



# **Choosing the Right Solution Will Bring Your Institution's CRM Strategy to Life**

An analysis of key features & functionality

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## ***CRM offers considerable benefits to higher education institutions***

Higher education is entering into a period of rapid and pervasive change. Demographics are shifting, time and distance are becoming less meaningful, and institutions are competing for progressively scarce resources. Navigating these challenges successfully hinges upon an institution's ability to differentiate itself by providing more and better services to students with the same, or even fewer, resources. As a result, constituent relationship management (CRM) solutions, by providing powerful tools to manage relationships more effectively, across the entire student lifecycle, will become an increasingly mission-critical application for higher education institutions.

## ***Realizing the most benefit from CRM depends on partnering with the right vendor***

Simply adopting a solution, however, is unlikely to provide institutions with CRM's full benefit. Managing student relationships more effectively often requires making difficult decisions and re-orienting institutional processes towards the provision of high-quality service. For most institutions, this change will be sufficiently difficult without the addition of installing sophisticated software. Datamonitor, therefore, recommends developing a CRM strategy first and then selecting a vendor that is best able to support that strategy's execution. Without question, this approach to CRM will be, at least initially, more time and resource intensive. Yet the effort is worthwhile, as over the long-term institutions are likely to realize a far more attractive return-on-investment (ROI) from their CRM solution.

While establishing a partnership relationship with technology vendors is always helpful, in the case of CRM it is particularly crucial. An institution's ability to develop and maintain positive relationships with students is one of its most important attributes. Students that feel connected to an institution are more likely to enroll, graduate and become active alumni. Clearly, this is not a short-term process, and as a result, institutions will find that the best vendors provide support and insight throughout the solution's implementation and beyond. RightNow Technologies, for example, as part of its standard subscription, offers regular "tune-ups" to ensure that institutions are realizing the full value from its solution. CRM is not about ticking a box or crossing off a task, it is about cultivating relationships that last a lifetime. The most effective CRM vendors will see their own institutional relationships in the same way.

## ***The best solutions have specific features and functionality***

While an institution's CRM strategy should dictate which solution characteristics are most important, Datamonitor believes a few features and functionality are especially valuable. Using CRM to support the entire student lifecycle is a growing trend in the higher education market. As a result, it is crucial for institutions to select a solution that supports recruitment, retention and development activities equally well in order to ensure that the solution expands to meet their changing needs over the long-term. Likewise, as the demand for CRM functionality increases across the institution, the CRM solution should be sufficiently scalable in order to facilitate rather than hinder the growth of its adoption. Delivered as an on-demand or on-premise solution, RightNow Higher Education, for example, includes Marketing and Sales modules that support a broad and diverse set of relationship management activities occurring across the student lifecycle without comprising solution scalability or performance. Moreover, RightNow Technologies, through its RightNow Connect module, empowers institutions to draw data from other applications in order to create a truly 360° view of the student experience, regardless of whether the student is a prospective engaging with admissions or an alumnus interacting with alumni affairs.

At the heart of CRM is its ability to identify which activities contribute and which ones detract from the development of more positive institutional relationships with students and then to make changes accordingly. It should be no surprise, therefore, that Datamonitor also places robust and accessible reporting and analytics capabilities at the top of its list for CRM

functionality. It is important to note that while most solutions have the capability for reporting, far fewer present it in a way that non-technical end users will find appealing or encourage their usage. Providing drag and drop tools for report creation and including easily customized standard reports, as RightNow Technologies does, are two important hallmarks of truly accessible reporting functionality.

Meeting student expectations is a critical component of fostering positive institutional relationships. As the millennial generation is highly mobile and technologically savvy, Datamonitor believes that the best CRM solutions include cutting-edge capabilities for multi-channel communications. Students expect to interact with their institution in highly customized and personal ways through a diverse set of communications' media, such as email, text messages, internet-based self-service, and telephone. RightNow Technologies, for example, is well positioned to meet these expectations as it offers a robust set of multi-channel functionality including dynamic knowledge bases, which enable institutions to deliver information more efficiently to students but also to target that information to the students' specific needs and context.

The final feature that is especially valuable to institutions is the CRM solution's ability to empower the creation and usage of automated workflows. As higher education is under increased pressure to identify new ways to do more with the same or less, institutions will find the efficiency and effectiveness gains of using automated workflows for delivering services to students appealing. For instance, the routine tasks of a recruitment campaign, such as sending an open house invitation or generating a follow-up letter for a missing document can be scheduled to occur at pre-determined times or after specified chains of events. Consequently, task completion does not depend on how well office staff adhere to the campaign, as the tasks are completely automated. RightNow Technologies' Sales and Marketing Automation modules provide institutions with the ability to obtain not only valuable productivity gains, but also to increase the level of service that they deliver to students with the same or even fewer resources.

In the end, however, the degree to which a solution supports an institution's CRM strategy should guide the selection process. Nevertheless, given the combination of its robust solution and excellent reputation in the higher education market, Datamonitor recommends that institutions place RightNow Technologies on their vendor shortlist when considering the purchase of a CRM solution.



## ANALYSIS

### ***The pump is primed for the rapid adoption of CRM in higher education***

The higher education market is on the brink of adopting CRM rapidly and making this solution a core component of the institutional IT infrastructure. To the chagrin of industry analysts and technology vendors, higher education has historically marginalized CRM as a niche point solution for use in more commercial institutional departments, such as admissions and development. Consequently, CRM installations in higher education have been, for the most part, departmentally focused with little support for scaling to institution-wide usage. In fact, it is fair to say that, to date, most institutions have used CRM to manage discrete processes rather than manage student relationships. As a result, CRM operates as a convenient tool for sending invitations to an upcoming open house for the admissions office but not as a solution for building 360° views of the student experience to improve retention.

The higher education landscape, however, has changed dramatically in recent years, awakening new interest in leveraging CRM to manage student relationships more strategically rather than simply enabling administrative tasks unsupported by the student information system (SIS) in the admissions and development offices. In order to navigate this new landscape successfully, higher education institutions must develop more substantive and positive relationships with students earlier and for far longer periods of time than they may have in the past. CRM offers appealing answers to how higher education might meet these objectives. Yet, while the outlook for CRM in higher education is optimistic overall, important challenges remain to its more widespread adoption. With innovative thinking and effective execution, by both institutions and CRM solution vendors, Datamonitor anticipates that these challenges will be short-term ones. The higher education market is ready and primed for the rapid adoption of CRM; it is simply a matter finding the right pump.

In this report, Datamonitor explores the key drivers and inhibitors to the more widespread and substantive adoption of CRM in higher education. Taking each driver and inhibitor in turn, the report will explore the implications for vendors and institutions and suggest how to leverage or overcome it most effectively. The report will conclude with a set of actions Datamonitor believes that vendors should take in order to realize the most value from the CRM's growth in the higher education market.

### ***A gathering storm will drive the more pervasive institutional adoption of CRM***

A myriad of forces are coming together that will propel the rapid uptake and expansion of CRM in the higher education market. After years of languishing as a "middle of pack" priority for institutional IT investments, the new higher education landscape is driving CRM up the ranks for budget priority. The combination of increasing urgency to meet the needs and expectations of students across the entire student lifecycle and growing demands to hold constant or even reduce spending is moving the position of CRM in higher education from a nice to have solution to one that institutions cannot afford to do without. Datamonitor suggests that there are four key drivers for the uptake of CRM in higher education, including:

- Demographic shifts are making the management of student relationships a strategic imperative;
- Globalization is changing the competitive landscape for higher education;
- Doing more with less is the new budgetary reality; and
- Recent IT investments have put CRM within the reach of many institutions.

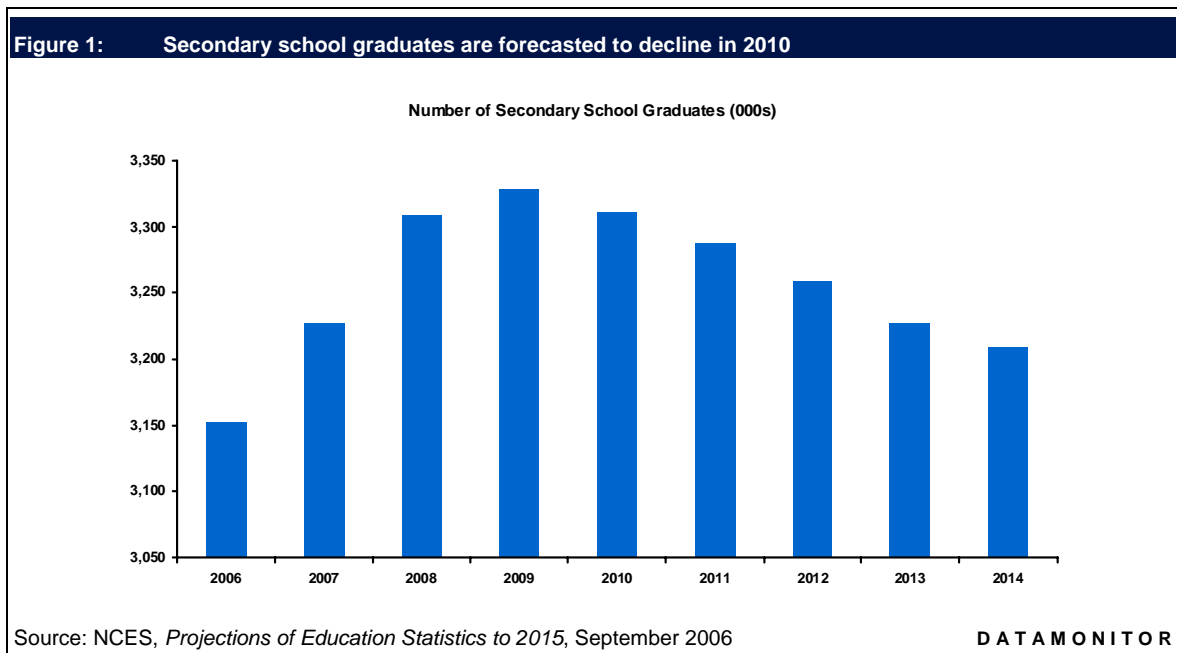
**Shifts in the student landscape are making the management of relationships a strategic imperative**

The higher education market has come to the proverbial “fork in the road” in terms of the types of relationships institutions should have with students. One option is to maintain the *status quo* and assume that how institutions have interacted with students in the past will continue to be an effective approach in the future. The other option, however, is to customize the relationships institutions have with students by basing the nature of the relationship on the preferences, expectations and experiences of individual students. Given the dramatic demographic shifts that will persist over the next decade and their impact on who enrolls in higher education, institutions that navigate this new landscape successfully are likely to have chosen the second option and made managing student relationships a strategic imperative. In order to realize the full value of taking the second option and avoid becoming lost in the “woods,” it is important to understand how student characteristics are changing and its potential impact on higher education institutions, including the following arguments:

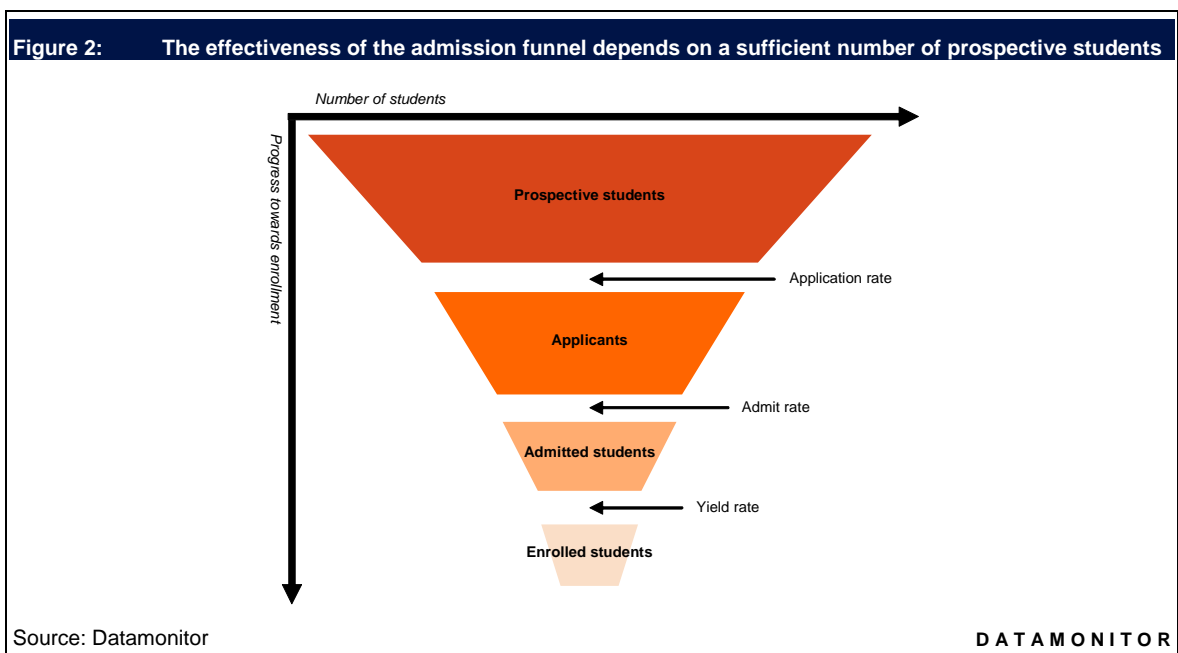
- The number of students prepared for higher education will decline over the near-term; and
- Meeting the preferences and expectations of tomorrow’s students requires a new approach.

**The number of students prepared for higher education will decline over the near-term**

After years of dramatic growth fueled, at least in part, by the aging of the “boom-let generation,” the National Center for Education Statistics (NCES) is forecasting that the number of secondary school graduates will begin to decline in 2010. As a result, the potential pool of students that apply to higher education institutions directly out of secondary school will likely be reduced. While it is difficult to see the enormity of this shift when institutions are currently struggling with record numbers of admissions applications, it will have a significant and possibly negative impact on the ability of institutions to recruit students effectively in the future.



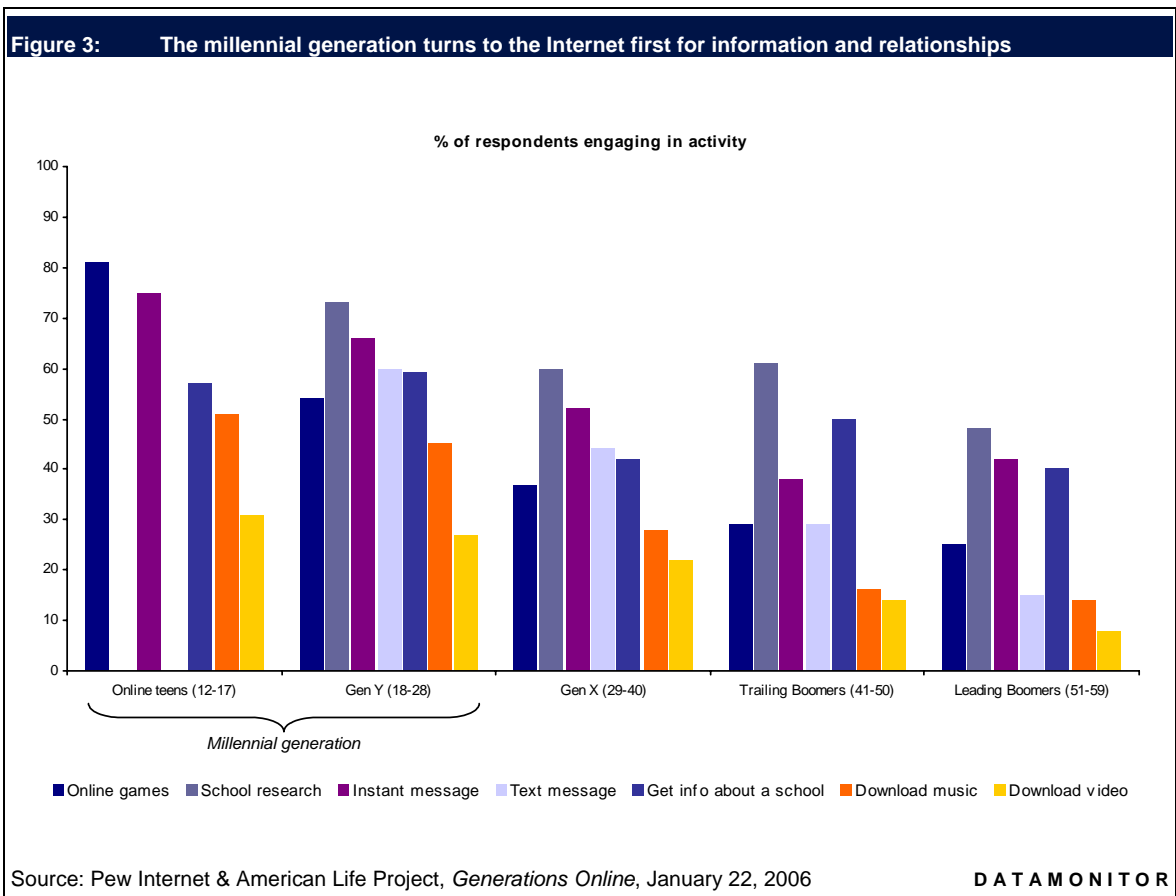
Taking a deeper dive into how a reduction in the number of secondary students impacts higher education enrollments provides additional insight into the attractiveness of CRM in higher education. A critical component of any recruitment strategy, regardless of institutional characteristics, is the development a robust admissions funnel. Comprised of enquiries from prospective students at the top, applications at the middle and enrolled or deposited students at the bottom, the funnel provides a visual and mathematical representation of the number of students institutions must have at each stage of the recruitment process in order to obtain a target number of students for an incoming class. In response to fluctuating environmental factors, such as a reduction in the number of secondary school graduates, institutions have the ability to change, in the case of the admit rate, or influence, in the case of the application and yield rates, the flow of students from one stage to the next.



If the number of prospective student decreases, for example, the application or acceptance rate must increase in order for an institution to enroll a set number of students. Increasing the acceptance rate, however, is oftentimes an undesirable choice as there are considerable implications for academic outcomes and institutional prestige. If the academic quality of admitted students decline, faculty may find it difficult to maintain the structure of existing courses or programs. Moreover, a widening acceptance rate may signal to prospective students and their families – as well as to US News & World Report – that an institution is becoming less selective and consequently should be considered less attractive. As a result, increasing the rate at which prospective students apply or admitted students enroll offers a far more attractive solution to the problem of declining secondary school graduates. But increasing these rates is fundamentally dependent upon an institution’s ability to cultivate relationships with students at the prospective and admitted student stages of the admissions funnel. As CRM is designed specifically for enabling more strategic and effective relationship management, institutions will increasingly see it as a powerful tool to navigate changing student demographics more successfully by having more control over the development of the admissions funnel.

**Meeting the preferences and expectations of tomorrow’s students requires a new approach**

As the next generation of college and university students brings with it a new set of preferences for and expectations of higher education, institutions will re-evaluate how they develop and maintain student relationships. The student face of higher education is changing and with it the “traditional student” who enrolls directly after secondary school, lives on campus, takes a full load of classes and is focused exclusively on his or her studies is becoming more myth than reality. NCES recently reported that in the 2003 – 04 academic year (AY), only 49% of undergraduates enrolled full-time, 35% part-time and 16% mixed the intensity of their enrollment. In spite of such changes, many institutions continue to provide services and support in a way that would be appealing to the traditional rather than “new traditional” student. Registration, for example, is often a time-consuming process requiring students to rush from one on-campus office to another in order to collect the necessary approvals and signatures. Likewise, obtaining extra help from a professor involves an in-person visit to campus and a lengthy queue outside of the professor’s office. With multiple priorities competing for their time, these types of time-intensive and location-dependent interactions communicate to students the message that their institution does not value a relationship with them. As the number of post-secondary graduates declines and non-traditional students increasingly become the norm, institutions will need to re-configure these interactions and other processes in order to meet student expectations and preferences more effectively. Institutions will find using CRM’s multi-channel communications functionality to be an appealing way to stay connected with non-traditional students.

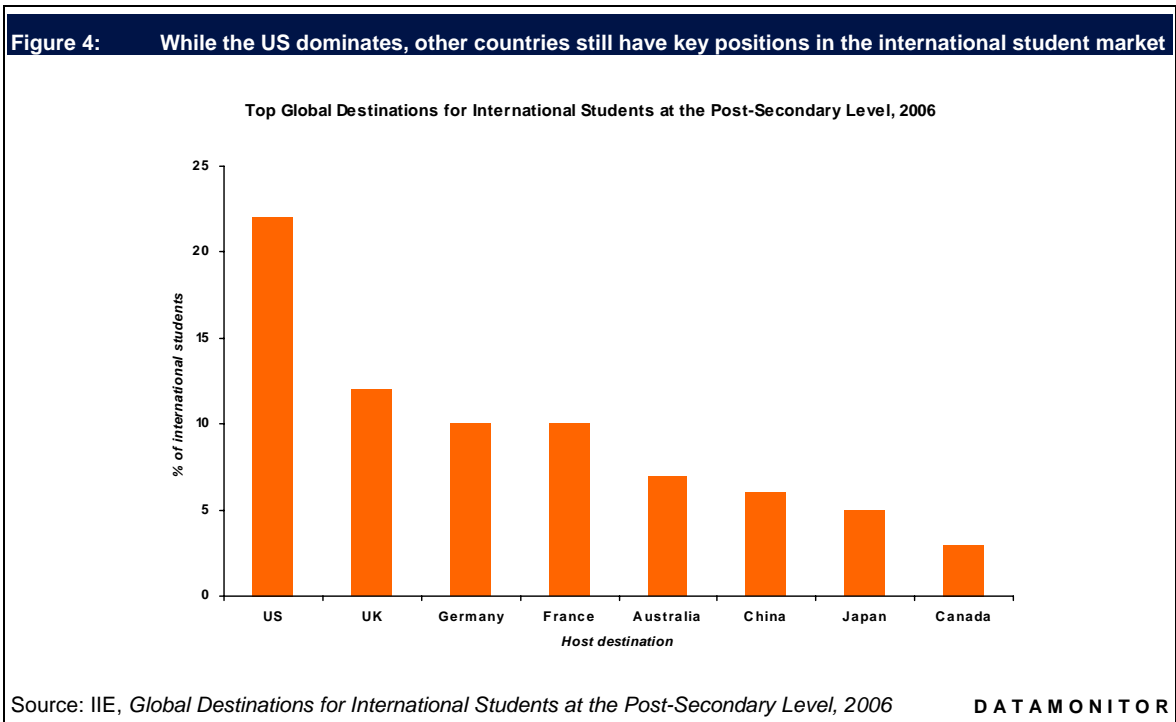


On the other end of the spectrum, the millennial generation has arrived also on campus. And while these students are more likely to fit the traditional student mold in terms of age, their preferences for interacting with their higher education institutions will break all traditional conventions. These individuals have grown up never having known a world without broadband access, WiFi, Apple and cellular telephones. As indicated in Figure 3, the Pew Internet & American Life Project recently reported that teens (aged 12 – 17) and “Gen Y-ers” (aged 18 – 28) were far more likely than other age groups to engage in online games, use instant or text messaging and download music. Moreover, 87% of individuals aged 12 – 17 reported using the Internet as compared to only 68% of those aged 50 – 54. The implications of this preference for the Internet are profound for how higher education institutions should structure their interactions with these “digital natives.” For this generation of students, relationships are created over the Internet in social networks and chat rooms and through cellular telephone communications, particularly text messaging. Meeting this expectation will require institutions to expand their conceptualization of how they interact with students in dramatic ways. CRM solutions that have multi-channel capabilities, including the support of voice, Internet-based, mail and in-person interactions, will be an increasingly attractive tool for institutions seeking to develop relationships that are aligned to student preferences.

### **Globalization is changing the competitive landscape for higher education**

The increasing globalization of higher education raises the competitive stakes for capturing the international student market. Historically, higher education has operated largely as a local or regional activity; students selected an institution based on its proximity and available programs of study. The two exceptions to this general trend were to attend institutions with a national or even international reputation such as Oxford University in the UK or Harvard University in the. In recent years, however, students are venturing further a field to obtain the best education at the most favorable cost. The Institute for International Education (IIE) estimates that there were 2.5 million international students in 2006. Given the considerable size of the international student market, it is not surprising that institutions outside of the US are actively seeking to capture a larger percentage of it. While the US still recruits the largest percentage of international students, countries such as the UK, Germany, France and Australia also hold important positions in the market.

As most institutions outside of the US are publicly funded and suffer from chronic budget shortfalls, international students represent an attractive source of additional revenue. Recognizing the potential of these students to fill institutional coffers and increase academic prestige, many countries are adopting proactive policies and programs to recruit more international students. Early in 2007, the UK, for example, implemented a program to reduce student visa fees in a bid to make studying at its institutions more appealing to international students. This program and others like it are well-timed. As a result of the 9/11 terrorist attacks, the US has adopted more strict policies and procedures for the issuance of student visas, making it increasingly difficult, or at least time-consuming, for international students to enroll in US higher education institutions. Marlene Johnson, Executive Director of NAFSA: Association of International Educators, recently testified before a Congressional Hearing that the number of international students studying in the US has been in a steady decline since 2002 due to the imposition of tighter visa and entrance restrictions after 9/11. In order for institutions to enlarge their international student enrollments, it will be necessary for them to increase their recruitment and outreach efforts significantly. Consequently, institutions will perceive CRM as an important and strategic tool for meeting their goals for international student enrollments.



The European Union (EU), through its Bologna Process, is also striving to make studying within its borders more appealing to students. The aim of the Bologna Process is to create a European Higher Education Area by 2010 that enables students to have access to high quality courses and to benefit from standardized course transfer and degree recognition procedures. While the stated purpose of the Bologna Process is not to recruit more students from outside of the EU, the introduction of its reforms is likely to result in growing number of students staying within the EU for higher education and increasing the competition amongst its institutions to recruit and retain these students. With the barriers to enrollment substantially reduced, including course transfer and degree recognition, students are no longer as dependent upon institutions in their home countries and have the option to choose programs in other countries. Student enrollments will no longer be guaranteed, and as a result, institutions will increasingly perceive CRM as a tool to compete more effectively with other institutions to recruit and retain students.

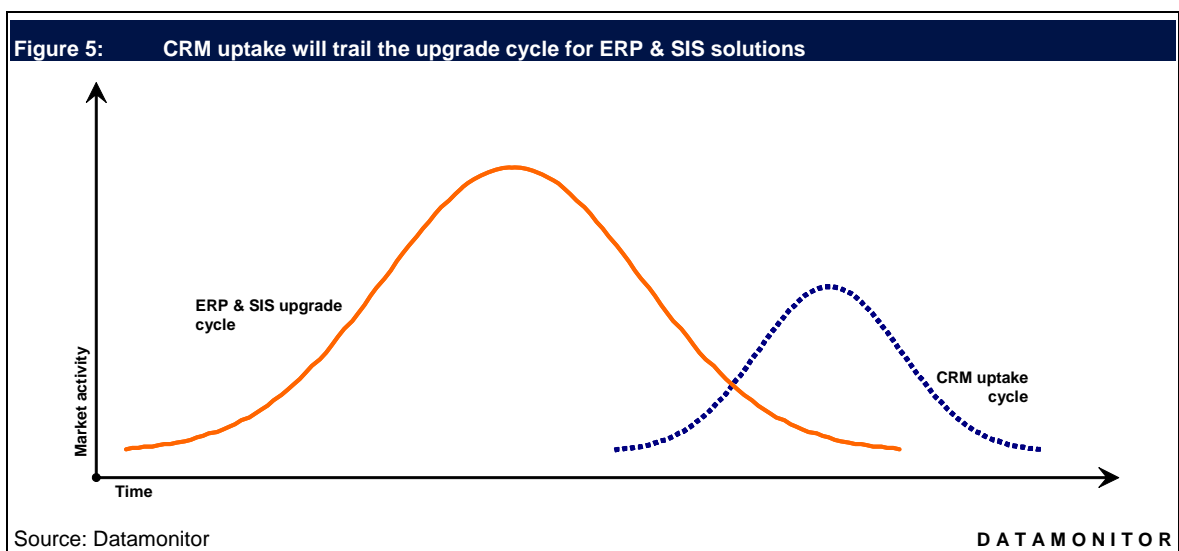
**Doing more with the same or less is the new budgetary reality**

Budget austerity is hardly a new trend in the higher education market. Most institutions, even those with multi-billion dollar endowments have to struggle with limited resources. Budgetary issues are rooted, at least in part, in the human resource intensiveness and tuition dependency of higher education. Salaries and benefits comprise a significant portion of any institution’s budget. As these costs are relatively fixed – institutions have committed to offering a certain number of courses to its students and has contractual obligations with faculty and staff – when unanticipated events occur, such as changes in the price of heating oil or health insurance, it is difficult for institutions to find unencumbered funds. Similarly, as tuition is the primary source of revenue for most institutions, they often find it challenging to increase revenues without building additional classrooms or asking students to bear additional financial burdens. Consequently, higher education institutions are keen to find new ways for making internal processes more efficient – it is a way to do more with the same or even less.

One of the most attractive characteristics of CRM is its ability to free faculty and staff to provide additional services and create more meaningful relationships with students by automating routine tasks. Through the use of CRM, institutions are able to automate activities such as generating letters, responding to information requests and scheduling appointments. And given that students, in most cases, prefer to interact with their higher education institutions over the Internet, they are likely to perceive online knowledge bases and appointment bookings as an upgrade to rather than a reduction of existing institutional services. The ability of CRM solutions to reduce the resource-intensity of many institutional processes while maintaining or over even improving overall service quality to students will make this solution area particularly attractive in the higher education market.

**Recent IT investments have put CRM within the reach of many institutions**

Over the last decade, higher education has invested heavily in its IT infrastructure, including upgrading such mission-critical applications as the enterprise resource planning (ERP) and SIS. Terminal-based and legacy applications have been discarded and replaced with modern, web-delivered solutions. The upgrade of ERP and SIS solutions across the higher education market impacts the uptake CRM solutions in two important ways. First of all, the purchasing and implementation process for a new ERP or SIS solution is a tremendous learning experience, albeit an oftentimes painful and expensive one, for an institution. It will scope, in great detail, internal process in order to develop a list of requirements for its request for proposal (RFP). Short-listed vendors will make day-long presentations and product demonstrations to an institution’s selection committee. And during the implementation phase, moving from the testing to production environment will require the IT staff to develop a deep understanding of their own capabilities and the capabilities of the institutional IT infrastructure. As a result, institutions come out of the process with a clear understanding of their internal processes and what is technically possible. Unfortunately, soon after the dust settles with implementation, institutions realize that these applications are designed to manage transactions rather than interactions or relationships with students and recognize the value or need for a CRM solution.



Upgrading an ERP or SIS also facilitates the integration of data from disparate systems and provision of web-based services to students. These processes constitute the first two steps towards adopting a CRM solution. As a result, upgrading other mission-critical applications prepares and orients institutions for CRM from both an organizational and technical perspective. When this result is situated in a context of increasing competition amongst institutions to recruit and retain students and changing student preferences for and expectations of higher education, it is not surprising that CRM uptake will grow rapidly. As a result, Datamonitor suggests that CRM adoption will have an almost bi-modal relationship with the ERP and SIS upgrades. As the higher education market completes the upgrade cycle, CRM adoption will grow.

### ***Powerful factors may impede the more substantive adoption of CRM***

While there is considerable reason to be optimistic about the future of CRM in higher education, significant challenges to its widespread adoption remain, and if left unaddressed, will hinder many institutions from implementing CRM more substantively or even at all. Experience suggests that introducing a solution with considerable buzz and hype surrounding it in the corporate sector into a highly conservative market, such as higher education, will be difficult at best. Particularly when many institutions still have questions about the value CRM offers and whether their IT infrastructure is prepared to support yet another solution. In the end, however, Datamonitor anticipates that these challenges to CRM uptake will be short-term ones, if vendors and institutions alike understand and address the following three inhibitors:

- Confusion persists in the market about what CRM is for higher education;
- The strategy elements of CRM present unique challenges to its implementation; and
- Creating a 360° view of the student experience is not a “piece of cake.”

### **Confusion persists in the market about what CRM is for higher education**

While the value of CRM is well-established in the corporate sector, it has not yet achieved the same level of understanding and acceptance in the higher education market. This confusion is due, at least in part, to the uneasy match between corporate and institutional processes. While sales, marketing and client services have parallel activities in higher education – namely recruitment, retention and development – the higher education establishment has not fully embraced the idea and as a result, many institutions remain resistant to the idea that CRM is directly applicable to them. Too often CRM is referred to as “customer relationship management” in higher education rather than “constituent relationship management.” The use of *customer* instead of *constituent* suggests that students are customers, an idea that many in higher education are reluctant to admit. Further exacerbating this issue was that as vendors introduced their corporate sector CRM solutions into the higher education market, many solutions were not sufficiently verticalized, particularly in terms of the language used to describe processes and individuals. As a result, some institutions were turned off to the idea that CRM could support the more effective management of student relationships. Learning from these initial missteps, vendors have taken steps to improve the alignment of their solutions to the sensibilities of higher education. Nevertheless, as there is still room for improvement, vendors should continue to invest in making their CRM solutions more higher education specific.

The concept of enrollment management and its associated technology solutions also contributes to the confusion over the value of CRM for higher education. Widely discussed, the idea of enrollment management suggests that by approaching recruitment and retention processes more holistically and strategically, institutions will be better able to meet their enrollment goals. Without question, there is considerable overlap between CRM and enrollment management. It would be difficult at best for institutions to meet their enrollment goals without effectively supporting interactions with students or to

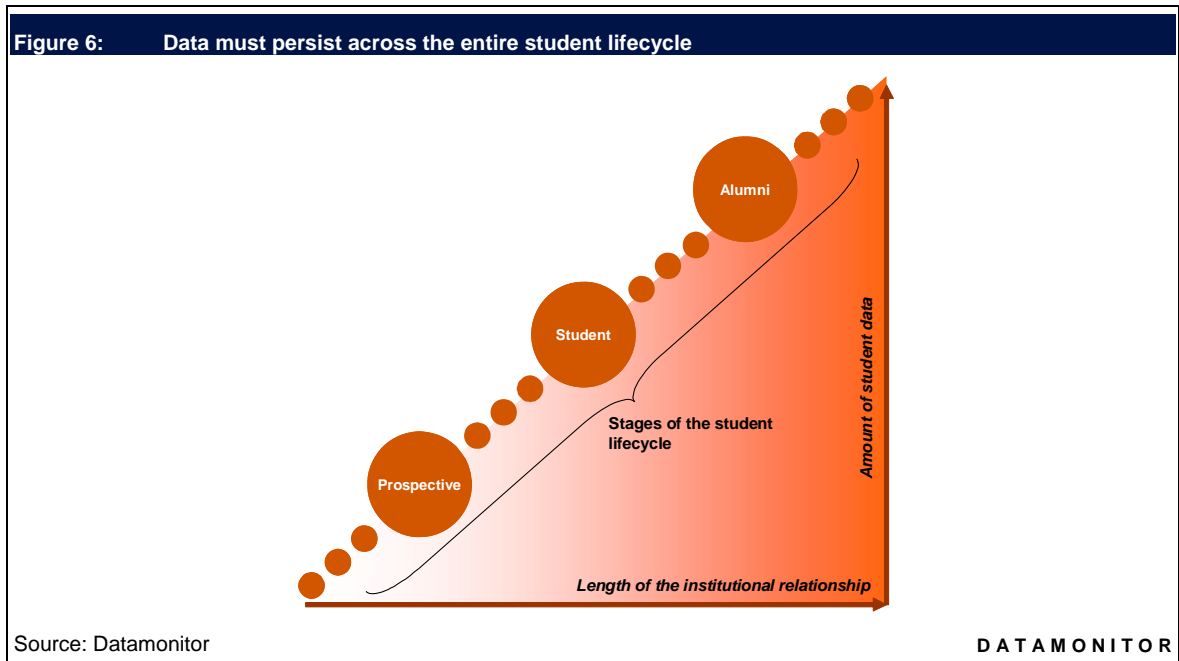
realize value from CRM without developing a strategy for managing recruitment and retention. Confusion, however, ensues when CRM and enrollment management are discussed and positioned as separate solution areas in the higher education market, when in fact, enrollment management applications are a sub-set of the larger CRM solution category. Beleaguered by near constant budget austerity and prone to conservatism when it comes to technology, this type of ambiguity about where one solution area ends and another begins serves only to impede higher education's more widespread adoption of CRM. In order to overcome this confusion and drive uptake, it will be critical for leading vendors to communicate to the higher education market a more succinct and consistent definition of CRM in general, and its relationship to enrollment management in specific.

### ***The strategy elements of CRM present unique challenges to its implementation***

Implementing CRM effectively requires institutions to make difficult changes to existing processes, behaviors and belief systems. As with most solution areas designed to support organizational processes, CRM is a strategy first and solution second. Institutions must develop a comprehensive and detailed picture of what managing student relationship more effectively looks like and a plan for how they are going to execute and measure progress towards that vision in order to realize the full value from purchasing a CRM solution. Few institutions would be cavalier about undertaking such an endeavor, as it is likely to be time-consuming, resource-intensive and most importantly, require difficult behavioral changes for faculty and staff. Faculty office hours, for example, are typically scheduled when it is convenient for professors to be in their offices rather than when students are most likely to be on campus. When the hours are not fully utilized, many assume that students are uninterested in the service rather than unavailable during the scheduled hours. It is easy to understand the difficulty of overcoming this assumption and ingrained behavior simply by imagining the faculty response to suggesting that office hours be moved to evening and weekend hours. Unfortunately, these types of changes and potentially more difficult ones are required for developing and executing an effective CRM strategy. As a result, Datamonitor believes that the behavioral changes required for an effective CRM implementation are the largest hurdle to the more widespread adoption of CRM. As a strategy to mitigate its impact, CRM vendors should invest in the development of robust consulting services that provide institutions with the necessary support and guidance for navigating the necessary organizational and behavioral changes associated with CRM.

### **Creating a 360° view of the student experience is not a “piece of cake”**

While the creation of a 360° view of the student experience characterizes an effective CRM implementation, it is often difficult for institutions to ensure that data persist in such a way that makes this creation possible. Because such applications as the SIS and ERP are designed to manage transactions rather than track institutional performance, they have traditionally provided only limited reporting functionality. If an administrator wanted a report, for example, he or she would need to make a request for it from the IT department rather. Consequently, the use of data to understand institutional effectiveness and performance has not permeated the culture of higher education or become part of day-to-day institutional practices. With more strident demands for accountability and improved institutional performance, however, higher education is increasingly using institutional data. The culture, however, will not change overnight, and institutions will find it difficult to identify which data should comprise a 360° view of the student experience and to muster the political will to make it happen. As a result, vendors should develop an incremental approach for implementing CRM and provide substantive guidance on how to measure the effective management of student relationships.



It is also important to recognize that institutional data exist in departmental silos that are closely aligned to the different stages of the student lifecycle. As a result, it is often challenging for institutions to aggregate student data from multiple applications in an accessible and useful format. Further exacerbating this issue is the longitudinal and cumulative nature of student data as it moves across the student lifecycle. The length of a relationship between an institution and a specific student can range from as little as a few months to as long as multiple decades. Forward-thinking institutions often refer to student relationships as being from “the cradle to the grave.” Given the volume and diversity of interactions prospective students, students and alumni are likely to have with an institution, it is not surprising that the amount of data grows rapidly and makes the creation of a 360° view of the student experience a daunting task. Few institutions have structured their systems in such a way that student data persist reliably and easily across the entire student lifecycle. Datamonitor, therefore, advises CRM vendors to provide solutions that scale easily so that institutions can start small with a single phase of the student lifecycle and expand their CRM implementation as they are able to tackle their mountains of student data.

## **ACTIONS**

### ***A definition for CRM should be disseminated widely to reduce market confusion***

The growth of CRM in higher education will not meet its full potential until a clear definition of CRM is adopted widely in the market. As highly conservative and risk-averse organizations, institutions will be reluctant to invest in a solution area that they find ambiguous or difficult to differentiate from existing applications such as enrollment management. Higher education's aversion to solutions that are not fully customized to its specific needs and sensibilities further exacerbates this challenge because of CRM's history in the corporate sector. While many vendors in the higher education market are working diligently to advance a more concrete definition for CRM, too often these definitions are inconsistent with one another which contribute to rather than alleviate confusion in the market. Instead, vendors should work in partnership with leading industry associations, such as the American Association of Collegiate Registrars and Admissions Officers (AACRAO) or National Association for College Admission Counseling (NACAC), to create a common and widely accepted definition for CRM. Simultaneously, horizontal vendors should continue to invest in the customization of their CRM solutions for higher education so that "constituent relationship management" is no longer confused with "customer relationship management."

### ***CRM solutions must scale up and down easily***

Given the difficulty of implementing CRM effectively and the budgetary challenges facing many institutions, it is critical for institutions to be able to "start small" and grow over time with their CRM solution. Most institutions will not start with an institution-wide implementation of CRM, but instead start with a single department, such as admissions or development, and expand their implementation over time. Changing behavior, marshaling the political will, preparing the IT infrastructure, and identifying budget for CRM require considerable time and energy. As a result, an institutional champion for CRM is likely to find implementing on an opportunistic basis a useful way to overcome these hurdles and move towards an institution-wide installation. Vendors should ensure that their CRM solutions have equal capacity to support the student relationships and interactions of a single department and those of an entire university. While providing scalable CRM technology is a necessary condition, it is an insufficient strategy for vendor seeking to realize the full benefit of the growing CRM market. Institutions are susceptible to interpreting the term "enterprise class" to mean that the solution is too big for their admissions office. Vendors, therefore, must also support their solutions with marketing collateral that communicates, in concrete ways, the ability of their solution to support specific institutional departments.

### ***Vendors must demonstrate how their solutions provide value to institutions***

In order to cultivate buy-in and support for the purchase of a CRM solution, technology decision makers must be able to demonstrate how investing in CRM provides value to the institution. With the absence of a clear definition for CRM, many institutions are struggling to understand how CRM will help them to manage student relationships more effectively. In a period of budget austerity, higher education is particularly sensitive to the opportunity cost of purchasing a specific technology solution. Consequently, it is critically important for vendors to demonstrate how CRM provides a more appealing return on investment than other technology solutions or even other approaches to providing better service to students. As Datamonitor research has consistently indicated that when making a technology purchase, institutions are influenced the most by the experiences and opinions of peer institutions, it is advisable for vendors to develop strong reference accounts and case studies to demonstrate the value of their CRM solutions to higher education.

## APPENDIX

### Definitions

- **CRM** – A Constituent Relationship Management (CRM) solution is a software application that typically supports the management of interactions between the institution and students, including those at the prospective, enrolled, and alumni stages of the student lifecycle, for such activities as recruitment campaigns, retention, academic advisement, helpdesk support and alumni development.
- **ERP** – An Enterprise Resource Planning (ERP) solution is a software application that supports institution-wide transactions related to human resources and financial management functions, such as payroll, training, time & attending, benefits, general ledger, cash management, and accounts payable & receivable.
- **SIS** – A Student Information System (SIS) solution is a software application that manages and tracks student data and transactions, such as course registrations and grades, demographic and contact information, attendance history and student schedules.

### Methodology

- Industry opinion research – Interviews were conducted with leading CRM vendors.
- End-user research – Institutional technology decision-makers and departmental administrators were interviewed.
- Secondary research – Secondary research sources were used to guide and validate the conclusions of this brief.

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### Further reading

Global Higher Education Spending on CRM, 2007 – 2012 (IMTC0098, July 2007)

Decision Matrix: Selecting a CRM vendor in the higher education market (DMTC2109, June 2007)

Business Trends: Education Technology (DPTC0004, May 2007)

2007 Trends to Watch: Education Technology (BFTC1592, February 2007)

IT Security in the Education Market (DMTC1699, December 2006)

Expanding Accessibility to Technology in Education Institutions (DMTC1342, September 2006)

Effectively Managing & Leveraging Data in Education Institutions (DMTC1340, August 2006)

Best Practice with CRM by Higher Education (BFTC1211, December 2005)

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### ***Datamonitor consulting***

We hope that the data and analysis in this brief will help you make informed and imaginative business decisions. If you have further requirements, Datamonitor's consulting team may be able to help you. For more information about Datamonitor's consulting capabilities, please contact us directly at [consulting@datamonitor.com](mailto:consulting@datamonitor.com).

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