

**COLLEGE ADMISSIONS PROFESSIONALS' STANDARDS AND
AWARENESS REGARDING PRIVACY PRACTICES OF THIRD
PARTY SERVICE PROVIDERS**

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1. BACKGROUND AND OBJECTIVES

“Rockbridge Associates, Inc. conducted a survey of senior admissions professionals...to ascertain their opinions on data privacy practices.”

As the demand for web-based admissions services increases, educational institutions face important choices regarding how to manage web-based admissions applications and other services. One of the key issues is ensuring data privacy and security. While the Family Education Rights and Privacy Act (FERPA) places the onus on colleges and universities to protect student records, data processed through an admissions application is not deemed to be a “student record” until the applicant is enrolled. In the absence of definitive legislation, practices surrounding usage of student admissions information have a wide range to evolve.

Given the upheaval in the high technology financial markets since April 2000, access to investor capital has practically dried up for third party admissions vendors and technology companies generally. Both emerging and established third party providers are therefore under increasing pressure to develop and execute business models that demonstrate profitability.

In view of the dearth of privacy legislation related to college admissions and the strong financial pressures now weighing on third party companies, student data may become increasingly vulnerable to commercial exploitation if there is not countervailing pressure from higher education admissions professionals.

In order to learn more about current viewpoints in higher education, Rockbridge Associates, Inc. conducted a study of senior admissions professionals to ascertain their opinions on data privacy practices when using a third-party service for hosting and processing web-based admissions applications. Topics covered in this research include:

- The perceived importance of data privacy
- Which data privacy practices are acceptable
- The importance admissions professionals place on having full disclosure of any data privacy practices.
- The level of awareness admissions professionals have with respect to data privacy practices of third party vendors

2. METHODOLOGY

The study was conducted by Rockbridge Associates, a Great Falls, Virginia market research firm that specializes in technology-based services issues. A total of 100 admissions professionals were surveyed by telephone during a two-week period in October 2001. The study sponsor was not identified to the respondents.

Professionals were selected in a systematic fashion from the Peterson Directory, which ensured a statistically representative cross-section of higher education institutions in the United States. The sampling frame further consisted of institutions offering at least a bachelors degree. Surveyed institutions could offer other degrees as well, such as masters, doctorates or professional degrees, but would not include, for example, community colleges offering only associates degrees.

The individuals interviewed consisted of senior admissions professionals. Rockbridge initially contacted the senior admissions and enrollment professional listed in the Peterson Directory, and asked for a replacement if the person had left the institution or did not have responsibility for admissions processes. Respondents were further pre-qualified to ensure they had a role in establishing and evaluating the admissions process at their institutions – 45% had full responsibility and 55% shared this responsibility with others.

As further qualification for survey selection, institutions had to either use third party services for hosting and processing online applications, or exhibit some degree of interest in hosting online applications through a vendor. In total, 62% of institutions contacted met the study criteria, and 38% did not meet these requirements and were not interviewed.

All sample surveys have a margin of error, which is largely determined by the sample size. In this study, the margin of error among the entire sample (100) is + or – 9 percentage points at a 95% level of confidence. In some cases, we report numbers for those who use a third party for their online applications (61), in which case the margin of error is + or – 12 percentage points.

As with any survey, not all individuals sampled were successfully contacted. The response rate for this study, which is the percentage of institutions where an interview was attempted and an interview actually occurred, is 28%. The main reason for not completing an interview was an inability to reach the appropriate respondent in the allotted study period; e.g., the professional was not available, voice mail was encountered, etc. Once reached, the great majority of professionals agreed to be interviewed; the cooperation rate, or percent of those contacted who were interviewed, was 86%. Both the response rate and cooperation rate are high for a typical survey of professionals.

3. EXECUTIVE SUMMARY

“More than three fourths (76%) consider full disclosure of data privacy practices by vendors to be “extremely important”...

Rockbridge interviewed 100 senior admissions executives in higher education institutions about privacy standards and awareness related to online admissions applications. To qualify for the survey, an institution had to use a third party vendor for online applications or be receptive to doing so – 62% of those contacted met this qualification.

- Almost two thirds of the institutions surveyed (61%) use a third party vendor for hosting and processing online applications. A quarter (27%) host and process their applications in-house and 12% do not have any online applications at this time.
- CollegeNET is the most prevalent provider of online applications, servicing 34% of users. The next most prevalent vendors are Apply Yourself and Embark/Princeton Review, each accounting for 18% of the market.
- Privacy is important for almost all admissions professionals – 68% consider it extremely important and 30% consider it very important to “ensure the privacy of applicant data during the admissions process.”
- Most admissions professionals would not hire a third party vendor for online applications if they knew the vendor engaged in any of the following practices:
 - Ask permission from the online applicants to market to them commercial products or services generally considered appropriate to college students (76% would not use the vendor).
 - Ask applicants whether they would like to be recruited by other institutions (88% would not use the vendor).
 - Treat student information as a corporate asset that can be sold to other companies (95% would not use the vendor).
- More than three fourths (76%) consider full disclosure of such practices by vendors to be “extremely important.”
- More than two thirds (71%) of the admissions professionals believe that their current vendors do not engage in the aforementioned practices, while more than a fifth are uncertain. Only 8% believe their vendors engage in these practices.

4. DETAILED FINDINGS

4.1. Industry Background

It is clear that there is widespread use of or interest in third party hosting services at higher education institutions. As noted in the methodology section, 62% of all institutions contacted for the survey either use a third party hosting service or have some degree of interest in doing so. *The following provides a profile of the institutions surveyed, consisting of those using or receptive to third party vendors.*

About one-in-ten institutions surveyed (12%) do not offer web-based applications. Of those who do offer them, almost two-thirds (61%) use a third party vendor while more than a quarter (27%) host and process their online applications in-house.¹

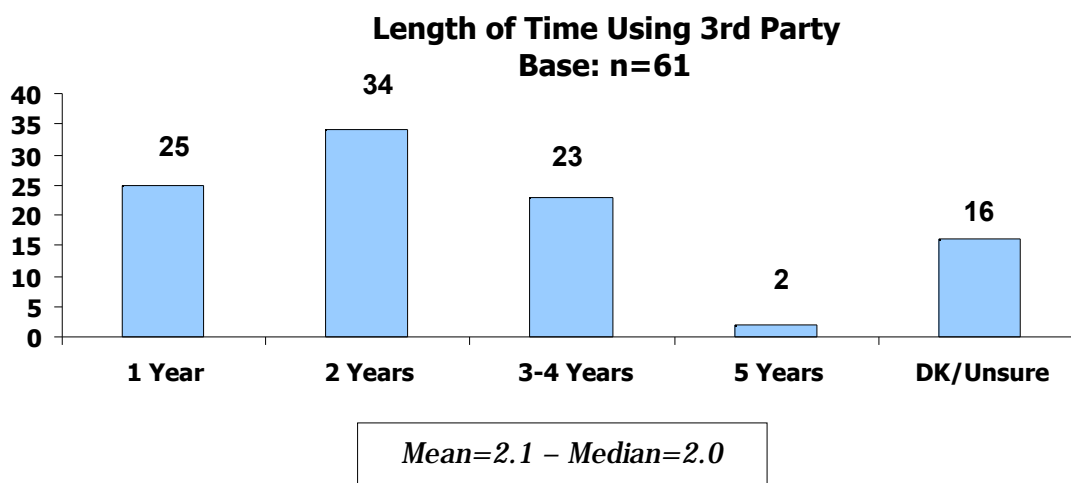
These services are fairly new, with almost half of the schools that offer web-based applications indicating that they have been offering this service for just 1-2 years. Another third have been offering it for 3-4 years. The pattern is similar for institutions using a third party and for schools that have in-house web processing.

LENGTH OF TIME OFFERING ONLINE APPLICATIONS			
	Total (88) %	Use Vendor (61) %	In-House (27*) %
Years Offering Service			
1 year	15	13	19
2 years	32	34	26
3-4 years	34	34	30
5-8 years	9	8	11
DK/Unsure	11	10	15
<i>Mean</i>	<i>2.7</i>	<i>2.8</i>	<i>2.6</i>
<i>Median</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>

**Note: Small sample size*

¹ The study goals did not include “sizing” the market for third party online services, but the results give some indication. Taking into account all those contacted (not just those surveyed), it can be said that: 38% of institutions with bachelors degrees use third party vendors, 17% host their own online applications in-house but are receptive to using a vendor, 7% do not offer any online application but are receptive, and 38% have no interest in third party vendors (either because they meet all needs in-house or do not want online capabilities).

Of the 61 admissions professionals who indicate their institution uses a third party for the hosting and processing of their admissions applications, 59% have been using their vendor for 1-2 years. More than a fifth (23%) have been using a third party for 3-4 years.



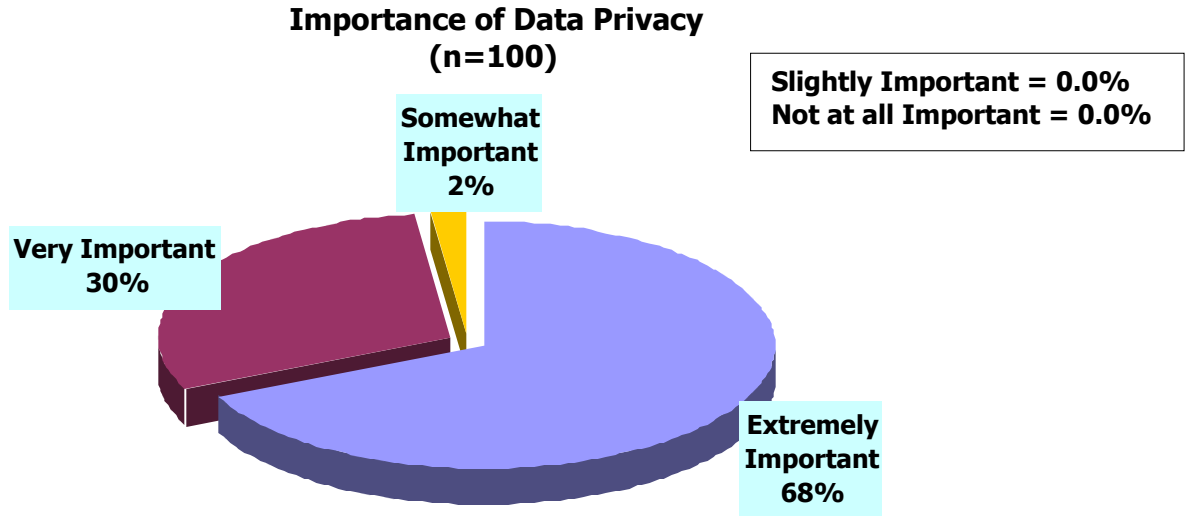
Institutions use a variety of vendors for their online applications. CollegenET has the leading share, servicing 34% of institutions. Apply Yourself and Embark/Princeton Review are each employed by 18% of institutions. The share for other vendors is quite small – 5% use XAP; 3% use CommonApp, New York Mentor, Texas Common, or Texas Mentor; and 2% use Peterson’s. A variety of other companies appear to offer services in the market, though none appear to be used by more than 1% of the schools.

4.2 Importance of Privacy

Almost all admissions professionals consider data privacy to be of great importance – 98% consider it “extremely” (68%) or “very important” (30%) to “ensure the privacy of applicant data during the admissions process at your institution.” Only 2% consider this to be “somewhat important” and nobody considers it to be unimportant.

Of those who indicate using a third party for the hosting and processing of their admissions applications, almost three fourths (71%) consider applicant data privacy “extremely important.” There is little difference between those who use a vendor and those who process their applications in-house. All consider data privacy and security imperative.

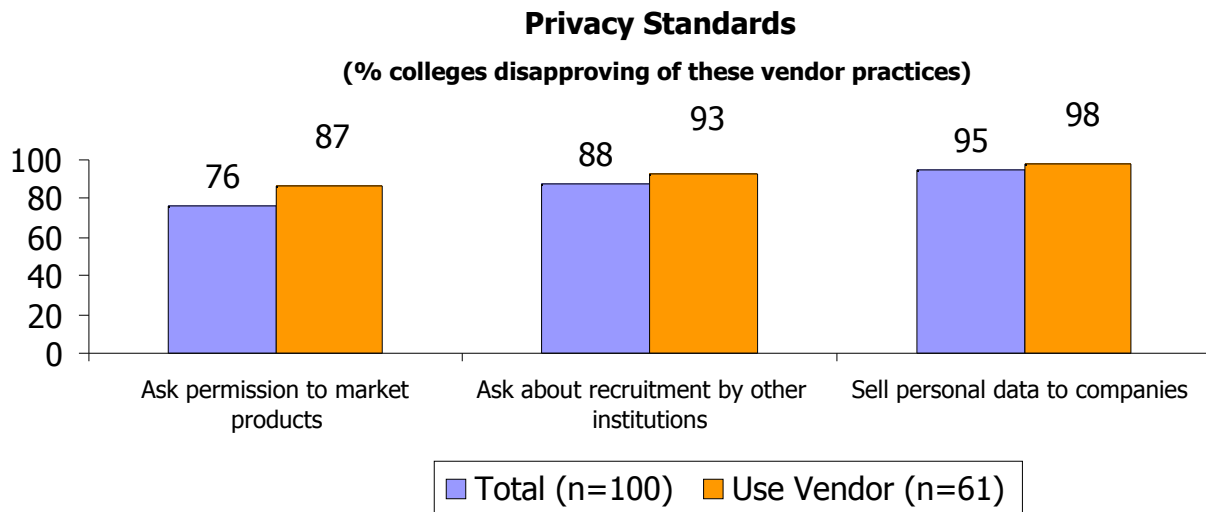
“There is little difference between those who use vendors and those who process their applications in-house. All consider data privacy and security imperative.”



4.3 Privacy Standards

College admissions professionals place high value on applicant privacy and would usually not hire vendors who engaged in practices that would appear to compromise privacy, even when permission is obtained from the applicants.

- More than three fourths (76%) would not hire a third party applications vendor if they knew that the vendor asked permission from the online applicants to market to them commercial products or services generally considered appropriate to college students.



- A full 88% would not hire a vendor who engaged in the practice of asking applicants whether they would like to be recruited by other institutions.

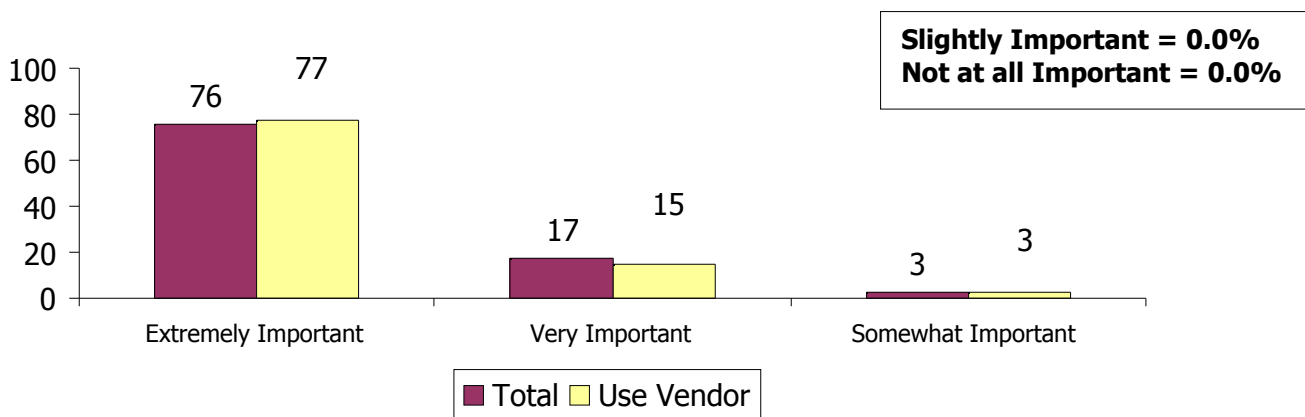
- Almost all of admissions professionals (95%) would not hire a vendor who treated all personal data submitted through the hosted online application as a “corporate asset” that could be sold to another company.

Institutions who currently use third party vendors for hosting or processing applications are equally or slightly more concerned about these issues.

4.4 **Disclosure of Privacy Practices**

Nearly all institutions – 93% – consider it “extremely” or “very” important for vendors to disclose to them that they engage in such practices. More than three fourths (76%) consider full disclosure of data privacy practices to be “extremely important.”

Importance of Disclosure of Privacy Practices

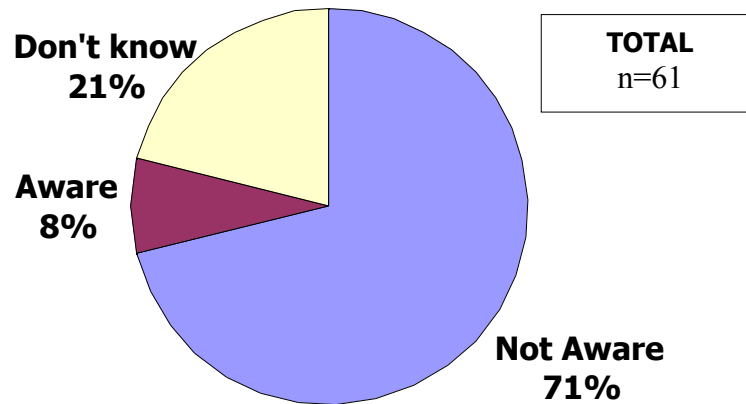


4.5 Awareness of Vendor Privacy Practices

More than two thirds (71%) of the 61 admissions professionals who use vendors believe that their current vendors do *not* engage in any of the aforementioned practices. Noticeably, more than a fifth (21%) do not know whether their vendors practice the above policies. Perhaps this indicates:

- Poor communication between the institution and the vendor
- The vendor failing to disclose such practices
- The institution not inquiring about these practices.

Only 8% believe their vendor engages in such practices.



5. CONCLUSIONS AND IMPLICATIONS

“Only a small share of institutions believe their vendors engage in any of the aforementioned practices, while a sizable minority are uncertain.”

Online admissions applications for higher education institutions are becoming widespread, and third party vendors are important players in making this service available. It is clear that college admissions executives are highly concerned with the privacy of applicant data gathered online.

Admissions professionals expect vendors who host and process such data to maintain high privacy standards. The great majority appear to want their vendors to maintain a purity of purpose, compiling data solely for application purposes and avoiding other business uses such as marketing commercial products. These opinions indicate an aversion to even asking permission of the applicants for rights to commercialize data.

Given the importance of applicant privacy, it is not surprising that administrators expect third party vendors to disclose such practices. Only a small share of institutions believe their vendors engage in any of the aforementioned practices, while a sizable minority are uncertain. This survey is based on awareness and perception, so the actual extent to which third party vendors use applicant data for purposes unrelated to applying for college is unclear. Yet, there is likely to be great concern if institutions find that their vendors have used data for marketing, referrals, or sales and did not notify them.

As the relatively new industry for online applications evolves, the more successful vendors will probably be those who provide full disclosure to colleges and universities regarding treatment of student data, and who rely on revenue models that protect the integrity and privacy of the process.