

Typically, university cost of serving its on-campus students (*domestic*) outweighs the fees collected from these learners and therefore institutions must be subsidized to make up the difference. With tuition capped at £9.250 since 2016 and inflation rising, this deficit has deepened, leaving most UK universities in an economic bind. Outside of reducing their costs of operation, the only alternative to addressing the revenue shortfall is to generate a new, high margin source of revenue.

Revenue from international students is not a reliable or sustainable source of income for universities as it not only varies widely based on partner institution's attractiveness to foreign learners, but also depends on many macro-economic factors such as political dynamics, exchange rates, students' ability to handle the fees, foreign university competition or rise of alternative providers. For example, the number of international students attending UK universities is reported to be down 44% YTD versus prior year. The cost of recruiting this population is also high, ~15%-25% of tuition fees. Despite the seeming attractiveness of foreign student fees that are often twice as much as those of the domestic learners, the declining numbers of international students will not be able to offset the growing gap in net income. By contrast, as our partner universities add online programmes, the net revenue stream they generate is both reliable and accelerating, given that the growth of online enrollments is projected to continue.

That said, the statement on our website refers to a comparison in net revenue margins between online, international and on-campus students. Allowing for small differences in how universities serve their digital learners, the revenue they generate has a much wider and more consistent profit margin versus their campus-based counterparts, both domestic and international. As a side note, with Ednet's cost-free services and HEP's new technologies that aid more automation and efficiencies, net revenue margins from online students are continuing to widen even more.

Online students have generated a meaningful, high margin revenue for numerous public universities in the US, which has allowed them to offset their rising operating costs and tuition declines from traditional campus-based students. Our particular efforts in US through HEP's predecessor company, Academic Partnerships, have secured an ongoing economic viability of several of our partner institutions by generating a new and sustainable revenue stream from online students. I predict that the same will occur in the UK as higher education's financial crisis deepens and online enrollments continue to grow.