

TOPIC: University of Maryland University College: Online Digital Advertising Placement and Media Buying Services Renewal Options

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: January 25, 2018

SUMMARY: Kepler, LLC is currently under contract with University of Maryland University College (UMUC) to provide online digital advertising placement and media buying services.

In December 2016, the Board approved an initial contract term of one year beginning January 9, 2017, through January 8, 2018. The Board also authorized UMUC to exercise the first of four one-year renewal options. The approved “not to exceed amount” for the initial year and the first option year was \$31.03 million.

At this time, UMUC is returning to the Board as it expects to exceed the \$31.03 million prior to the end of the second year of the contract.

UMUC is seeking approval to exercise its three remaining renewal options for an overall five-year contract total of \$80 million.

As you will note on the attachment, the Board required UMUC to return with an assessment of the contract including its impact on enrollment. UMUC reports that since the inception of the Kepler contract, UMUC’s stateside performance has been significantly improved over the prior year. UMUC achieved year-over-year growth in new students in the spring, summer and fall terms this year. Both the summer and fall terms achieved all-time enrollment highs for UMUC. Kepler, LLC is an important contributor to this success as their digital advertising campaigns drove increased inquiry volume.

The vendor’s performance, from January through August 2017, is summarized below:

- Volume of leads received increased by 54% while the cost per lead increased by only 8%.
- At the same time, the percentage of the leads scored as “very high/high” increased from 21% to 44%.
- These dramatic improvements in lead quantity led to an increased number of new students in Summer (10.5%) and Fall (7.7%) this year over last year.

The bottom line is that UMUC gained more and better leads at a slight increase in the cost per lead.

CONTRACTOR: Kepler, LLC
6 E. 32nd Street, Ninth Floor
New York, New York 10016

ALTERNATIVE(S): If approval were not to be granted, UMUC would be required to either suspend digital spending or shift it to the previous contractor. UMUC believes that either would have a significant negative impact on enrollment totals and halt the momentum of the past year.

FISCAL IMPACT: The source of funds for this contract is UMUC's unrestricted operating budget. The amount of the remaining options to be exercised is \$48.97 million (\$80M - \$31.03M).

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for the University of Maryland University College to exercise the remaining three one-year renewal options for online digital advertising placement and media buying services. Overall, the total shall not exceed five years and \$80 million.

COMMITTEE RECOMMENDATION: RECOMMEND APPROVAL

DATE: 1/25/18

BOARD ACTION:

DATE:

SUBMITTED BY: Ellen Herbst (301) 445-1923

PREVIOUS BOARD ACTION

December 9, 2016

The Finance Committee recommends that the Board of Regents approve for the University of Maryland University College to enter into a contract with Kepler, LLC for an initial contract term of one (1) year beginning January 9, 2017, through January 8, 2018. UMUC may exercise the first of the four (4) one-year renewal options at its sole discretion. The total not to exceed amount for the initial year and option year is \$31.03 million.

After such time, UMUC shall return to the Committee with an assessment of the contract including its impact on enrollment. UMUC may seek approval at that time to renew the contract for the remaining three (3), one-year periods. Overall, the total shall not exceed five (5) years and \$80 million.