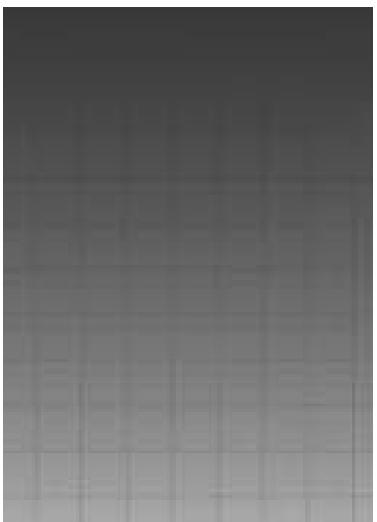
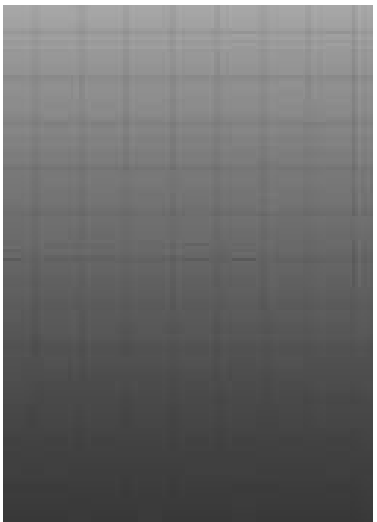


Excerpts, selected by the HELP Committee, from a larger document
produced by the company



Pricing Manager Business Case

Redacted by HELP Committee

Product Marketing February, 15, 2009





Agenda

- » **Pricing Process Evolution**
- » **Competitor Pricing**
- » **Strategic Pricing Analysis**
- » **Benefits of Pricing Manager Position**

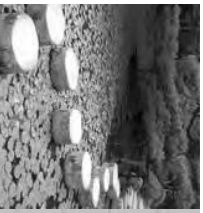


Systemwide pricing decision becoming more analytical,
but further discipline can enhance opportunity

- Systemwide 2007
- Quick meeting with Pricing Council
 - Comps from one location across all programs
 - **1/2 day exercise**

- Systemwide 2008 & 2009
- Comps from:
 - Every major competitor, including some regional
 - School
 - Location
 - New programs (see next slide)
 - Frequent, quick turn-around pricing project management

- 2010 Opportunity
- Comps from:
 - Every major competitor, including some regional
 - Every School
 - Every location
 - New programs (see next slide)
 - Frequent, quick turn-around pricing
 - Project management
 - Differentiated pricing
 - Regional
 - Degree level
 - Gen Ed vs. Core
 - Online vs. on-ground
 - Full-time vs. Part-time
 - Elasticity
 - Strategic price-down
 - Continuous project management
 - **Systematic pricing approach requires dedicated manager**



New product pricing may be too simplistic and suboptimal

- » **2008 - Construction Management in CA = priced in line with School of Business, no discussion, possible missed opportunity**
- » **2008 & 2009 - Incrementality allowed for lower pricing . . .**
 - VA program enhancement
 - IT and business bachelor's programs launched at lower pricing (\$60,000 tuition in VA)
 - Pricing based on competitive analysis
 - No distinction between Schools or programs
 - Texas new associate programs (CM, HRM, PL)
 - Pricing based on competitive analysis to put Westwood in the middle tier rather than at the top
 - All three programs priced equally
 - Texas bachelor's (VC and CNM)
 - Pricing based on competitive analysis to put Westwood in the middle tier rather than at the top
 - Bachelor's pricing lower than associates = awkward and out of step with competitors
- » **But strategic price-down required to understand the impact of bringing Westwood down to mid-tier pricing as an institution**



Pricing can be done more strategically and deliberately to optimize results

- » **Differentiated pricing – system is flexible enough to accommodate multiple price variations along many dimensions**
 - Regionally to reflect true competitive pricing on the ground and cost of living
 - By program to account for ROI for graduates
 - Bachelor’s vs. associate, Gen Ed vs. core courses, online vs. on-ground, full time vs. part time
- » **Strategic price-down, particularly in the face of limited private loan providers**
- » **Price elasticity – use price to gain market share and new students**
 - Understand true price elasticity
 - If price elastic, strategically lower prices to attract students from competitors as well as prospects who traditionally have opted out due to price
- » **Leveraging price as strategic tool – achieve other objectives, e.g. compete on level playing field (industry norms)**
 - Restructure terms to 3 trimesters/year or quarter time (so that we can grab more of the students’ Stafford)
 - 3 or 4 credit courses, not 3.5
 - Design shorter program i.e. fewer number of credits or longer time spent i.e. quarter time
 - Pricing by credit rather than by term (in line with many competitors)
- » **True differentiated pricing will require system, process and operational changes overseen by continuous project management**
- » **Additional considerations**
 - Minimizing APEX
 - Maintaining 90/10 integrity