

# The Workforce Intermediary Market:

How must Education Intermediaries  
evolve with shifts in a turbulent labor  
market environment?



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# Introduction

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Amidst the backdrop of unprecedented labor market tightness, inflationary pressures and accelerated pace of digital innovation, employees and their employers face unprecedented levels of new uncertainty. Post-pandemic, workers experienced a rise in income levels as employees switched jobs or transitioned into new jobs — different from those they had prior. Segments of the workforce transitioned to freelancing and project-based work, in order to settle into a more manageable work-life balance and control over the work they do and for whom. A generation of GenZ workers will be entering the education and workforce ecosystem. They are motivated by purpose, passion and equity but are equally grounded in self-improvement, learning and applying their skills and strengths to drive sustained progress both for themselves and the corporations with whom they partner. With inflation near all-time highs, workers are faced with a competing choice between earning or learning, and employers are feeling immense pressure to show bottom-line growth in an uncertain economic forecast. Educational institutions are struggling to drive enrollments and keep up with rising costs to deliver industry and job-aligned programs, while simultaneously driving down tuition prices to improve access. Amidst these tumultuous and uncertain conditions lies one certainty. There are 10.5 million open jobs and \$8.5 trillion of lost revenue by 2030 at stake because of skill and labor shortages (Korn Ferry Study). In this paper we discuss alternative strategies both employers and educational institutions must adopt. Particularly, we explore the evolving and critical role of Intermediaries and 2-sided Platforms — Education-as-a-Benefit (EAAB) platforms — in preparing the workforce for current and future jobs and laying the foundation for sustainable careers ahead.

# Big Labor Market Headwinds

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On the employer side of the equation, corporations are facing new challenges in a post pandemic and looming recessionary environment.

In a recessionary economy, the U.S. is facing one of the most challenging labor market eras in decades. There are 10.5 million open jobs in the U.S., but only around 5.7 million unemployed workers — approximately two jobs for every American seeking work. This is nearly the highest on record as the number of available jobs per worker has sharply risen in recent months. In the tech sector alone, nearly 100,000 workers in the U.S. have been terminated. Leading up to this, a record number of employees have left their jobs since the beginning of the pandemic in the “great resignation.” More than 47 million workers quit their jobs, many of whom were in search of an improved work-life balance and flexibility, increased compensation, and a more favorable company culture — “the great reshuffle”. To address this unprecedented labor shortfall, Fortune 500 businesses are spending upwards of \$180 billion annually on upskilling and talent development, \$28 billion of which is tuition reimbursement (Georgetown University Center on Education and the Workforce).

U.S. corporations have increased their investments in workforce development, attempting to fill the gap through training, education-as-a-benefit, and upskilling programs. Every year, U.S. companies spend around \$28 billion on tuition reimbursement, but only about 25% of interested employees ever start an application for a tuition reimbursement benefit (Bain & Co.), and much fewer (2-3%) actually enroll. While corporate training in companies like Walmart have been prevalent for decades, now virtually all Fortune 500 businesses create and support their employees’ learning. In 2023, employer education programs have become mainstream. Employers currently engage in a number of solutions to tackle this daunting challenge. Historically, local employers have partnered with Universities for either degree completion or degree seeking employees. These companies have unique upskilling/reskilling needs that target specific high-in-demand job/role functions and have chosen to create their own “DIY” education programs. Lastly, a new breed of “intermediaries” have entered the market in an attempt to bridge the gap between the supply and demand of workforce education.

# The Supply/Demand Chasm

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Historically, employers have relied upon colleges and universities to fill talent gaps from onsite “corporate training” models, and most recently through online degree-based offerings accelerated by the COVID-19 pandemic. The demand for labor has soared to new heights and staggering growth, driving the critical need to re- envision labor market learning. Today, whether managed at the divisional or centralized corporate levels, corporate HR is now tasked with creating and maintaining their own in-house workforce education programs, to fill a critical gap in their existing employees and in their increasingly fluid workforce — a workforce of non-

traditional workers, contingent workers, consultants, gig-economy workers, and part-time employees. But higher education is traditionally structured around a degree granting mission, not the immediate, short term need for upskilling and non-degree certifications and credentials. College and universities are organized around knowledge attainment vs. job/skill role competency and the creation of job-ready employees. Employers have an urgent need to educate, reskill and upskill their *new majority learner* workforce. Higher education institutions are not designed for a micro-credential imperative.



87% of CEOs report employee skill shortages, and the COVID-19 epidemic exacerbated the situation. Furthermore, small enterprises are more effective in upskilling and reskilling personnel because of their agility and willingness to try new techniques.



([Mckinsey.com](https://www.mckinsey.com), 2020)

On the corporate side, employee education benefit programs have been randomly administered — lacking sophistication, strategy and purpose in how they translate into employee productivity. Ultimately there is little documented track record on how these programs fulfill corporate strategy and the desired economic benefit results. Increasingly, employers are rapidly moving from simple education reimbursement to the implementation of fully subsidized programs. These programs leverage the services of an increasing array of middleman intermediaries who provide full service management of employee benefit programs on behalf of the employer. In theory, these programs are designed to fill an essential gap between the supply of degree or certificate programs offered by higher education and employer demand for upskilling and reskilling needs critical to the success of their business. In practice, however, intermediaries are currently only delivering one end of their promise — driving incremental degree enrollments for their university partners.

Companies like Amazon, Starbucks and Chipotle have offered direct-to-employee tuition reimbursement and have been generally accepted, since employees are compensated for their education programs without having to pay up front.

With the growing number of middleman intermediaries who bridge the supply and demand of workforce education, questions have been raised about potential conflicts of interest, cost/benefit analysis, levels of actual participation and completion, and the ultimate impact on employee learners.



# Education As A Benefit (EAAB) 1.0 Platforms – How They Function Today

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The workforce education provider market is broad, deep, and growing in complexity, with an increasing array of solutions in training, learning and development, tuition reimbursement, and micro-credentialing and badging solutions. The fastest growing solution currently in the market is the Employer Education as a Benefit (EAAB) intermediary market. However, colleges and Universities should read the fine print. The general financial model involves tuition discounting, subsidies and tax incentives, and degree vs. non-degree solutions.

The EAAB market is in its early stages of development, with employer central and divisional HR departments attempting to craft comprehensive reskilling and upskilling programs. In this “EAAB 1.0” environment, HR staff are taking on the new responsibility of developing education programs, a new role where they have little domain experience. In EAAB 1.0, intermediary providers offer a catalog of course content derived from education provider relationships, and assist in the selection of these programs designed for the upskilling needs of the employer. EAAB 1.0 has historically been a static, transactional model that provides access, but not the full service education design required for impact.

## 1 Tuition Discounting

Central to the monetization models of EAAB 1.0 providers is the revenue sharing on tuition, EAAB 1.0 platforms negotiate a reduced tuition amount from the in-network University partners, and sometimes keep the spread between the negotiated price and market price, or charge a percentage on the discounted tuition. Employers commit to paying the discounted tuition for enrolled employees, and the platforms keep the portion of the tuition revenue — based on two primary revenue share structures discussed above. While there are many scenarios and a strong value proposition for the employer, with the exception of EdAssist (Bright Horizons), EAAB 1.0 platforms avoid charging the employer for their value-added services. Much of their revenue is a percentage of tuition (EdAssist being the exception).

## 2 Subsidies & Tax Incentives

Tax code Section 127 is the underlying mechanism that allows EAAB platforms (and hence employers) to structure the benefit for their participating employees. In its simplest form, the tax code allows employers to take a maximum \$5,250 tax write-off per employee when the employee participates and enrolls in the education benefit. The employee receives the benefit on a tax-free basis, but in some cases employers may require the employee to pay upfront and then get reimbursed upon success measures governed by the benefits plan. Some EAAB platforms will work with employers to structure the benefits plan and then market it to employees, who are often unaware of how it works or how and when

to utilize it. Many employers are not well-versed in the tax code or have a programmatic understanding of its nuances, or are designing a program strategically aligned with the corporate interests and priorities. We believe the tax code will eventually need to evolve/modernize to enforce more rigor in the outcomes data collection/reporting, selection of education providers, and also increasing the cap beyond \$5,250 per employee per year.

### 3

## Degree vs. Non-Degree Outcomes

Though the data on Section 127 is limited and not regularly collected, researchers and policymakers can look to a few public and private data sources for information on the utilization of employer-provided educational assistance programs by both employers and workers. These sources do not specifically track outcomes of Section 127, but rather provide information on the broader landscape of employer provided educational assistance programs, including those that use Section 127 or other provisions of the tax code, or do not have any tax preference. Data from the Internal Revenue Service (IRS) is not available, as employers do not have reporting requirements with respect to their Section 127 benefits. The Society for Human Resource Management (SHRM) — a global membership organization for human resources professionals — administers an annual Employee Benefits Survey, which assesses over 250 benefits that employers offer to their employees. Survey findings indicate that the share of employers offering educational assistance programs as a benefit to their employees has decreased from 66 percent in 2008 to 51 percent in 2018. We believe that this trend is attributable in part to the fact that education benefits are mostly centered around degree completion vs skill attainment, which has a direct impact on corporate growth and productivity. Shorter term skill attainment provides low cost pathways for workers to move into open jobs and advance careers based on pathways for career advancement. Skills hold the promise of creating measurable outcomes for both employer and employees.

Regardless, EAAB platforms have successfully built a tremendous business model architecture, and have created broad awareness and interest in how to bridge the gap between employers and educators.



***NOTE: At FlippED Ventures, we have developed alternative pricing and monetization strategies based on Employer-pay subscription models, allowing platforms to capture value on both sides of the network.***

# The Rise of the Intermediary

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In order to fill this supply/demand chasm, a number of well funded education benefit “intermediaries,” or Education-As-A-Benefit platforms (EAAB), have emerged whose core business model is building a bridge between education content providers, primarily higher education institutions, and employers who need immediate upskilling programs to fill growing talent gaps in their companies. Among the investment community, these intermediaries are all the rage. A popular example is Guild Education, named one of Time’s Most Influential Companies of 2022, has raised over \$175 million with a market value of \$4.4 billion.

EAAB platforms have no doubt done a commendable job bridging Education with Employment in ways that have not been achieved in the past. EdAssist and

Guild Education have helped some of the largest employers (Walmart, Tyson Foods, Nike, and Chipotle, to name a few) activate education benefit programs for their entire employee base. They have done so by leveraging the tax code Section 127, which allows employers to take a tax write-off of up to \$5,250 per employee per year. The tax code provision also makes the benefit tax free to the employee, so availing it is advantageous to the employer as well as the employee. In doing so, these platforms are creating value for employees and employers, as well as their primary stakeholder — university partners that participate in the network. In exchange for discounted tuition, university partners get access to corporate enrollments which they otherwise would not have easy access to (i.e., Low Customer Acquisition Cost).



# EAAB Provider Snapshot

EAAB providers offer employers a “platform”, allowing universities and other program providers to easily connect their degree programs to the needs of the employer. Working through an EAAB intermediary can alleviate the administrative burden associated with developing, managing, and offering a catalog of learning and education benefits. Despite its clear benefits, even when executed effectively, these programs at most serve only 2%-3% of employees within the enterprise.

	Guild Education	InStride	EdAssist
<b>Primary Monetization Model</b>	<ul style="list-style-type: none"> <li>No direct charge to employer besides tuition</li> <li>Revenue share with universities on discounted tuition</li> </ul>	<ul style="list-style-type: none"> <li>No direct charge to employer besides tuition</li> <li>Revenue share with universities on discounted tuition</li> </ul>	<ul style="list-style-type: none"> <li>Employer pays base subscription + transaction fee to EdAssist in addition to tuition reimbursement</li> </ul>
<b>Employer Value Proposition</b>	<ul style="list-style-type: none"> <li>Activation of Education Benefit, Corporate Tax write-off up to \$5250 per employee per year and improved employee retention</li> </ul>	<ul style="list-style-type: none"> <li>Activation of Education Benefit, Corporate Tax write-off up to \$5250 per employee per year and improved employee retention</li> <li>Customizable and tech-enabled</li> </ul>	<ul style="list-style-type: none"> <li>One stop shop for benefits program planning, implementation, and administration education benefits</li> <li>Corp tax write-off and employee retention</li> </ul>
<b>Platform Services</b>	<ul style="list-style-type: none"> <li>N/A. Platform services include on-going value added services such as technology, skills-mapping, content management, career pathing and outcomes management</li> </ul>	<ul style="list-style-type: none"> <li>Advanced platform capabilities</li> <li>Higher all-in percentage of tuition with no platform fee</li> </ul>	<ul style="list-style-type: none"> <li>Base recurring platform fee with minimums</li> <li>Platform = technology and services</li> </ul>
<b>Success Coaching</b>	<ul style="list-style-type: none"> <li>Optional success coaching with upcharge</li> </ul>	<ul style="list-style-type: none"> <li>Customized coaching services vs an a-la-carte approach</li> </ul>	<ul style="list-style-type: none"> <li>Outsources coaching and admissions counseling for additional fees</li> </ul>
<b>Program Implementation</b>	<ul style="list-style-type: none"> <li>Minimal assistance to design benefit plan and course catalog curation for minimal one-time fee</li> </ul>	<ul style="list-style-type: none"> <li>High services offerings but low fees charges to employer</li> </ul>	<ul style="list-style-type: none"> <li>Implementation services through effective use of third party workforce transformation provider</li> </ul>
<b>Growth Opportunities</b>	<ul style="list-style-type: none"> <li>Offer low price degree/non-degree programs</li> <li>Add in-demand sector specific programs</li> <li>Employer-monetization model</li> </ul>	<ul style="list-style-type: none"> <li>Add more US-based University partners and/or single source via ASU</li> <li>Differentiate on platform capabilities</li> <li>Employee outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Shift away from pay per transaction model</li> <li>Non-degree representation</li> <li>Strategic partnerships with training and education providers</li> </ul>

	Wiley Beyond	Workforce Edge
<b>Primary Monetization Model</b>	<ul style="list-style-type: none"> <li>No direct charge to employer besides tuition</li> <li>Competitive tuition discount aligned with tax benefit</li> </ul>	<ul style="list-style-type: none"> <li>No direct charge to employer besides tuition</li> <li>Small percentage share on tuition making it most affordable</li> </ul>
<b>Employer Value Proposition</b>	<ul style="list-style-type: none"> <li>Partner with employer to align talent strategy</li> <li>Consulting services to curated catalog of education offerings</li> <li>Employee experience providing pre-enrollment and completion supports</li> <li>Wiley proprietary courses/certifications</li> </ul>	<ul style="list-style-type: none"> <li>Low cost model</li> <li>Activation of Education Benefit, Corporate Tax write-off up to \$5250 per employee per year and improved employee retention</li> </ul>
<b>Platform Services</b>	<ul style="list-style-type: none"> <li>Provided by Wiley Tuition Manager</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
<b>Success Coaching</b>	<ul style="list-style-type: none"> <li>Provided by Wiley's OPM services</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
<b>Program Implementation</b>	<ul style="list-style-type: none"> <li>Minimal professional services and fees for design and implementation of benefits program</li> </ul>	<ul style="list-style-type: none"> <li>Provide minimal guidance if necessary</li> </ul>
<b>Growth Opportunities</b>	<ul style="list-style-type: none"> <li>Expand catalog to add stronger Universities brands that appeal to employers while retaining competitive pricing</li> </ul>	<ul style="list-style-type: none"> <li>Continued investment to create sustainable growth model</li> <li>Offer value added platform services monetized through employer</li> <li>Offer non degree courses and certifications</li> </ul>



# Why These Models Work

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When considering the benefits of an EAAB provider, partners need to consider speed to market and long term ROI on outsourced management of an institution's workforce and continuing education program. Higher education institutions have historically sought to build meaningful partnerships with major corporate players, especially those that have impact in regional economic development. These partnerships, in turn, allow them to connect prospective students with a wide variety of programs and institutions to fit their unique needs. Benefits for higher education, employers and employees include the following:



## Higher Education

- ✔ EAAB partnerships are expedient and timely. Most institutions do not have mature organizations that can handle a wide variety of creating and managing corporate partnerships that require that require complex administration.
- ✔ Higher education academic programs are designed for knowledge and are not explicitly crafted and mapped for job/skill roles. EAAB providers can potentially provide a valuable service in managing employer relationships, target programs toward employer education needs, and provide additional revenue sources that otherwise would not have been realized.
- ✔ EAAB collaborations may provide access to national employers, expanding beyond state or regional corporations, and increase the percentage of student graduate employment.



## Employers

- ✔ Many HR departments lack the resources to find and manage university partners to fulfill specific upskilling needs. These relationships are critical to developing a comprehensive program that increases utilization of the corporate benefits they are investing in heavily.
- ✔ Developing and maintaining education benefit programs can be costly, inefficient and ineffective. EAAB providers absorb some program management costs and help manage overall employee enrollment and tracking.
- ✔ High in-demand job role/skill functions are increasingly difficult to fill given the current labor market qualified worker shortage. EAAB partnerships can potentially upskill current employees to fill talent gaps, as well as recruit from partner higher education institutions for new talent.
- ✔ When expanding more nascent employee benefit programs, many employers in the early stages of education program development have relied upon EAAB providers as a simple “plug-in”. As employers rethink their upskilling strategy, increasingly EAAB providers need to more deeply engage in the custom design, management and impact tracking of these programs.
- ✔ In the current “great resignation” environment, well established education benefit programs can potentially increase employee retention.



## Employees

- ✔ For middle skills employees seeking to complete their degree, these programs offer low cost access to degree completion with an accredited institution.
- ✔ Established EAAB programs are attractive because they provide access to programs that increase employees’ ability to compete for higher wage positions, creating an upwardly mobile path to higher level jobs.
- ✔ Depending on how these education programs are designed and deployed, they can encourage just-in-time, ongoing self directed learning.

80% of today’s employees prefer attractive benefits over regular pay raises. Beyond the typical suite of health insurance, paid time off and 401k contributions, education and learning and development programs have become increasingly attractive. A recent survey of more than 2,000 employees reveals that employees with professional development opportunities feel 15 percent more engaged in their work.

# Why These Models Are Challenged

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As Education as a benefit programs have gained notoriety, there is a thin veil that lies between what corporations offer, the benefits that students derive from these programs, and the true cost ROI for employers. Data reveals that while 80% of working adults are interested in higher education, only 40% know that their employer offers a tuition reimbursement assistance program, and an even smaller fraction — 2% of employees — actually participate in these programs (SHRM). For higher education, the intermediary model is both a blessing and a curse. In these intermediary models, employers pay tuition directly to higher ed partners, who typically pay the intermediary as students progress, rather than students paying in full upfront and getting reimbursed. However, higher education partners must steeply

discount their tuition to gain entry into the corporate market. New unrealized revenue to institutions, and associated ROI on their corporate education tuition revenue, is contingent on both employee participation and completion rates. Historically, participation and persistence metrics have been depressingly low. Many EAAB programs require institutions to significantly discount tuition and share revenue on these already discounted programs. In these types of deal structures, ROI and scaling new revenue streams may be a long tail value proposition. In addition, participating institutions may be competing with similar programs offered in the EAAB's "catalog". Ultimately, institutions need to consider gradually adding internal capacity and establishing a balance between a "DIY" approach and EAAB partnerships.

1. In a market where employers want to design their programs around micro-credentialing and short form upskilling programs, a majority of these models largely offer degree programs only. Employers need a rapid time-to-competency that traditional higher offerings cannot provide.
2. While college and university programs and courses gain broad exposure to many employers, they are only one among a sea of competing institutions that EAAB platforms represent. It is unclear how any given institutional program is marketed against another institutional partner.
3. Most EAAB platforms are supply driven and not necessarily demand focused when it comes to aligning critical workforce priorities of corporate leaders. Rather than simply match supply side education programs, corporate HR needs programs that are uniquely designed for their individual upskilling/reskilling needs, designed within the specific context of their business domain and distinctive divisional requirements.

4. EAAB partners have historically been challenged in substantially increasing enrollment and employee persistence in these education programs. Both metrics are essential to establish the intended ROI for the costly development and management of these programs.
5. Most intermediary providers are designed to connect supply and demand. While the actual management of these programs are borne by the employer, EAABs don't have sophisticated back end digital transformation platforms to manage these programs.
6. The majority of these programs, even the most advanced, lack accountability. EAAB programs need to better track learner progress through predefined, measurable KPI outcomes to measure employees' progress toward a goal or objective.
7. Corporate HR departments are still in nascent stages of creating comprehensive workforce development programs. EAAB providers are not designed to create comprehensive programs for employers. While they act as important connectors to learning content providers, there is a big difference between "connecting" and "managing and creating."

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**L&D is having a bit of an “oh @#&%” moment. L&D functions are being expected to lead some pretty high-level initiatives, like mobility and upskilling. Our data indicates that L&D pros may feel underprepared, and they’re actively seeking leadership, business, and data skills as much as, if not more than, traditional L&D skills.**

**Dani Johnson**  
Principal Analyst, RedThread Research



# How Do We Know These Programs Are Working?

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As learning and development programs become more strategic to the fabric of HR and how they serve cross-functional teams, there has been little change in how success is measured.

In 2023, the top way learning leaders are gauging the success of their potentially highly impactful programs have been simply engaging in employee satisfaction surveys, with no real longitudinal gathering, tracking and intervening on employees' progress, performance and program persistence. While today's employees believe workforce education programs are critical to their own personal and professional development, they often have multiple competing priorities. In tracking employee progress, corporate learning and development staff often lack the knowledge and tools to develop and administer effective KPIs, such as subject area knowledge, demonstrated capability to apply their learnings, specific skill level attainment, and how these programs directly connect to a rational corporate or divisional

business strategy. There are virtually no programs in these corporate settings that can determine precise business impact created. In general, imprecise incentives and program designs result in imprecise outcomes. There is a conspicuous absence of federal and state effectiveness data on workforce education programs. This creates a significant opportunity for EAAB programs to capture the critical data needed to bolster knowledge of how employers are using educational assistance programs, and the associated success and failure rates and important data specifically related to Section 127. At minimum, employer surveys for voluntary reporting of data on educational assistance programs can be developed to provide essential analysis of employee education benefits across employers and industries.

**“Our top opportunity is to quantify the impact and ensure it is enterprise-wide, so that learning can help lead the way forward.”**

**Sean Hudson**  
VP, Digital and Global Head of L&D, Pfizer

# The Emergence of a New Model: What Might EAAB 2.0 Look Like?

For EAAB platforms to create greater impact and scale, it will be important for them to address the market with a compelling workforce-first angle. This means to align with the interests of Employers and Employees to help close talent gaps for employers and skill gaps for employees, by adopting a different approach we refer to as “Precision Upskilling.” Precision Upskilling enables enterprises to identify existing and needed skills to help

create talent pipelines and career pathways for employees. In our work with some of the forward thinking leaders (Talent leader, CHROs, CLOs) of Fortune 1000 companies, we have identified the following needs that we believe EAAB platforms (v 2.0) are best positioned to address. Doing so will require change in GTM practices, but also in technology and solution delivery capabilities similar to those of HCM platform companies.

## The Emerging Needs of Employers Calls for a Next Generation Platform Closely Aligned with Employee Outcomes and Enterprise Productivity

MACRO	EMPLOYER	EMPLOYEE
Tight labor market - 10.5 million open jobs with 3.5% unemployment rate (5.7 million people unemployed)	Recognition that upskilling incumbent workers is the only practical solution to filling open jobs	Seeking career mobility and job advancement while learning new skills
Digital transformation, automation, and pandemic-induced shifts are rapidly transforming job skills and occupations	Need to drive utilization of training and education benefits for all employees - front line, mid-career professionals, and leadership	Attain stackable credentials at own pace with pathway to desired job or distinctive credential
Need to activate and increase labor participation and productivity in support of the supply side of the economy	Need for “precise upskilling” to reduce time-to-productivity for new hires and employees seeking job transitions	Expect mentoring and career coaching to be an integral part of employer paid benefit

While the intensity of the needs vary across industry and region, most large (10000+ employee) enterprises are seeking to radically advance their workforce development programs. In order to increase the size and scope of these programs, to gain higher levels of participation, and to produce the results employers desperately need for filling critical job roles, new models are needed. These designs may include, but are not limited to, the following actions:

- Building internal talent pipelines that can most reliably fill open jobs while providing job advancement to existing workers. Even in a contracting economy, the need to optimize processes, leverage automation, and create sustainable supply-chains remains strong. While employers will pause to hire for future jobs, they will need talent (which is in short supply) and talent retention strategies to maintain the conservative revenue and growth outlook. This talent can only come from within the firm, which will require upskilling in order for employees to shift and advance into hard-to-fill or otherwise critical roles.

On average, corporations are spending \$2800 per employee per year on upskilling. These skills can be used immediately, improving job performance or chances of job advancement (SHRM). By comparison, assuming an employee maximizes their employer's education benefit (\$5250), they will take approximately 18 credits per year and likely not have much to show for it besides a credential. The price-value curve for skills vs degrees is materially dissimilar and divergent.

- Developing the ability to prescribe the precise dosage of learning, training and coaching for skill attainment and job proficiency. Employees are unwilling to leave the labor force (or do double duty) to pursue advanced degrees, and they are hesitant to take on the academic workload and time commitment for a credential that takes too long to attain. Employers are equally impatient for their workers to exhibit on-the-job competencies within 6-9 months, not 2-3 years. Employers and employees are seeking solutions that can help identify the precise skills that individuals need to attain within the least amount of time, so they can transition into new/open jobs within the firm. This process and mechanism of talent pipeline creation goes beyond education and skill-based training. It will require coaching and mentorship capabilities that can be augmented by outside providers but are best scaffolded by managers, peers and other emerging leaders within the firm. Traditionally, assessments have been the best instrument we have had to determine knowledge attainment. Skill attainment requires that employees are firstly practicing their skills on the job in live project-based settings, building proficiency and gaining feedback that validates their competencies by peers and managers. **We will need assessment and feedback frameworks to record and reward the competencies gained in this process.**

- Broadening the portfolio of credentials in the marketplace to include employer-recognized certifications and certificates. Employers are seeking solutions for employees at all levels within the organization — career starters, early-career advancing and mid-career transitioning or scaling. This will require platforms to offer a broad spectrum of credentials (beyond degrees and diplomas), particularly job-aligned professional certifications (required or optional) and occupational licensure credentials. The inclusion of such offerings within the EAAB marketplace allows enterprises to offer a training solution that has a near-term tangible outcome for both the employer and employee, and can significantly increase the adoption rate of such programs inside of the corporation.



# University Considerations

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Colleges and Universities have a critical transformation to make. Higher education institutions will need to completely rethink organizational structures in academic affairs, enrollment management, accreditation, technology and student support. Important decisions need to be made in either developing the capacity to deliver effective workforce programs or, in the short term, contracting with an EAAB provider. They will either be part of private networks of EAAB platforms and compete on price, or they will establish

direct corporate relationships to provide bespoke talent development solutions. The choice is not mutually-exclusive and some will play both strategies. Regardless of the go-to-market strategy, Universities must develop capabilities to offer non-degree credentials that are aligned with high demand jobs and careers. These non-degree credentials should be offered as standalone or as co-curricular electives so as to cap the total number of credits for degree completion.

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## **In the future of work-based learning, higher education institutions will need to accommodate and embrace:**

- ✔ Degree-linked apprenticeships for effective learning experiences that bolster workforce entry among graduates
- ✔ Interdisciplinary relationships with community colleges and four year institutions with seamless credit transfer
- ✔ Non-degree, short form, curricular design that ties to workforce skills-based learning objectives
- ✔ Seamless stackable credential programs from micro-credit to terminal degrees
- ✔ An inextricably linked program pathway for learners to connect their education to career options
- ✔ Integration of corporate and institutional partnerships in long range education program design
- ✔ Prior learning credits to help people shorten the time and cost of degree completion
- ✔ Skill-aligned curriculum that prepares graduates for in demand job skills
- ✔ AI assistive technology that allows administration to track student progress toward a predetermined job/skill role to create job-ready graduates
- ✔ Industry co-development partnerships in collaboratively creating new demand-focused programs

Current higher education infrastructure is not designed for the creation, support and advancement of job-aligned teaching and learning. Whether or not colleges are working with EAAB providers, they need to establish data-rich supporting infrastructure in order to align academic mission with the realities of employer talent needs. These systems should be designed to better meet evolving employee learning aligned with corporate skill and high-in-demand job roles.

### **At minimum, these technology and support services should include:**



Integrated applications that manage and track learner progression and support learner workflow



Dynamic learner career mapping capabilities linking program & course level activities and performance to career paths



Diagnostic assessment of prior knowledge



Job competency inventories and profiles



Micro-credential and badging management



Skill, competency and job role development tracking



Competency framework crosswalk for institutional programs and courses



Learner coaching and student success support

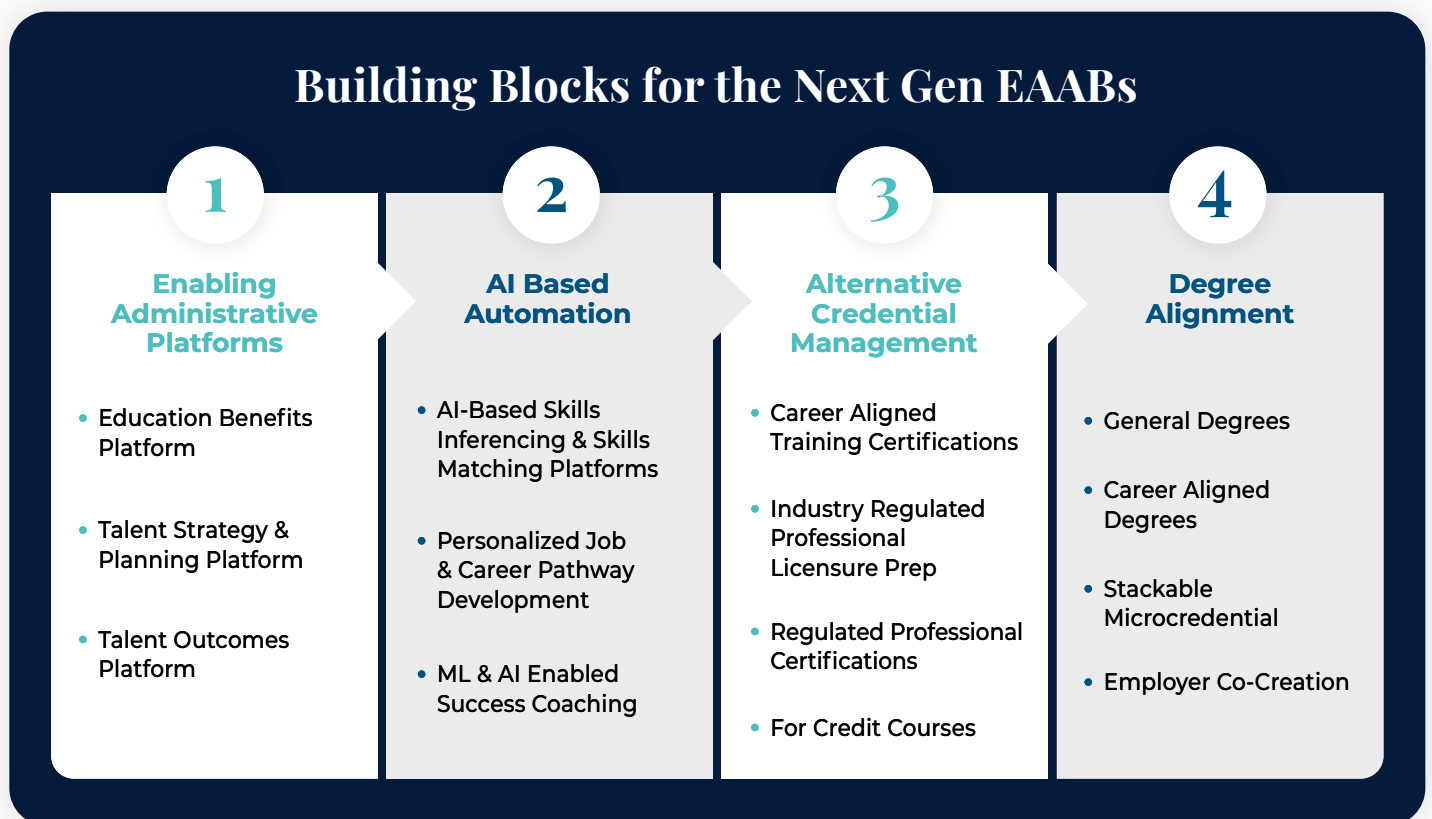
# Employer Considerations

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- ✔ Adopt practices that encourage skill-based hiring and career progression as part of the broader talent strategies. Differentiate between durable and non-durable skills that employees will need to perform in current jobs vs future jobs.
- ✔ Create and support a culture of learning and upskilling for all workers, aligning closely with corporate growth goals and strategy.
- ✔ Reduce the reliance on 3rd party issued credentials and assessments as a mechanism to validate competencies and skills. Instead, rely on on-the-job success and outcomes of the individuals in achieving goals and initiatives in collaboration with peers and within financial project boundaries.
- ✔ Hold intermediaries and education/training providers to a higher standard, and establish outcomes rubrics prior to implementing reimbursable education benefits.
- ✔ Conduct pilots with a limited but broad cross-section of the employee base. Roll out methodically based on early success metrics.
- ✔ Provide a wide spectrum of skilling and education solutions but reduce overlapping offerings from competing institutions. It's not uncommon to have similar offerings from multiple educational institutions, making it harder for employees to decide which provider will be the best fit for them. Employers should work with EAAB platforms to curate the best selection of course and training content, focused on the outcomes they want to realize, in addition to improving retention and loyalty with employees.
- ✔ Identify training KPIs to track and measure employees' progress toward a goal or objective specifically related to a desired skill competency.
- ✔ Track employee engagement through observable behaviors in courses and in work practice.
- ✔ Create mechanisms for employee feedback and employee engagement surveys.

# Conclusion

It is abundantly clear that a different approach is needed — one that offers a better learner experience, more equitable monetization, and flexible tuition reimbursement strategies that align with both corporate and employee needs. EAAB platforms must evolve in order to be relevant and to provide the impact that the industry is desperately seeking. The starting point in being a successful intermediary is to take a balanced approach between providing high impact representation from the market supply side — predominantly higher education institutions — and creating service oriented employee development platforms. This must be accomplished by fostering new, innovative non-degree programs, cross benefit monetization models, focus on outcomes, and data and accountability to align with changing labor market needs.



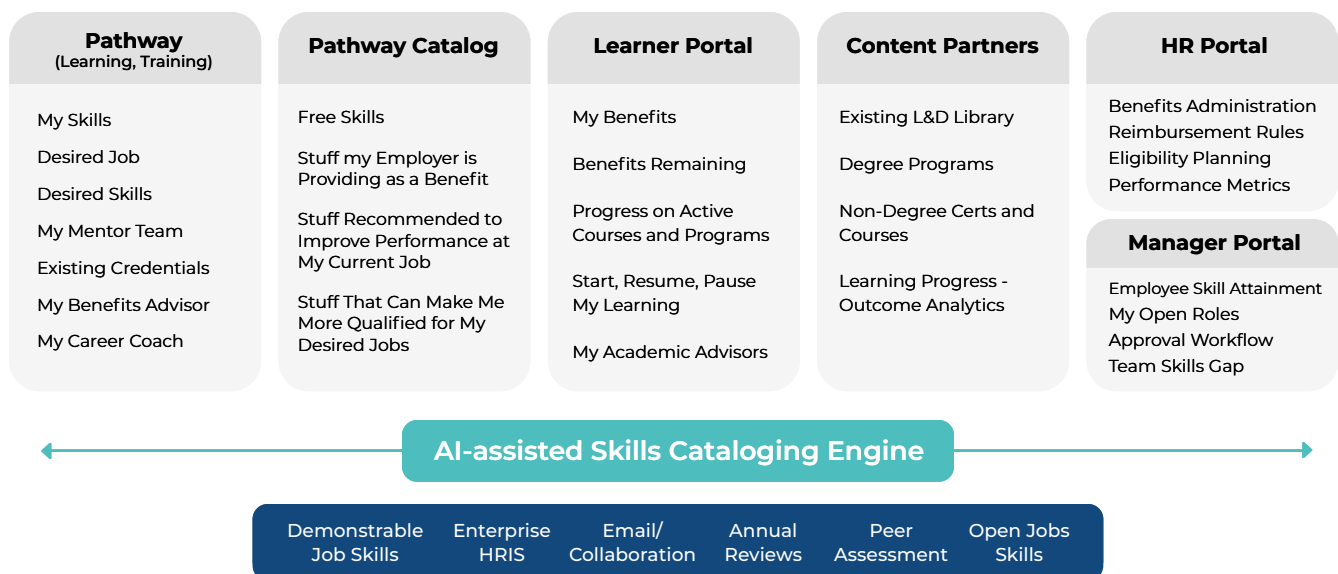
The EAAB 2.0 stack looks more like a HCM stack and is focused on employee development and productivity. Coming out of the pandemic, and as corporations chart their course to come out stronger on the other side of the global economic climate, focus will be on output and growth. Talent will be core, but acute talent shortages will create tailwinds for learning, upskilling and education.

# EAAB platforms can position themselves to be an important part of the solution, but they will have to evolve their models in 4 ways:

1. Help organizations index and pinpoint their unique skills gaps — for their workforce of today and tomorrow
2. Expand their catalogs to include non-degree programs — certificates, certifications, licensures, professional and continuing education — and help organizations align such credentials with job and career advancement
3. Provide coaching to employees so they can strategically manage their professional journey within the corporation and apply their learnings to create tangible outcomes
4. Evolve the monetization model to capture more value from the employer. By shifting the value proposition towards more tangible ROI metrics such as corporate growth and output (in addition to retention), EAABs can monetize on both sides of the value network, and in doing so they can create leverage on university partners to reduce tuition prices on degrees. This will require EAABs to make a trade on tuition dollars, which is inevitable as employers and employees seek lower cost non-degree programs, creating margin pressure for EAABs. This margin pressure can be offset by charging the employer for value-added “platform services” with tangible outcomes

*The combination of these four shifts are essential architectural elements of EAAB 2.0 platforms and for this model to be sustainable*

## Solution Building Blocks



# EAAB 2.0



In summary, we see the emergence of EAAB 2.0 — a platform experience that is more deeply driving and influencing employee upskilling journeys, and is aligned more closely with employers and the shifting needs of the workforce. We see EAABs continuing to play an important role in closing the widening gap between education and employment, but also between skill attainment and job performance. Our work with large corporations has resulted in a view of a new platform offering that can be fulfilled by next gen EAABs that take a human-capital-first approach to the market. We provide a platform vision from the perspective of both the employee and the employer — the most essential stakeholders in the evolving landscape. ■


Flipp.ED Ventures is a growth strategy and investment firm that partners with Private Equity funds focused on the global education sector, with a primary investment thesis in adult lifelong learning & workforce upskilling. The Flipp.ED team comprises of operating executives with deep sector expertise in leading growth, transformation and innovation at Education Technology/Education Service companies and Academic Institutions.

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