

# **2009 AIEA ANNUAL CONFERENCE**

## **Branch Campuses – What Works, What Doesn't Work, And the Road Ahead**

## Housekeeping

### A Brief Introduction to Branch Campuses

### Case Studies

- Qatar Education City
- UNSW Asia
- KAUST

### Outlook

### Discussion

- **Around 30 minutes for the presentation and 30 minutes for discussion**
- **No handouts. Instead, the presentation has been posted at [www.illuminategroup.com](http://www.illuminategroup.com), and will be posted on the AIEA website**
- **The session's focus is on highlighting different models of branch campuses and to reflect on factors driving success and failure**
- **The outlook section synthesizes past developments and emerging trends**

- **ICG is involved in a number of transnational education areas, including**
  - **Research on comparative/transnational education**
  - **Analytical reports (e.g.; British Council/UUK)**
  - **Client engagements from Asia to the Middle East**
- **Our background is in comparative higher education, strategy consulting, controlling, and entrepreneurship. This background underpins our comprehensive and holistic approach**
- **As a result, we tend to ask hard questions**

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- **The concept of branch campuses is neither new nor radical; domestic versions are tried and true**
- **Since the 1990s, models, approaches, institutions, etc. have proliferated. Today we have a highly granular landscape including:**
  - **The College of the North Atlantic in Qatar**
  - **Monash in Malaysia/South Africa/Italy/UK (sort of)**
  - **INSEAD in Singapore**
  - **Michigan State in Dubai (being rolled out)**
  - **Carnegie Mellon in Adelaide**
  - **Many more...**
- **Business models now range from franchising to joint ventures to wholly owned subsidiaries; this is a reflection of the different strategies and missions of the respective ventures**
- **Culturally, the development aid rationale has largely given way to a trade-based perspective**

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**Discussion**

- **In 1995 Sheikh Hamad bin Khalifa Al-Thani set up the Qatar Foundation with a multibillion-dollar endowment to fund universities which agreed to open branches in what has become known as Qatar Education City (QEC)**
- **Qatar has adopted a multi billion dollar pick-and-mix approach by persuading highly respected universities to open programs in the QEC complex which stretches over 14 million square meters**
- **QEC attracted a number of top US universities:**
  - **Virginia Commonwealth University School of the Arts in Qatar (1998)**
  - **Weill Cornell Medical College in Qatar (2002)**
  - **Texas A&M University at Qatar (2003)**
  - **Carnegie Mellon University in Qatar (2004)**
  - **Georgetown University School of Foreign Service in Qatar (2005)**
  - **Northwestern University in Qatar (2008)**
- **Current enrollment stands at ~2,500 students, of which 49% are Qatari**



- **Qatar Foundation offers universities an attractive funding package to set up their operations in QEC:**
  - All costs, including construction and salaries, are borne by the Foundation
  - Student fees can be remitted and reinvested back at the home campus
  - Universities have complete control over their annually submitted budget
- **Standard-setting facilities: QEC is networked by one of the most advanced IT infrastructure systems in the region**
- **Qatar Science & Technology Park (QSTP) has invested USD 300 million in its first phase of providing excellent laboratories specifically designed for technology-based companies**
- **QSTP is a development hub in the region and Qatar's first free trade zone**

**QEC is structurally well provided for**

## Opportunities

- Strong political support
- Few financial constraints
- Elite partner universities on-site drive quality paradigm
- Attractive and proven US curricula
- QSTP's USD 300 million investment into research facilities should produce spill-over effects
- 2008 marked the beginning of the construction of SIDRA which is endowed with USD 7.9 billion

## Challenges

- Limited pool of high-caliber Qatari students who do not go abroad
- The lack of QEC research focus makes recruiting top faculty challenging
- Accreditation (e.g.; Cornell)
- The multi-university structure provides little coordination or synergies
- A growing reputation as an artificial Disneyland in the desert

**QEC offers the highest quality undergraduate education in the region**

- **The region's traditional centers of education – Baghdad, Beirut, Cairo, and Damascus – have been degraded by war, poverty, and political strife**
- **Qatar Education City seems to be structurally capable to become the region's first choice for undergraduate education**
- **Yet recruiting local/regional students at a high quality level will remain a challenge for some time to come**
- **Relatedly, it is an open question whether the eventual student/faculty headcount can generate a vibrant, intellectually self-sustaining institution**
- **However, the multi-universities approach, once solidified, could serve as a model for similar projects in the region**

**QEC's focus on quality is both blessing and curse**

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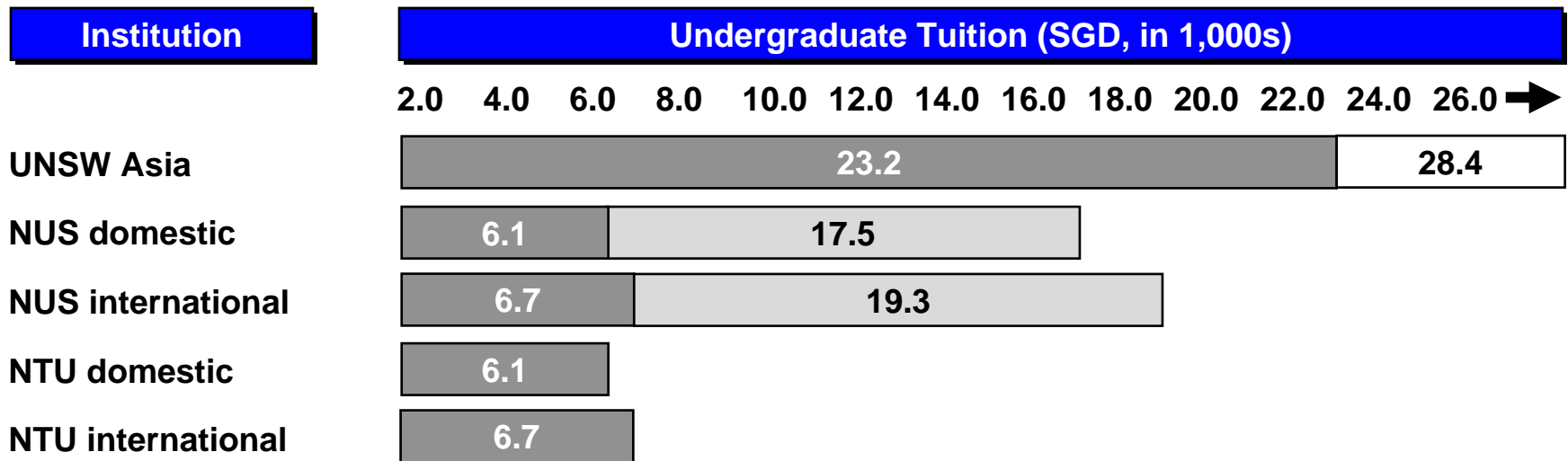
**Discussion**

- **The Singapore Government solicited bids for the creation of a branch campus as part of its education hub strategy. UNSW was awarded the contract in 2004**
- **UNSW Asia was intended as Singapore's first foreign, comprehensive research and teaching campus (wholly owned and operated by UNSW)**
- **The structure was based on three academic clusters: A Graduate School; science, engineering, technology and health; and commerce, humanities, media and design**
- **The campus opened in March 2007. It was planned to start with 500 to 600 students and then scale to 15,000 over the next 15 to 20 years**
- **UNSW Asia was short-lived – it closed within a few months after opening**

# WHAT WENT WRONG WITH UNSW ASIA?

- **UNSW Asia was supposed to be immediately accepted as a high quality brand – despite no efforts to establish a brand identity for UNSW Asia**
- **UNSW Asia did not design any feasible recruiting strategy but instead relied on the above – mistaken – brand assumption**
- **Singapore is home to NUS which is an academically superior institution to UNSW. Institutions such as NTU and SIM are well established. Yet UNSW Asia tried to operate in a competitive vacuum**
- **Singaporean students did not see value in attending a UNSW branch campus in Singapore if they could attend UNSW itself**
- **A number of planning and development mistakes suggest a lack of basic competence, best practice governance, and risk management**
- **UNSW Asia fundamentally over-priced its course offerings**

# ONE REASON FOR THE DEMISE OF UNSW ASIA: TUITION MISALIGNMENT



The decision to close UNSW Asia in June 2007 was chiefly based on the lack of student enrollment. That should not have come as a surprise: UNSW Asia entered the Singaporean education market with a tuition level which bore no relation to its competitive tuition situation.

**A prime example of amateurish tuition competition behavior**

Notes: Tuition for the 2006/07 (NUS/NTU) or the aborted 2007 (UNSW ASIA) school year. NUS and NTU tuition take the MOE grant into consideration.  
Sources: Universities, Illuminate Consulting Group.

- **UNSW lost a sizable amount of money on the failed UNSW Asia venture. October 2008 reports put closure costs at AUD 47.6 million. Actual costs are likely to be higher**
- **UNSW's brand was damaged notably in South East Asia in general and Singapore in specific. The Singapore Government forced UNSW into paying back in excess of AUD 20 million of grants**
- **The UNSW senior management team did not seem to have a grasp of issues while planning, building, and winding down UNSW Asia**
- **Years of management focus on UNSW Asia resulted in UNSW itself slipping in terms of research performance and general organizational competence**

**To date the most salient, self-inflicted branch campus failure**



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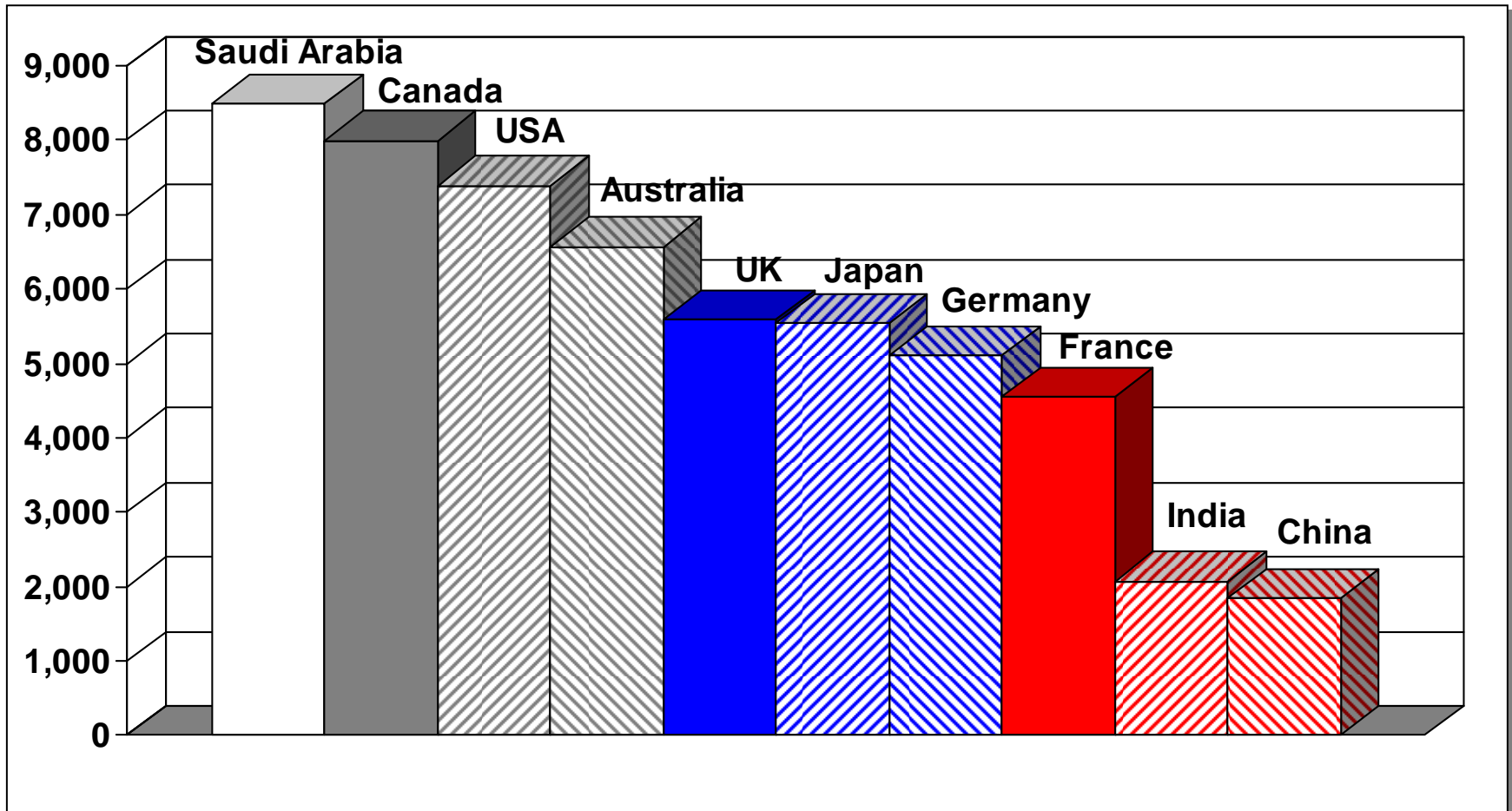
**Discussion**

- **KAUST is an international, co-educational, graduate-level research university which is set to open its doors in September 2009**
- **KAUST is governed by a Board of Trustees. Professor Choon Fong Shih (former President of NUS) serves as the President Designate**
- **KAUST's core campus is located on the Red Sea near Rabigh and will occupy more than 36 million square meters**
- **King Abdullah has provided a multi-billion dollar endowment, making it the sixth wealthiest university in the world**
- **300-500 students pursuing graduate degrees will commence in late 2009**
- **KAUST is driven by four strategic research areas:**
  - **Resources, Energy and Environment**
  - **Biosciences and Engineering**
  - **Materials Science and Engineering**
  - **Applied Mathematics and Computational Science**

- **Talent acquisition: Admission to KAUST includes a full fellowship and no tuition, plus a fellowship that covers students' final undergraduate year**
- **Standard-setting facilities: E.g. the planned KAUST/IBM Center for Deep Computing Research, ranking sixth in the world in terms of performance**
- **Elite partners**
  - **Academic Excellence Alliances: Berkeley, Cambridge, Imperial, Stanford, UT**
  - **Global Research Partnership Centers: Cornell, Oxford, Stanford, Texas A&M**
  - **Global Research Partnership Centers-in-Development: King Fahd University, National Taiwan University, Utrecht**
  - **Academic Research Partnerships: Woods, Institut Francais du Petrole, NUS, HKUST, AU Cairo, TU Munich, King Fahd University, UCSD**
  - **Investigators: Caltech, Cambridge, MIT, Oxford, others**

**No other educational venture has scaled quality this broadly or quickly**

# KAUST IN CONTEXT: AVERAGE MONTHLY TOP-LEVEL SALARIES



**Saudi-Arabia is committed to acquiring faculty talent**

Notes: World Bank PPP (USD).

Source: Boston College, CIHE. International Comparison of Academic Salaries: An Explanatory Study. October 2008.

## Opportunities

- **No monetary constraints whatsoever**
- **Strong royal/political support**
- **High-quality student and faculty member body from scratch**
- **Attractive, competitive, and up-to-date curricula through the Academic Excellence Alliances**
- **Elite network of research partner universities through the Global Research Partnership Program**

## Challenges

- **Recruitment and retention of top faculty into one of the most socially conservative countries in the world**
- **Artificial and isolated nature of KAUST within Saudi-Arabia and within the community of scholars**
- **Structural and thematic overreach driven by ambitious timelines**
- **KAUST being both a beacon as well as a target**

**KAUST is full of unique promise, but also reaches very high**

- **The overall management structure, operational involvement of ARAMACO, and key hires are very promising. It remains to be seen if KAUST can establish an innovative institutional culture**
- **Broad, multi-faceted linkages with leading institutions in conjunction with generous funding schemes will provide KAUST with a scientific jump start**
- **The cultural divide between Saudi and non-Saudi staff and students will be an issue. Wedge issues (gender, religious tolerance) are quite likely to affect KAUST in one way or another**
- **KAUST has the definite potential to become a respected research institution in the short term. However, KAUST is not likely to become a global top 10 research institution within the next 10 or even 20 years**

**In balance: Tremendous potential, a good start – and open questions**

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- **The old-style model – US/UK/Australian home campus, build brick building, copy-paste curriculum, expect easy profits – is going away**
- **New players are emerging**
  - Private providers (Laureate etc.)
  - Canadian/Indian/German institutions
- **New models are emerging**
  - Germany Inc. (DAAD, Foreign Office, university consortium)
  - Amalgamation (KAUST)
  - Integrated teaching and research (German-Omani university via TH Aachen)
  - Direct labor force feeders (KV to KV/DIAC)
  - Pure brand leverage plays (Louvre in Abu Dhabi)
- **New modes are emerging**
  - Research focus (from Biopolis to KAUST – no consensus yet)
  - Global footprint (Monash, Columbia, NYU)
  - Business triangulation (research campus – receiving location – corporation)



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- Monash South Africa

## Outlook

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- **Is the entire concept of a branch campus obsolete?**
- **Which research university has actually improved its core performance by engaging in overseas branch campus ventures?**
- **Can elite brands truly recreate/extend themselves away from their home campus?**
- **Is the delivery of standardized/low-end teaching only subjects best suited to transnational education models?**
- **If higher education eventually becomes a full global commodity, will it still be able to retain its organizational design and cultural identity?**
- **Is all of the above to be embraced, to be feared, or to be accepted and managed?**

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