

March 2021

# Transforming Education For The New Norm

COVID-19 has changed education forever. Schools, colleges, and universities around the world have had to shut down due to the fears and uncertainties the surround this pandemic. According to UNESCO, the education plans of over 1.2 billion children around the world have been affected.<sup>1</sup> While countries and regions are reopening at different rates, the shift to online education, which has been pervasive throughout the pandemic, will likely continue. Colleges, universities, trade schools, and private schools are now facing an uncertain future as regional and countrywide restrictions limit in-class learning and increase costs for providing safe learning environments.

As a result of the global environment, educational institutions now face several challenges including falling enrollments, decreased revenue, declined funding, and concerning completion rates and achievement gaps. In the US alone, Forrester forecasts that 2021 technology budgets for educational institutions will drop by 3.6%.

**Educational institutions must prioritize the delivery of omnichannel experiences to support learning, to drive greater innovation to attract and retain students, and to ensure continued focus on security and privacy for the protection of intellectual property and data.**

## KEY FINDINGS

- › Educational institutions face increased pressures to drive revenue and reduce operational costs post-pandemic.
- › In response, learning experiences are being improved and investments in digital experience technologies are being established as key business and technology priorities.
- › IT budget allocation, as a percentage of revenue, is expected to reduce as costs of ensuring safe learning environments increase.
- › IT organizations are looking to increase innovation, develop new skills, and drive better engagement with third-party service providers to fuel business transformation.



Infosys commissioned Forrester Consulting to leverage Forrester research and Business Technographics® data to explore the transformation of education, including the perceived challenges, drivers, and benefits of investments to transform education.

## METHODOLOGY

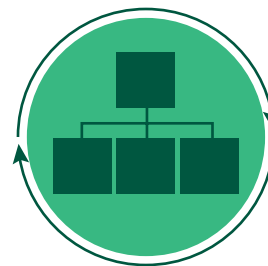
The data and insights in this study are based on existing research findings from Forrester's research on education sector.

For more details, please refer to Endnotes.

# COVID-19 Has Reshaped Education

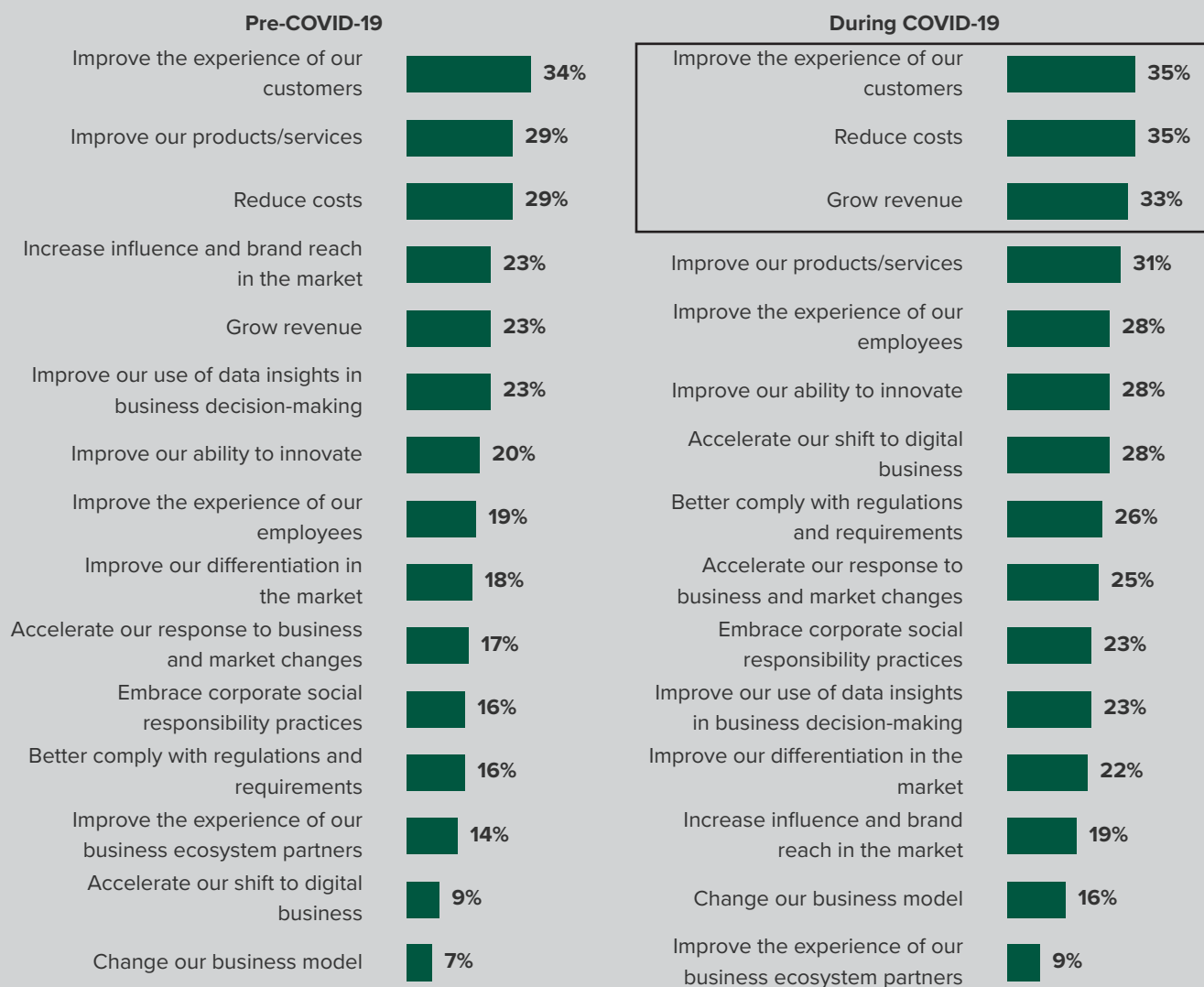
With the severe disruption to education, educational institutions are being forced to rapidly drive innovation. According to a recent study by World Economic Forum, almost three-quarters of respondents across the globe said that by 2025 higher education in their country would be conducted online at least as much as in person, if not more.<sup>2</sup>

This rapid change is forcing educational institutions to adjust their business priorities. While improving the student experience remains a top priority, educational institutions are now facing pressure to increase revenue and reduce costs as enrollments fall and budget is reallocated to ensure safe learning environments (see Figure 1).<sup>3</sup>



**Figure 1**

**“Which of the following initiatives are likely to be your organization’s top business priorities over the next 12 months?”**  
(Showing high and critical priorities)



Base: 111 (education and social services) purchase influencers (past 12 months/next 12 months) who answered during COVID-19  
Source: Forrester Analytics Business Technographics Priorities And Journey Survey COVID-19 Recontact Survey, 2020

Forrester expects this disruption to have an adverse impact on the technology budgets of organizations operating in the education sector. While the continued need for technology to support online learning will be a source of growth, other cost-containment pressures will cause the overall growth of US technology budgets to drop a further 3.6% in 2021; this is in addition to the 3.7% drop from 2020 (see Figure 2).

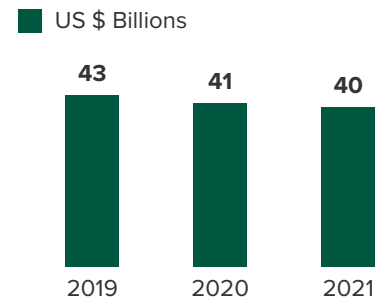
## New Players And New Business Models Are Challenging The Status Quo

The old paradigm of a four-year degree leading to a four-decade career is unfortunately being changed overnight as the global society adjusts to digital transformation. The changing of skill sets — predicated by the rapid pace of innovation — and the evolution of the global, mobile economy have opened a vast chasm between what people are learning in school versus what they need to know to succeed in a business setting. The race to close that gap has spawned a massive industry that is set on providing learning, development, and skill enhancement services to the workforce.

- › **Big investors are pouring money into learning technology.** Fixing the problem that is the widening skill gap will be a perpetual source of value creation for the companies that can do it well. In 2018, the global investment of education technology soared to \$8 billion before falling back slightly to \$7 billion in 2019.<sup>4</sup> Philanthropic dollars also surged, with foundations like the Bill and Melinda Gates Foundation and the Chan Zuckerberg Initiative leading the pack. By bringing a focus on technology and innovation to the table, these efforts are disrupting the market, challenging the status quo, and forcing traditional providers to adapt to a new competitive landscape.
- › **Learning platform providers are doubling down on their market.** One of the world's largest online education companies has more than 50 industry partners teaching 500-plus courses, 83 specializations, and 21 professional certifications. These industry partners include leading tech giants ranging from search engines to social media to enterprise software and infrastructure. It has had 8.4 million enrollments in their courses in the past year — that's 219% year-on-year growth in enrollments. The learning management system (LMS) market is still growing strongly; it's expected to grow from \$13.4 billion in 2020 to \$25.7 billion by 2025
- › **Big tech will step into higher education and take over lifelong learning.** Forrester expects big technology firms to disrupt higher education and deliver lifelong learning experiences for their current and future employees. Future employees will learn skills and earn certifications via their big tech employers.

Figure 2

### Total Tech Budgets Forecast Of Education Sector In US



# Educational Institutions Are Increasing Investments In Digital Experiences And Innovation

Technology and IT organizational initiatives are being reprioritized to ensure they can deliver differentiated learning experiences within this new normal that's defined by the constraints of reduced IT budgets. Delivering globally scalable digital experiences and driving rapid innovation are quickly becoming key priorities.

The following key technology initiatives are being prioritized by educational institutions (see Figure 3):

- › **Continued investments in security and privacy capabilities.** Investments in security, privacy, and Zero Trust capabilities are essential to establish trust and secure intellectual property. Investments in security and privacy capabilities continue to remain the top priority of educational institutions in both pre- and post-pandemic eras.
- › **Delivery of improved hybrid experiences to students and faculty.** Pre-pandemic investments in hybrid learning and digital experience technologies was not among the top-5 IT initiatives. However, it has quickly become one of the top technology initiatives in our post-pandemic world. Results from Forrester's Business Technographics survey indicate close to 50% of leaders in educational institutions expect to increase spend in the range of 5% to 20%.<sup>5</sup>
- › **Increased cloud usage.** Similar to security and privacy capabilities, the increased use of cloud services continues to be a top-3 initiative for IT leaders at educational institutions. Tapping into the resources and innovation of the cloud, while also orchestrating those resources, has allowed firms to respond to the crisis in days rather than years.

**Figure 3**

**“Which of the following technology initiatives is your IT organization prioritizing over the next 12 months?”**  
 (Showing top-5 high and critical priorities)



Base: 111 (education and social services) purchase influencers (past 12 months/next 12 months) who answered during COVID-19  
 Source: Forrester Analytics Business Technographics Priorities And Journey Survey COVID-19 Recontact Survey, 2020

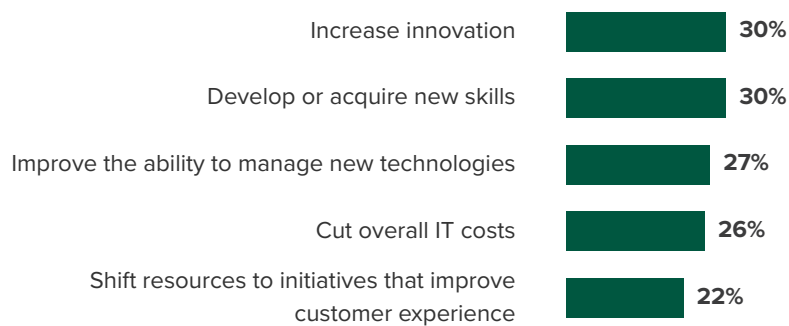
The following key IT organizational initiatives are being prioritized by educational institutions (see Figure 4):

- › **Increase innovation.** COVID-19 has served as the lightning rod for driving innovation across industries, and the education sector is no exception. IT leaders in educational institutions intend to increase innovation to sustain the rate of change and meet ever-increasing student expectations.
- › **Develop or acquire new skills.** As IT leaders reprioritize the delivery of superior student experiences, they should also focus on their recruitment and retention strategies to attract talent that brings in skills to deliver and manage globally scalable applications.
- › **Improve ability to manage new technologies.** IT leaders are also investing in organizational skills to manage these new technologies.

**Figure 4**

**“Which of the following IT initiatives is your IT organization prioritizing over the next 12 months?”**

(Showing top-5 high and critical priorities)



Base: 111 (education and social services) purchase influencers (past 12 months/next 12 months) who answered during COVID-19

Source: Forrester’s Business Technographics Priorities And Journey Survey COVID-19 Recontact Survey, 2020

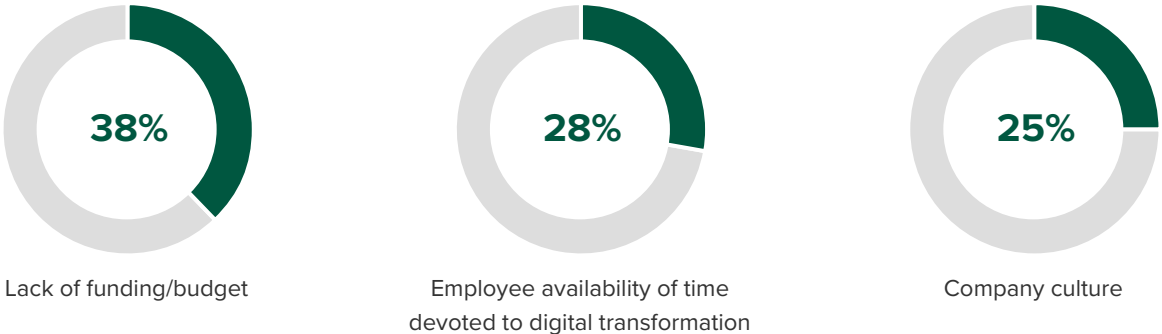
# Educational Institutions Should Address Organizational Challenges To Drive Transformation

To deliver better student experiences, grow revenue, and drive transformation, educational institutions will need to address challenges associated with technology and organizational initiatives. Leaders in educational institutions identified three key challenges that need to be addressed to ensure successful digital transformation (see Figure 5).

Addressing these challenges will be critical, as educational institutions fight to survive the current crisis and ensure that their post-pandemic selves are future-fit and ready to rapidly sense and adapt to changing student and business needs.

**Figure 5**

**“Which of the following areas could be/are the greatest challenges within your organization for executing its digital transformation?”**



Base: 61 services decision-makers who are involved in their organization's digital transformation efforts  
Source: Business Technographics Business And Technology Services Survey, 2020

# Key Recommendations

Volatility and uncertainty are the new normal, and every company must adapt. Digital transformation was never optional, but most firms have treated it that way — applying digital technology in dribs and drabs — until COVID-19 shuttered economies and forever altered the patterns of life, work, and education. CIOs will play an important leadership role in this effort because technology is at the heart of business transformation and thus the continuation of prioritizing digital strategy. However, educational institutions should commit to becoming lean and embracing co-innovation agility. In this model, educational institutions should:



**Focus on core capabilities and outsource when it makes sense to.**

Success is entirely dependent on how well educational institutions structure and manage their relationships with the available third-party resources and capabilities.



**Source for speed and co-innovation.** Cloud providers offer prepackaged parts that firms can deploy to move quickly. Service providers have been building deeper cloud skills and orchestration capabilities. These resources come together into a digital ecosystem that offers an ever-expanding portfolio of business building blocks.



**Orchestrate for agility and differentiation.** Nothing is built from a single part, and no part by itself will offer differentiation. However, pulling cloud parts together into a unique business architecture can fulfill a unique value proposition and help drive agility.



**Scale up agile planning and execution to be more adaptive and more resilient by orchestrating ecosystem resources.** Scaling agility should be guided by frameworks like OKRs (objectives and key results) to create a way of working that brings business, technology, and operations teams together in an agile cycle.

# Appendix A: Supplemental Material

## RELATED FORRESTER RESEARCH

“Drive Organizational Adaptivity With A Future Fit Learning Culture,” Forrester Research, Inc., December 15, 2020

“Predictions 2021: Employee Experience,” Forrester Research, Inc., October 29, 2020

## Appendix B: Endnotes

<sup>1</sup> Source: UNESCO: United Nations Educational, Scientific, and Cultural Organization. “Education: From disruption to recovery,” Education Response, COVID-19 (<https://en.unesco.org/covid19/educationresponse>.)

<sup>2</sup> Source: Kate Whiting, “Is this what higher education will look like in 5 years?” World Economic Forum, November 25, 2020 (<https://www.weforum.org/agenda/2020/11/higher-education-online-change-cost-covid-19/>).

<sup>3</sup> Source: Forrester Analytics Business Technographics Priorities and Journey Survey COVID-19 Recontact Survey, 2020.

<sup>4</sup> Source: “\$87bn+ of Global EdTech funding predicated through 2030. \$32bn last decade.” HolonIQ, January 28, 2020 (<https://www.holoniq.com/notes/87bn-of-global-edtech-funding-predicted-to-2030/>).

<sup>5</sup> Source: Forrester Analytics Business Technographics Business And Technology Services Survey, 2020.

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