and cost
- 2 Increase marketing efficiency
- 3 Streamline product portfolio
- 4 Reduce complexity
- 5 Strengthen competitive advantage
- 6 Implement new organizational setup



Key Objective of Minerva:

Execute our strategy with a **more market-centric setup**, a **more cost-efficient**, and **simplified** approach to **return to sustainable growth**.



ADJUSTED OBJECTIVES FOR THE REST OF 2024

IU Group Objectives



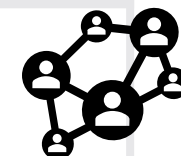
VALUE FOR STUDENTS 80% of our students see their IU experience as worth their time, effort and money, and stay on board to achieve their objectives

GROWTH DACH Focus on sustainable growth and excite >70.000 new students in DACH in 2024 to learn with IU



GROWTH INTERNATIONAL (INTL) Focus on sustainable growth and excite >10.000 new students internationally in 2024 to learn with IU

PLATFORM Simplify our approach and focus on core value creation and strategic activities to manage group cost base not to increase further



TEAM Implement a market-centric organization with a > 22 eNPS and a good understanding of value drivers and personal contribution

OKRS OVERVIEW



Value for Students

New Annual Objective

80% of our students see their IU experience as **worth their time, effort and money, and stay on board to achieve their objectives**

Q4 Adjusted Key Results

- Improve student and learner satisfaction with **>50 NPS** across all offerings, with every product with positive NPS
- **Leverage AI** across all teams to **maximize value contribution** by broadening adoption from 34% to 39% and by exploring how Syntea can reduce churn and/or help to excite more students to learn with us
- DACH Online + Blended: Decrease trial rate cancellations to <15%, and **overall cancellations to <2%** after trial month



Growth DACH

Focus on **sustainable growth** and excite **>70.000 new students** in DACH in 2024 to learn with IU

- Recruit **>17,000** new students (contracts) in Q4 in DACH (13,600 FS, 1810 Upskilling, 886 MSD, 886 DS+Dual MS) while reducing marketing spend to new target level
- **Increase marketing efficiency** with reduced budget with **focus on SEA**
- Analyze and **streamline our product portfolio** to focus on high value contributing programs
- Develop a plan to **increase our competitive advantage** for working adults and high school leavers for our core products



Growth Intl

Focus on **sustainable growth** and excite **>10.000 new students** internationally in 2024 to learn with IU

- Recruit **>1600** new students (contracts) in Q4 internationally (400 IU Online, 528 MSE, 300 B2X, 240 LIBF, 434 UFred)
- Analyze and **streamline our product portfolio** to focus on high value contributing programs
- **Redefine international strategy** and identify **key growth drivers** for all three entities (IU, LIBF and UFred) to recruit high value customers and build up **brand** and trust especially in UK and CAN



Platform

Simplify our approach and focus on **core value creation** and **strategic activities** to manage **group cost base** not to increase further

- Identify **cost savings**, initiatives and features, or processes without important value contribution to markets to **compensate for unavoidable cost increases**
- Ensure that all activities have a **quantified value contribution** including clear **interfaces and ownership** with **markets**
- Officially close **system accreditation** successfully, prepare and conduct successful on-site mock-audit for institutional accreditation of IU and continue to work on regulatory basis and accreditations for new program growth at UFred and LIBF



Team

Implement a **market-centric organization** with > 22 eNPS and a good understanding of value drivers and personal contribution

- Implement the new **organizational market-centric setup** so that every person has a good understanding of the **core objectives and value contribution in each market**
- Implement activities to maintain our **eNPS >22**
- Empower all our employees to **leverage NLP technology** to maximize outcome so that 60% of our colleagues are using AI solutions every day and become > 10% more efficient e.g. by leveraging MS Copilot rollout

THIS IS AN INFLECTION POINT FOR IU – WE WILL HAVE TO ADJUST TOWARDS A LEANER MARKET CENTRIC SETUP

DESIGN PRINCIPLES



Lean market driven structure



Market-integrated MKT and Sales & Services



Differentiator Platforms



Group Functions

Business structured into markets | Market CEOs | Managing segment leaders | P&L accountability | Entrepreneurial decision-making | Product decisions owned by markets (within guardrails) | KPI ownership

Dedicated Marketing per country marketing functions | Markets own all functions for E2E customer journey | Service delivery leadership positions

Education and Tech (incl Data & AI) | Ownership in the platform limited to core of tech. solutions | Minimized organizat. interfaces | If matrix org: transparent mandate of a “last say” | Simplification

CFO Office, HR and Group Public Relations as group-wide functions | Services to markets and PFs | Providing governance (guardrails)

TARGET ORGANIZATION SETUP

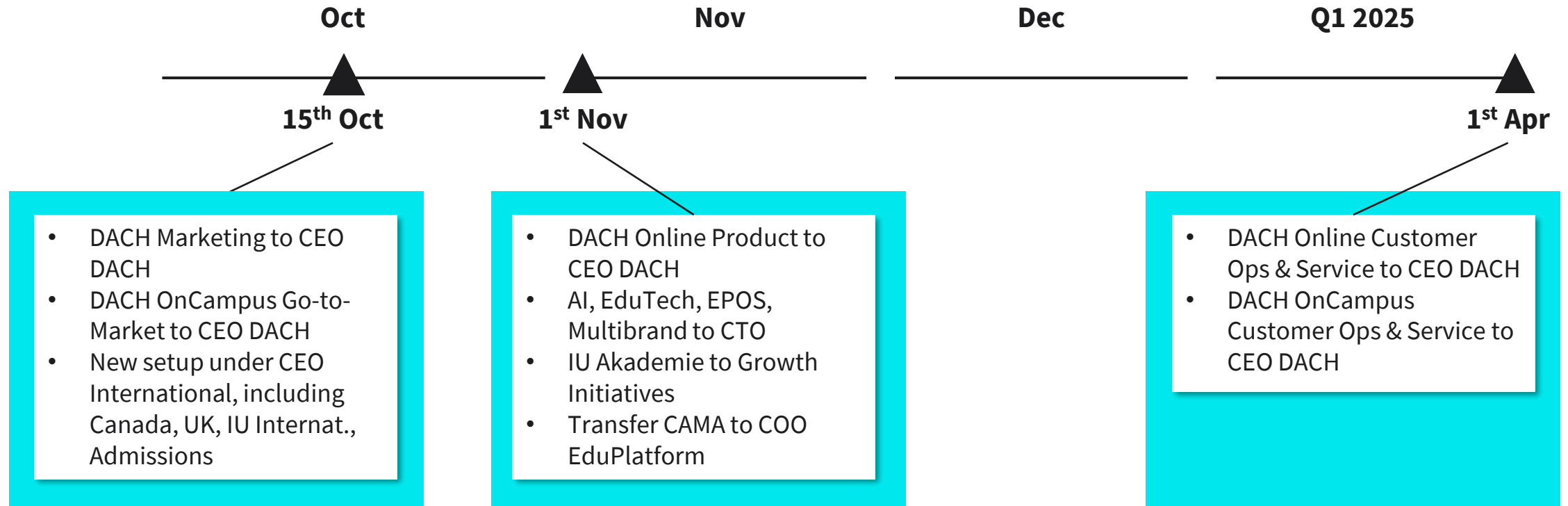


TARGET ORGANIZATION SETUP

MARKETS		IU INTERNATIONALE HOCHSCHULE Holger Sommerfeldt	PLATFORMS		
CEO International Carolin Kreuder	CEO DACH Carmen Thoma		COO Education Platform Anju Yu	CTO Sebastian Glöckner	
Market Segments	UK/LIBF <ul style="list-style-type: none">University EntityGo-to-Market & ProductCustomer Operations & Service	DACH Online <ul style="list-style-type: none">Go-to-MarketCustomer Operations & ServiceProduct	Rector IU <ul style="list-style-type: none">OnlineOnCampusAccreditationExaminationInternationalResearch & TransferQualityChancellor	Education Platform <ul style="list-style-type: none">ProgramMedia ProductionLearning, Teaching & Central Assessment (incl. CAMA)Synthetic TeachingLecturer (LTA, CMaaS, LCC)EduPlatf. TechEduPlatf. MultibrandAcademic Lecturers & Ext. Lecturers	Tech Platform <ul style="list-style-type: none">AIData PlatformEngineeringEnterprise ArchitectureEPOSEduTech (myCampus)IT Operations & ServiceMultibrand
	CAN/UFred <ul style="list-style-type: none">University EntityGo-to-Market & ProductCustomer Operations & Service	DACH OnCampus <ul style="list-style-type: none">Go-to-Market & ProductCustomer Operations & Service			
	IU International <ul style="list-style-type: none">Go-to-Market & Product incl. Admissions (B2C + Agents & Partners)				
Market Functions	INT Perf. Marketing	DACH Marketing	GROUP FUNCTIONS		
			CEO Office Sven Schütt	CFO Office Marvin Lange	CPO Reza Moussavian
	Intern. Accreditation & Regulation	DACH Data & Tech Go-to-Market	*All markets / IU Group* <ul style="list-style-type: none">Group PR	*All markets / IU Group* <ul style="list-style-type: none">CFO InternationalCFO DACHControllingPricing & ValueLegalBusiness AnalyticsProcurement & ConsultingAccountingAudit & ComplianceCorporate Finance	*All markets / IU Group* <ul style="list-style-type: none">Employer BrandingCommercial RecruitingPeople OperationsPeople ExperienceBusiness EngagementHR Digital
	M&A	DACH Real Estate	Growth Initiatives <ul style="list-style-type: none">IU AkademieNewskillingNew Growth Initiatives		

indicating major organizational change

ORGANIZATIONAL ADJUSTMENTS FOLLOW A STAGED APPROACH – OVERVIEW



NEXT STEPS OF PROJECT MINERVA



Setup overall project

- With workstreams addressing key levers as strategic implementation project
- Ownership of workstreams alongside new (market) organization



Key Minerva workstreams (strategic levers)

1. Optimize operational efficiency and cost
2. Increase marketing efficiency
3. Streamline product portfolio
4. Reduce complexity
5. Strengthen competitive advantage
6. Implement new organizational setup



Immediate actions

- Review of projects and initiatives
- Hiring pause / case-by-case
- Sensible reduction of marketing spend in Q4ff
- Stop launch of new IU online international programs
- Adjustment of our OKRs for Q4 2024



What you can do now

- Identify potential for complexity reduction and cost savings and share with your manager
- Support and implement new organizational setup with strong focus on entrepreneurial mindset
- Be outspoken whenever you think actions are wrong and do not contribute to our overall objective



Key Objective of Minerva:

Execute our strategy with a **more market centric setup**, a **more cost-efficient**, and **simplified** approach to **return to sustainable growth**.



IN A NUTSHELL

Situation

- ▶ Our **strategy** is **steadfast**
- ▶ Business **outlook deviates** from our planning

Objective

- ▶ Execute our strategy to **return to sustainable growth**

How to get there

- ▶ We want to achieve this by
 - ▶ More **market centric setup**
 - ▶ (Cost) **Efficiency to keep our cost base stable**
 - ▶ **Complexity reduction**/simplification



While we keep our mission, vision, and strategy, this is a pivotal point in the history of our company, and we will change the way we operate to return to sustainable growth in a changed market environment.

WHAT DO YOU NEED TO MAKE THIS CHANGE A SUCCESS?

NEEDS ASSESSMENT



Needs assessment MINERVA



[LINK TO FORMS](#)

GET ADVICE FROM OUR TRUSTED PERSON



Esra Stern

Teamlead People Services & HR Documents

- **Advice and Support:** Offers you confidential conversations about issues such as bullying, discrimination, workplace conflicts, or personal concerns.
- **Mediation and Conflict Resolution:** Helps you by mediating between parties as a neutral entity when there are conflicts in the workplace.
- **Education and Prevention:** Provides information about rights and responsibilities in the workplace and help you recognize and prevent potential issues early on.

[**REACH OUT!**](#)

OUR VALUES ARE THE BEST PREREQUISITE FOR BECOMING SUCCESSFUL WITH MINVERVA

Mission: Empower people around the globe with the most personalized education

Vision: Everybody can access education to grow

Company Values



Innovation

We are always looking for ways to improve our offers for our customers.



Getting things done

We implement things quickly, pragmatically, effectively and goal-oriented.



Collaboration

We aim for the best solution as a team and have fun with it - without ego or politics.



Growth Mindset

We aim to improve ourselves in everything we do and work hard to do so every day.



Courageous

We make courageous decisions and take calculated risks.



Customer-focus

In everything we do, our customers come first.



Empowerment

We support each other's development to become the best version of ourselves.



MINVERVA BUILDS ON OUR VALUES TO MAKE OUR MISSION AND VISION MORE SUSTAINABLE

QUESTIONS ON MINERVA – FOCUS STRATEGY

SUBMITTED QUESTIONS

1. Why is the focus still on growth, despite existing challenges, rather than on improving quality?
2. How do we want to position ourselves in the future? Do we want to be perceived as a traditional educational institution or as a premium product?
3. How can we improve our reputation as an educational institution and also as an employer?

QUESTIONS ON MINERVA – FOCUS GOVERNANCE & STRUCTURE

SUBMITTED QUESTIONS

4. Will MINERVA lead to changes in the existing study models MSD, DS, etc.?
5. Which org areas are affected by MINERVA?
6. How do we ensure that sales can be effective and successful even under restrictive conditions (e.g. zero-based budgeting, hiring and promotion pause, ...)?
7. Are teams that optimize and automate processes merged to bundle synergies and operate from a specialist team?
8. What will happen to platform analytics and analytics in general?
9. Are the standards for deciding whether degree programs are offered at certain locations going to change?

QUESTIONS ON MINERVA – FOCUS TEACHING AND SATISFACTION

SUBMITTED QUESTIONS

10. How is the quality of teaching ensured in the context of MINERVA?

11. What measures are being taken to solve the NPS problem in campus?

12. Why were there challenges in the student matriculation process this year?

13. To streamline the end-to-end customer experience from consultation to admission, would it be advantageous to implement an account management approach for our students?

14. Will professors be more involved in academically relevant topics/decisions in the future?

15. Will there be further training opportunities for Academic Lecturers with regard to their teaching skills?

QUESTIONS ON MINERVA – FOCUS CHANGE MANAGEMENT

SUBMITTED QUESTIONS

16. Does the promotion pause mean that fixed-term contracts are not terminated (e.g. Academic Lecturer)? Or are the fixed-term contracts automatically extended by a further two years, for example?

17. How secure are the jobs and how will this develop?

18. Are salary increases for existing staff also suspended in order to be more cost-effective?

19. How can the employee onboarding processes become better structured?

EVERYBODY CAN ACCESS

EDUCATION TO GROW