

OPM Market Insights

A quarterly update on the Online Program Management (OPM) market in the United States.

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About OPM Market Insights

Every month numerous data sources are updated and reports are published that provide key insights into what the future holds for higher education, but the difficult part is mining all of the information.

VI's market research team is now producing quarterly reports focused on different aspects of the higher education market. Our team combs through the most reliable and recently updated information sources, uncovers the most valuable data points, provides historical and comparative context, and ultimately provides actionable insights and recommendations.

This OPM Market Insights curates information most pertinent to those interested in the Online Program Management (OPM) market. The report also leverages proprietary data to provide a deeper look at this evolving market.

One key, distinguishing feature of this recurring report is Validated Insights proprietary data tracking the OPM market. Our expertly curated and maintained data provides an unparalleled level of access into the activities of colleges and universities and their tools and service providers that are enabling their online efforts.



Traditional Market Leaders



University-as-OPMs



OPMs for International Expansion



Global Platform-Based Providers



Middle Market Leaders



Education-as-a-Benefit
(EaB Providers)



Instructional Design
Specialists



Marketing and Enrollment
Specialists



Vertical-Specific Providers



Regional or Specialized Middle Market Providers



**“Are colleges ready for an
online-education world
without OPMs?”**

- EdSurge, April 2024¹



Partnership Activity

- New OPM partnership activity in the United States **declined 56.1% from the first half of 2023 to the first half of 2024**. Across the country, only 29 new OPM partnerships were established during the first half of this year.
- While new partnership starts are declining, **partnership ends/terminations are accelerating**. In 2023 (the most recent year available), there were 147 OPM relationships that came to an end (either via the end of the contract or via premature termination). This is the most ever recorded for a single year.
- Institutions are reporting a waning appetite for new OPM partnerships, as the percentage of institutions reporting interest in these arrangements declined from 42% to 34% from 2019 to 2024. Additionally, 61% of institutions currently partnered with an OPM are evaluating said partnership.

September 2024



Regulatory Updates

- After issuing the “Dear Colleague” Letter (DCL) in early 2023, the Department of Education has continued to push back the timeline for issuing the final, updated guidance.
- Minnesota became the first state to take legislative action to ban revenue-sharing OPM partnerships among state institutions.



Financial Activity

- There has been a significant decline in financial activity in the OPM space in recent years, and 1H 2024 continued that trend.
- Fewer and fewer schools are likely to partner with OPMs in the future owing to increased internal capabilities, the regulatory environment, and college closures.

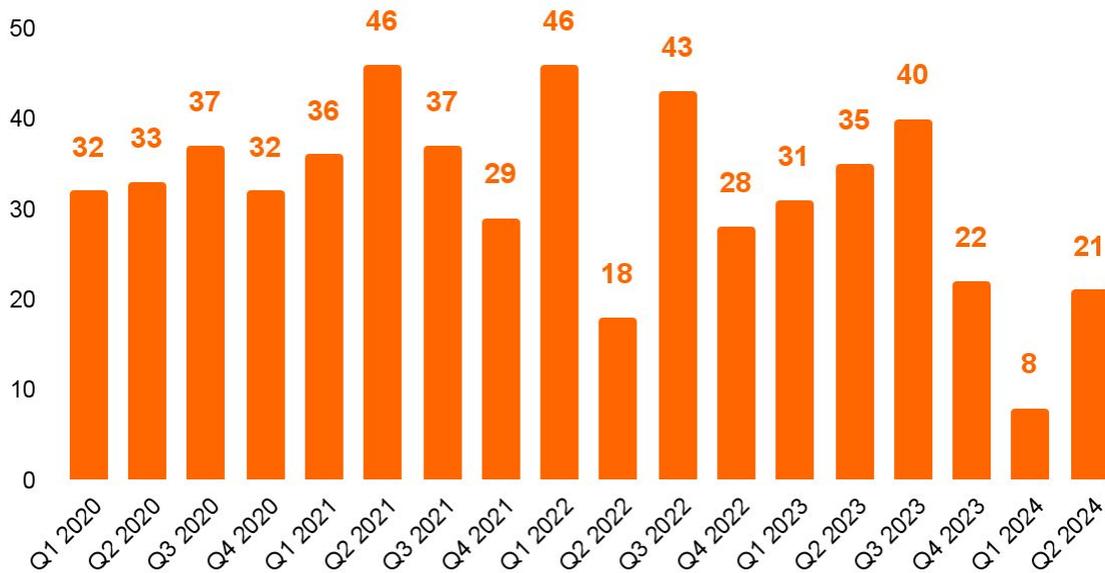


Partnership Activity

New OPM partnership activity is declining

Through the first half of 2024, there were only 29 new OPM relationships established across the United States.

New OPM Partnerships Established in the United States by Quarter (2020 to 2024)



Key Takeaways

- From the first half of 2023 to the first half of 2024, new OPM partnership activity in the United States declined 56.1%.
- The first half of 2024 saw the smallest amount of new OPM partnership activity in the United States since 2020.

Significant Partnership Starts in Q2 2024

Institution	Provider	Notes	Partnership Start
Texas State University	Risepoint	Texas State is one of the largest public institutions in Texas, where Risepoint already has a significant presence.	2024
Webster University	Sextant Marketing	Webster has historically had a large population of adult learners and international students.	2024
Bradley University	Everspring	Bradley terminated their partnership with Boundless Learning and now works with Everspring on a suite of online programs.	2024
Clemson University	Coursera	Clemson has historically opted not to partner with OPMs but has joined up with Coursera to launch an online Master of Computer Science.	2024
Hawaii Pacific University	Beacon Education	Hawaii Pacific added yet another OPM partnership in Beacon Education. This partnership primarily serves to deliver their programs to a Chinese audience.	2024

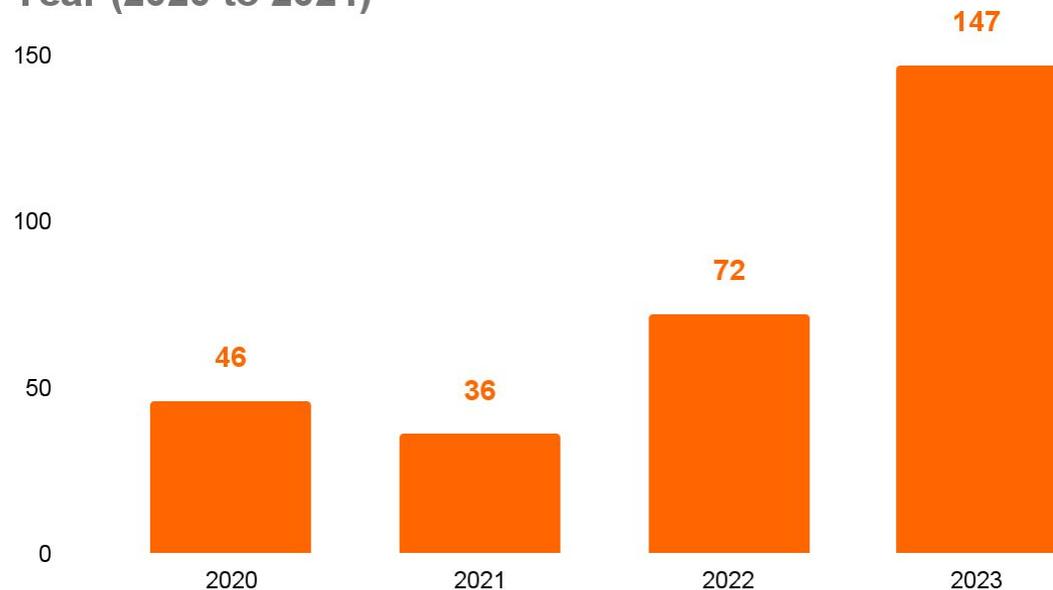


Partnership Activity

OPM contract ends/terminations are accelerating

During 2023, 147 OPM contracts ended across the United States.

OPM Partnership Ends/Terminations in the United States by Year (2020 to 2024)



As of mid-2024, 61% of institutions working with an OPM are evaluating their partnership and intend to make changes within the next two years.²

Key Takeaways

- Throughout 2023, there were 147 OPM contract ends/terminations across the country. This was almost the same amount as the three prior years combined.

Significant Partnership Ends Thus Far in 2024

Institution	Provider	Notes	Partnership Start
University of Pittsburgh	Outlier	Following being acquired by Savvas Learning, Outlier ceased offering degree and certificate programs, thus exiting the OPM space.	2024
Florida Institute of Technology	Bisk Education	FIT has historically been one of, if not the largest institutional partner for Bisk. Following this move, FIT partnered with Risepoint.	2024
University of Michigan	Noodle	Michigan was one of the premier institutional partners that Noodle added during their rapid expansion period from 2020 to 2021.	2024
Fordham	2U	Fordham has filed to terminate their partnership with 2U, making them the latest of the long-standing 2U partners to do so.	2024
Southern New Hampshire University	edX	SNHU was offering MicroBachelor's on the edX platform in an arrangement between two of the leading online education providers.	2024

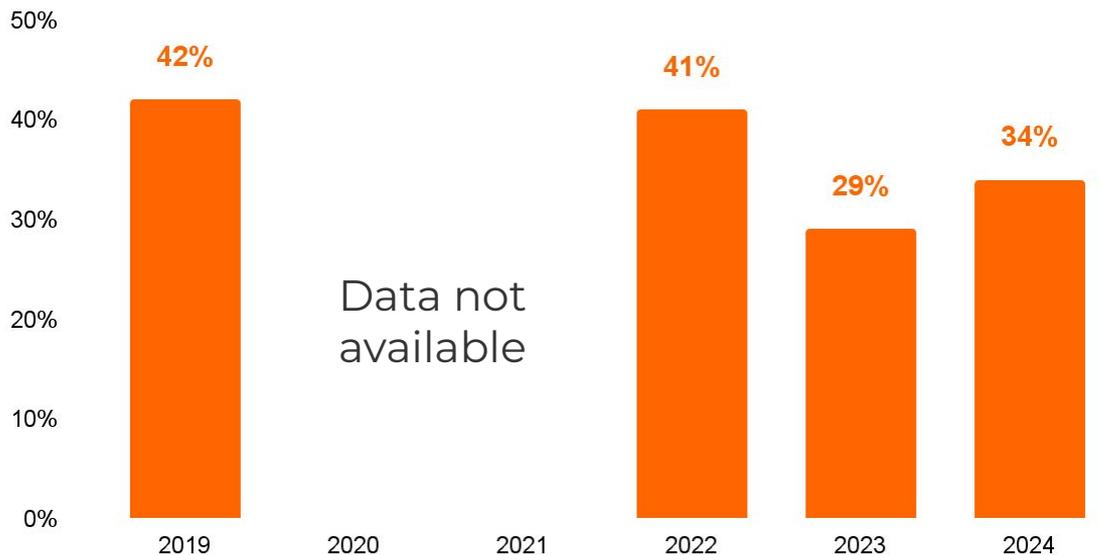


Partnership Activity

Interest in OPM partnerships is declining

From 2019 to 2024 the percent of institutions interested in partnering with an OPM declined from 42% to 34%.

Percent of Institutions Interested in Partnering with an OPM by Year (2019 to 2024)



Key Takeaways

- From 2019 to 2024 the percent of institutions interested in partnering with an OPM declined from 42% (about $\frac{2}{3}$) to 24% (about $\frac{1}{3}$). There was, however, a slight uptick in interest between 2023 and 2024.³



Partnership Activity

OPMs continue to mainly support Business programs

30.7% of OPM supported programs are either a certificate or master's degree in the field of Business.

Percent of OPM Supported Programs in 2024 by Broad Subject and Level

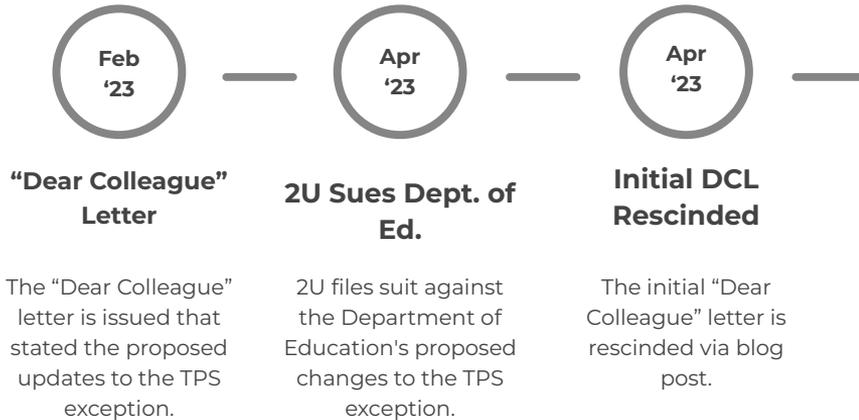
Degree level	Business	Education	Healthcare	Human Services and Studies	STEM
Associate's	0.7%	0.1%	0.1%	0.6%	0.0%
Bachelor's	6.1%	0.8%	3.3%	5.4%	2.3%
Master's	15.1%	6.4%	6.7%	5.2%	4.0%
Doctorate	0.8%	1.1%	1.5%	0.3%	0.0%
Certificate	15.6%	3.7%	6.2%	3.2%	10.0%

Key Takeaways

- OPMs continue to prefer working with institutions for Business programs, with almost $\frac{1}{3}$ of OPM supported programs (30.7%) being either a certificate or master's degree in Business.
- This makes OPMs slightly overly optimistic about Business programs as only about 11% of online enrollments are estimated to be in these master's or certificates in Business fields.

- The Department of Education has continued to push back issues their proposed final guidance on the Third Party Services exception (“TPS Exception”).
- 2U is anticipated to continue its lawsuit against the DoE if the TPS exception is revoked in a manner that threatens the historic OPM model.
- There is currently **another lawsuit against UMGC and Coursera** which has recently been filed that seeks to have the TPS Exception revoked on account of it being allegedly contradictory to the Higher Education Act (HEA).
- **Minnesota moved to become the first state to ban revenue sharing** agreements with public institutions and OPMs after similar efforts failed in California and New Jersey.

Regulatory Updates - TPS Exception



Final guidance on the TPS exception is delayed multiple times throughout 2023 and 2024.

As of writing of this report, guidance has still not yet been released and the negotiated rulemaking process is ongoing.

Final guidance is anticipated to come at the end of 2024 or early 2025.



Since updated TPS guidance has not been issued as of writing of this report, it is anticipated that updates will come in early 2025. Thus far in the process, the barring of partnerships between institutions and foreign-owned service providers has been rescinded. Much is now riding on the upcoming presidential election as a Harris presidency is anticipated to continue with these regulatory efforts while Trump has stated plans to abolish the Department of Education if elected.

Regulatory Updates - TPS Exception

Recent Development



Further complicating the situation related to the TPS exception is the fact that the **National Student Legal Defense Network** has filed a lawsuit against the **University of Maryland - Global Campus** over an “incentivized, enrollment-based” pay agreement with Coursera in September 2024.

The lawsuit alleges that UMGC violated the District of Columbia’s laws by saying that it doesn’t tie compensation to enrollment, though its partnership with Coursera allows for it. It further states that the 2011 carve out that allows for such arrangements is illegal based on it being contradictory to the Higher Education Act (HEA).

Regulatory Updates - Minnesota



In the summer of 2024, Governor Tim Walz (D) signed into law HF 4024 which supersedes federal law and bans public institutions in Minnesota from entering into new OPM relationships that include marketing and recruitment and are tuition sharing in nature. The law does not impact current agreements.

Risepoint works with both St. Cloud State University and Southwest Minnesota State University. Guild Education works with the University of Minnesota at Crookston. And Coursera partners with the University of Minnesota. Note again that these existing partnerships are not impacted by the new law in the short term but may ultimately impact them in the future.

- 2022/2023 saw a number of significant transactions in the OPM space that greatly consolidated the market.
- 2024, thus far, has largely seen transactions that reflect that the private market perceives more value in the space than public markets, such as Keypath being taken private at a sharp discount.
- Venture Capital funding has all but disappeared for OPMs (and OPM-adjacent companies) globally.

Financial Activity - M&A

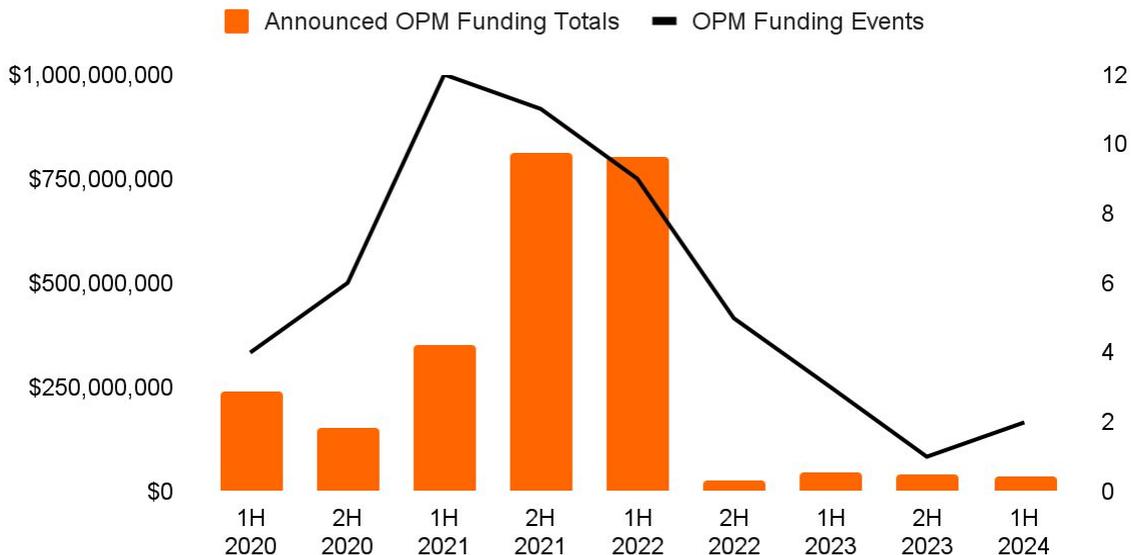
Acquiree	Acquirer	Date	Value (\$)	Notes
Keypath Education	Sterling Partners	May 2024	\$187M	Keypath was acquired by PE firm Sterling partners at a price that was about 84% below Keypath's valuation at IPO in June 2021.
Outlier	Savvas Learning	February 2024	N/A	K-12 education company Savvas Learning acquired Outlier and subsequently exited the OPM space.



Funding to OPMs has fallen drastically

In the first half of 2024 only \$38M was brought in by strictly-defined OPM companies globally.

Total Funding for OPM Companies Globally by Half-Year (Strictly Defined, 2020 to 2024)



Key Takeaways

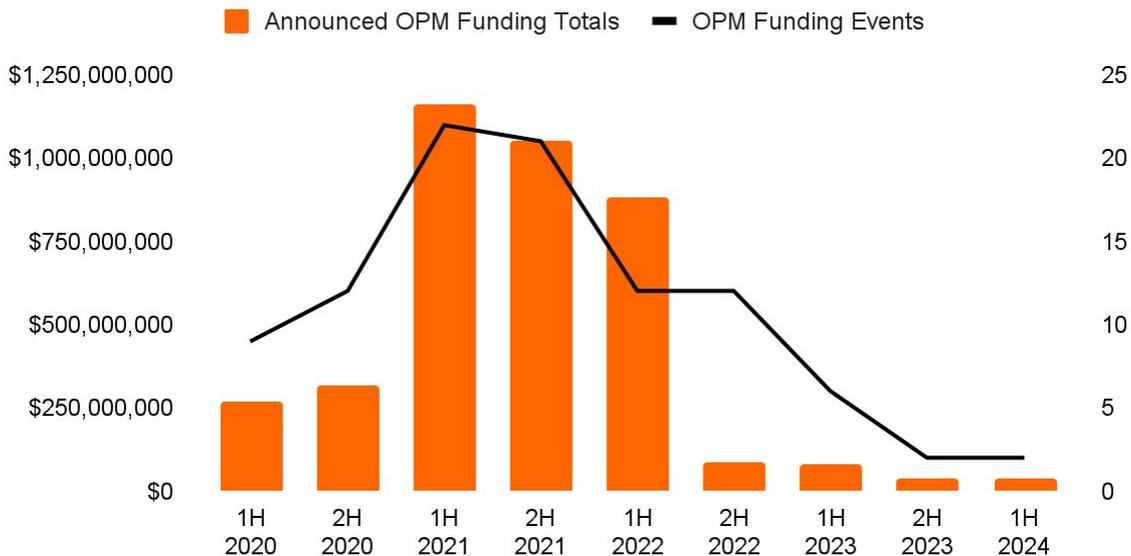
- In the first half of 2024 only \$38M was brought in by strictly-defined OPM companies globally, and \$35M of that was new debt issued to upGrad. No United States-based companies in the space saw new funding via funding rounds, IPOs, post-IPO equity, grants or donations, or new debt.



Funding to OPM (and adjacent) companies has fallen

From 1H 2021 to 1H 2024 total OPM (and adjacent) funding has fallen 97%.

Total Funding for OPM Companies Globally by Half-Year (Broadly Defined, 2020 to 2024)



Key Takeaways

- Total funding to OPMs (and adjacent companies) peaked in the first half of 2021 when these companies collectively brought in \$1.16B (in all types of funding).
- Since that peak, however, total funding for these companies has declined 97%.

[1] Ubell, Robert. "Are Colleges Ready for an Online-Education World Without OPMs?". EdSurge. April 22, 2024. <https://www.edsurge.com/news/2024-04-22-are-colleges-ready-for-an-online-education-world-without-opms>

[2] "DIYing an OPM: Build, Outsource, or Blend?". UPCEA. May 3, 2024. <https://upcea.edu/diving-an-opm-build-outsource-or-blend/>

[3] 2024 Public-Private Partnership Survey. P3EDU and The Chronicle of Higher Education. 2024. <https://www.p3edu.com/wp-content/uploads/2024/07/2024-Public-Private-Partnership-Survey-Results.pdf>

[4] Hill, Phil. "Updates on TPS and Other Regulatory Actions". Phil Hill and Associates. June 18, 2024. <https://onedtech.philhillaa.com/p/updates-tps-expansion-and-other-regulatory-actions>

[5] Unglesbee, Ben. "UMGC Sued Over Coursera Payments". Higher Ed Dive. September 20, 2024. <https://www.highereddive.com/news/umgc-sued-over-coursera-payments/727565/>

[6] Davis, Alex and Sudow, Noah. "First State Passes Law to Ban Tuition Sharing with OPMs". Whiteboard Advisors. 2024. <https://whiteboardadvisors.com/minnesota-ban-tuition-sharing-opms/>