The Agents Perspective

Kim Dienhoff
External Affairs Manager
IDP Education
**IDP Education**

<table>
<thead>
<tr>
<th>Student Placement</th>
<th>English Language Testing</th>
<th>English Language Teaching</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Places international students into education institutions in the main English speaking countries</td>
<td>Co-owns IELTS, a globally recognised high-stakes English language test</td>
<td>Owns and operates English language schools in Cambodia, Vietnam and Thailand</td>
</tr>
<tr>
<td>Services include counselling, application processing and pre-departure guidance</td>
<td>Distributes and administers IELTS tests for study, work and migration purposes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operations</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Places 89 offices across 30 countries</td>
<td>Over 400 test locations in over 50 countries</td>
<td></td>
</tr>
<tr>
<td>Places students into over 600 education institutions across Australia, the United States, the United Kingdom, Canada and New Zealand</td>
<td>IDP Education administered approximately 825,000 IELTS tests in FY15</td>
<td>10 campuses in three countries</td>
</tr>
<tr>
<td>Placed students into approximately 26,700 courses in FY15</td>
<td>In total, the IELTS parties conducted approximately 2.6 million tests in FY15</td>
<td>Students enrolled in approximately 60,000 courses in FY15</td>
</tr>
</tbody>
</table>

**Figure 3.1: Global operational footprint**
Quality versus Quantity
An Agent is a sales channel

- Direct field sales reps
- Corporate Resellers
- Master / local distributors
- Integrators
- Value added resellers
- Brokers
- Franchises
- Telemarketers
- Inbound telesales agents

Online sites
Extranets
eMarketplaces
Direct Mail
OEM’s
Retail
Kiosks
Strategic alliances
Consultants / Agents
SUNY Cost vs Efficiency Matrix

SUNY System-wide Recruiting Strategy

- **Agency recruitment**: High cost, high efficiency.
- **Virtual Solutions**: Low cost, high efficiency.
- **In-country office / Direct relationships / Pathways**: High cost, low efficiency.
- **Advertising**: Low cost, low efficiency.
- **Alumni recruiting teams**: Low cost, high efficiency.
- **“Armchair” recruiting**: High cost, low efficiency.

SUNY must develop lower cost, higher efficiency recruitment strategies.
Cost of Channels

Channel Value Add

Value Add Of Sale

High

Low

Cost per Transaction

High

Low

"Low Touch Channels"

"High Touch Channels"

Telemarketing

Retail Stores

Distributors

VAR's

Field Sales

Direct Channels

Indirect Channels

Direct Sales Channel
## B2B - What makes a good agent or channel for your business?

### Real Estate Agents
- They communicate well
- They are proactive
- **They listen**
- They are motivated to sell for you
- They can adapt to your needs
- They understand and meet your timeframe
- They aren’t afraid to give you references


### Travel Agents
- Ability to sell high volume
- Offers a fully incremental distribution channel (has customers you don’t)
- Offers a favourable commission rate (is it cheaper than marketing yourself)
- Generates last minute bookings for your brand
- Promotes your business with their own marketing plan

https://www.rezdy.com/blog/5-characteristics-that-make-a-good-agent/

### Insurance Agent
- Puts your needs first
- Good customer service
- **Emotionally intelligent**
- Persistent
- Honest
- Good product & technical knowledge


### Mortgage broker
- Licensed
- **Member of industry association**
- Comes recommended
- Utilises a large panel of lenders
- Excellent communicator
- Discloses all fees and costs upfront
- Sees you as a life long customer & offers multiple options

B2C - Are students satisfied with agents?

ISB Study (2013) ~ 1/3 used an agent
In Australia ~ ½ used an agent


IDP Student Satisfaction Australia

Agent usage for selected source countries. Source: CBHE

“There is simply no evidence of widespread dissatisfaction on the part of students or institutions with respect to agent use. Indeed, student overall satisfaction with agents is similar to student satisfaction with institutions.”

IDP Referrals Research 2014 – Lyndell Jacka
A Mature Sales Channel Approach

Costs of using Channels in the IT world:

<table>
<thead>
<tr>
<th></th>
<th>Agency model</th>
<th>Co Selling</th>
<th>Distributor</th>
<th>Reseller</th>
<th>OEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationship</td>
<td>Shared, but the agent initiates</td>
<td>Shared, and the startup will</td>
<td>Distributor owns the relationship</td>
<td>Reseller owns the relationship</td>
<td>OEM is the customer to the startup</td>
</tr>
<tr>
<td></td>
<td>the relationship and will typically be involved throughout</td>
<td>be expected to go on sales calls</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Typical % commission paid to partner</td>
<td>10% - 20%</td>
<td>20% - 30%</td>
<td>10% - 25%</td>
<td>30% - 70%</td>
<td>&gt; 70%</td>
</tr>
<tr>
<td>Quota guarantee</td>
<td>None, usually</td>
<td>None, usually except to go on joint calls</td>
<td>Mostly none, but representation assured</td>
<td>Usually the reseller will make revenue commitments</td>
<td>OEM will assure / guarantee revenue based on their sales</td>
</tr>
<tr>
<td>Lead generation</td>
<td>Usually they sell to their existing customer base</td>
<td>Both parties generate leads for the distributor to fulfill</td>
<td>Reseller is responsible for all sales</td>
<td>OEM is responsible for marketing their product, which results in the startup product being sold</td>
<td></td>
</tr>
<tr>
<td>Sales education</td>
<td>Startup needs to constantly educate the agent</td>
<td>Typically the startup will go on joint sales call and educate the sales person</td>
<td>Typically none, except when to fulfill demand</td>
<td>Most resellers will have to be educated constantly</td>
<td>After the initial education there is typically no follow on</td>
</tr>
<tr>
<td>Customer service and support</td>
<td>Startup is responsible to the end customer</td>
<td>Startup is responsible to the end customer typically, but the co sale partner might front the service</td>
<td>Startup is responsible to the end customer</td>
<td>Reseller typically tends to be the first level support</td>
<td>OEM partner manages all customer questions, the startup will service the partner</td>
</tr>
<tr>
<td>Implementation and delivery</td>
<td>Startup is responsible to the end customer</td>
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<td>Typically working with VAR's or resellers, the startup will enable partners to implement</td>
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<td>OEM partner is responsible</td>
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https://bestengagingcommunities.com/2015/04/06/how-to-get-channel-sales-or-indirect-sales-going-for-your-startup/
Strategic Alignment

Complementary Strategic Alignment

Shareholder Interests
- Value Creation
  - Shareholder returns
  - Interdependent outcomes
  - Corporate governance & ethics

Business Interests
- (Student applications & enrolments, IELTS test centre, joint events)
  - Efficiency & Diversification
    - Growing tuition flows
    - Process & systems integration
    - Broader geographic coverage mitigates risk

Industry Interests
- Co-operation & synergy
  - Policy & Regulation
  - Research & Collaborative events
  - Advancing Australia as a destination

In a background of complex Geographic & Business Structures
Agency models are being disrupted
The education industry is being disrupted too.

IDP Education
So why use an education agent?

“I am concerned that recruitment agents have become too powerful”
Vincenzo Raimo University of Nottingham
http://blog.thepienews.com/2012/06/international-student-recruitment-the-power-of-agents/

The reasons (why we use agents) are clear:
• They are effective in helping universities to meet volume targets
• They give access to markets that it is sometimes difficult to operate in directly
• It’s normal in that student source country to use agents
• We see them as a distinct market segment and market directly to them
• We give them privileged access to internal university resources including dedicated staff to support them
• And of course we pay commission
Do Education Agents have power?

• Agents are changing
  – Creating broader revenue streams
  – Becoming more embedded in the business of their partners
  – Gaining broader bargaining power as a result
  – Agents can become brands in their own right
    – IDP Education, Edwise, New Oriental

• They offer a broad range of services to differentiate themselves
  • Counseling, Placement, Pre-Departure & Arrival Briefings & Support
  • Language classes, Flights, Accommodation
  • Phone cards, career guidance
Challenges ahead …..

Agents as partners – now more than a commission model for placing a student

- Market intelligence
- Provide a local presence in student source countries when a university does not.
- Understanding the local culture
- Visa support
- Facilitate TNE
- Deliver foundation and academic programmes
- Employment support
- Facilitate collaborations between universities
- Developing and delivering marketing campaigns
- Embedded staff
- Accessing schools, governments and business
- Outsourcing International Office functions

How will a global quality framework govern these things?
We are in it together ......

Commercial in Confidence