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EXECUTIVE PERSPECTIVES ON TOP RISKS AND OPPORTUNITIES

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Managing Risk, Adapting to Change and Positioning for Opportunity in Higher Education

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Successful organizations view even challenging times as catalysts for innovation and growth, actively seeking opportunities where others see obstacles.

Over the last 13 years, we have issued annual research reports on the top risks faced by leaders all over the world. This year, we have added an emphasis on opportunities to set the tone for identifying and responding proactively to emerging trends, market shifts and evolving customer expectations. Organizations balancing risk management with a strong focus on transformation are better equipped to innovate services, enhance their resilience, adapt to change, and achieve their strategic goals. It is all about unlocking opportunity.

Our 14th annual **Executive Perspectives on Top Risks and Opportunities Survey** contains insights from 1,540 board members and C-suite executives around the world regarding their views on:

- Three specific areas of opportunity considering the current environment;
- Opportunities and challenges associated with the transformative impact of artificial intelligence (AI) on their organizations;
- The top risks on the horizon for the near term (two to three years ahead) related to 28 specific risks across three dimensions (macroeconomic, strategic and operational) and for the long term (a decade from now) related to 12 risk themes that consider the strategic and operational near-term risks; and
- A discussion of their organizations' near-term strategic investment priorities, given the opportunities and the risks they face.

Our survey participants shared their views through an online survey conducted from early September through mid-October 2025. This paper offers specific insights into these issues from the perspective of executives in higher education.

Where do leaders in higher education see the greatest opportunities over the next two to three years?

Growth opportunities ranked
Ecosystem development
Revenue potential
Geographic expansion

The three near-term opportunities for higher education are interconnected and reflect a deliberate shift from operations within the four walls of the institution to networked models that enhance resilience, relevance and long-term sustainability. By identifying and ranking these opportunities, leaders signal their determination to increase institutional effectiveness by turning external pressures, technology imperatives and emerging risks around cyber and talent into catalysts for change.

Ecosystem development ranked as the top opportunity because leaders recognize that partnerships are the best way to weather times of shrinking budgets, diminished enrollment and pressures to find new sources of revenue. Institutions are partnering with technology giants like Salesforce, Microsoft and AWS to build integrated digital and service ecosystems to meet multiple objectives — from speeding up research by using the latest technology, to digital delivery of classes, to better outreach through data. Leveraging these hyperscalers' cloud and data platforms, AI models and third-party capabilities not only provides access to capabilities at scale but it improves efficiency and reduces operational costs through the use of shared resources.

Higher education leaders see revenue potential as the second highest opportunity, for several reasons. Revenue diversification is the new strategy for many institutions as they seek out partnerships with industry, government entities and community organizations where they can develop new revenue streams through applied research, innovation commercialization, and the offering of targeted continuous and professional education programs to a workforce facing mounting challenges as AI becomes more mainstream. In addition to bringing new revenue, these partnerships help institutions stay aligned with the evolving labor market ensuring their continued relevance, resilience and leadership.

Institutions are also leaning into athletics and endowments but doing so more intentionally and strategically by ensuring the revenue from these traditional sources is invested in revenue-growing initiatives rather than maintaining programs. Alumni outreach is critical in these efforts, and it relies on strong data governance and performance management, underscoring the importance of a technology foundation that allows these efforts to scale.

Geographic expansion as an opportunity reflects institutions' interest in connecting with new learner populations to maintain tuition income. Some innovative approaches that allow institutions to extend reach without building new campus infrastructure include greater focus on online and hybrid delivery, satellite campuses and partnerships with other schools, and in some cases, mergers or acquisitions. Many universities are specifically targeting high-growth domestic regions and global markets to offset enrollment declines, expand access and strengthen brand presence. This trend emphasizes flexible, scalable models that are supported by robust technology and balance growth opportunities with financial and regulatory risk.

What will be higher education's most significant challenges regarding the impact of AI over the next two to three years?

Top priorities – impact of AI
Lack of governance and accountability for AI deployments
Equipping our workforce to realize AI's value proposition
Integrating AI with our existing technologies and/or business processes and/or workforce
Risks related to data required for AI use and cybersecurity exposure

As AI becomes part of everyday work for faculty, students, researchers and staff, institutional leaders appear clear-eyed about their most significant challenges. They are most concerned about the need for clear governance and accountability, including who owns key decisions and how oversight works. Without a governance structure, AI adoption becomes uneven, policies drift and leaders are left responding to issues of inaccuracy, bias and decisions made without proper oversight. This is a particularly salient problem in a federated environment where each campus or each department runs autonomously, adopting AI tools at different speeds with uneven levels of governance.

Realizing AI's value is equally important, especially if institutions have invested significantly in AI capabilities. Realizing value depends on cultural and skill readiness and equitable adoption across administration, faculty and students. Offering practical, role-specific guidance and training can help these populations embrace the use of AI tools and apply them appropriately by knowing how to validate outputs and understanding where human judgment is essential. Setting up clear processes and workflows can help limit AI-enabled misinformation and protect trust and reputation, while realizing the benefits of efficiency and speed.

Integrating AI tools into existing systems and processes is where the rubber meets the road, requiring both time and expertise not readily available. Demand for AI talent is at an all-time high with stiff competition from the private sector, which can place a public institution at a disadvantage and strain its resources. Even when talent is available, the older legacy systems on which many educational institutions still run may prevent full AI integration into processes, limit its use and create data security gaps. One way of addressing this AI-related challenge is through technology partnerships, where institutions can take advantage of prebuilt AI modules and accelerators, capabilities and governance to speed up adoption. All architectural decisions involving AI still need to be guided by enterprise governance to avoid fragmentation, duplicative spend or new control gaps. It's important that institutions don't rely on AI's probabilistic outcomes and decisions where repeatable, auditable and deterministic solutions are required.

Lastly, a strong data and security foundation is essential for AI success, so it is not a surprise that education leaders ranked data and security as the third most significant challenge. Data is a double AI risk: Bad data fed into AI models can lead to bad AI decisions, while improperly governed AI can unintentionally expose institutional data, leading to penalties, reputation risk and lost IP. The explosion of AI use likely explains while cyber threats became the second-highest near-term risk this year (next section).

What are the most significant short-term (two to three years) concerns and risks on the minds of higher education executives?

Near-term risks, ranked
Heightened regulatory change, uncertainty and fragmentation
Cyber threats
Skills and talent acquisition and retention, leadership development and succession challenges
Talent and labor availability
Inability to utilize rigorous data analytics to achieve market intelligence and increase productivity and efficiency
Impact of expected demographic changes
Economic conditions, including inflationary pressures
Ensuring privacy and compliance with growing privacy and identity protection risks and expectations
Resistance to change restricting the organization from adjusting its business model and sustaining a resilient culture
Emergence of new risks from implementing artificial intelligence
Operations and legacy IT infrastructure unable to meet performance expectations
Adoption of new and emerging technologies elevating the need to upskill/reskill our workforce

The near-term concerns and risks for higher education leaders ranked above are wide-ranging, reflecting how much is on education leaders' minds — from cyber threats to regulation to demographic shifts. These seemingly disparate challenges form four distinct clusters, which we analyze below. These four themes are driving not just near-term priorities, but future investments and the overall opportunity outlook for educational institutions.

External pressures

Changes to — and possible elimination of — the Department of Education in the United States is adding volatility to an already fragmented **regulatory environment**. At the same time, large public and highly visible institutions are experiencing intensified oversight and public scrutiny across both political and regulatory arenas. Research and grants remain a focal point for regulatory attention, and financial aid requirements and accountability expectations continue to shift even as **economic conditions** and inflation cause increased demand for student aid.

Against this backdrop, institutions are also facing both foreseen and unforeseen **demographic shifts** causing enrollment decline. A drop in immigration and international student enrollment and decline in

traditional-age student populations affect tuition revenue in the foreseeable future and increase competition pressure among schools.

Cyber and fraud

Cyber threats is the second-highest near-term risk, related to a number of the priorities and opportunities discussed earlier — including AI, ecosystem expansion and digital learning platforms. It's interesting that while ransomware incidents against schools and universities plateaued in 2025, the number of records exposed actually spiked.[1] Student personal data, financial records, and intellectual property continue to be extremely lucrative targets for cybercriminals.

At the same time, privacy and **identity protection expectations** continue to grow, requiring institutions to manage complex federal requirements alongside state overlays and region-specific regulations like the General Data Protection Regulation (GDPR) to protect their bottom line and institutional reputation.

Institutional effectiveness

All risks in this cluster revolve around people and their availability and ability to effectively and efficiently fulfill the institutions' core mission. Many institutions are operating with limited capacity due to persistent staffing gaps across instructional, administrative and operational areas, which are compounded by an **aging workforce** and a **tight labor market** for skilled talent. At the same time, expectations around flexibility, mobility and professional development continue to evolve, raising the bar for attracting and retaining administrative professionals.

Leadership continuity is also a challenge. Limited succession planning and prolonged interim leadership can weaken decision-making and accountability at a time when institutions are navigating funding uncertainty while also trying to modernize and innovate. **Resistance to change** across academic and administrative units — particularly around technology adoption when **new skills** are not intentionally developed — can further slow progress, erode culture and undermine the success of institutional transformation efforts.

Technology and innovation

Higher education leaders rank the inability to use rigorous **data analytics** to achieve market intelligence and increase productivity and efficiency among their top five near-term top risks. Without trusted data and strong data governance, institutions have a harder time spotting demand shifts, acting on funding opportunities and modernizing responsibly. There is a recognition that **legacy infrastructure** and data silos constrain performance, and that weak technology foundations can exacerbate **AI risks**, from security to adoption, when attempting to leverage AI at scale to solve other pressing issues.

[1] "Cyber Attacks on Schools Plateaued in 2025, but More Records Exposed," by Abby Sourwine, Center for Digital Education, February 13, 2026: https://www.govtech.com/education/cyber-attacks-on-schools-plateaued-in-2025-but-more-records-exposed.

Based on these near-term risk issues, in what areas are organizations likely to invest the most over the next two to three years, and why?

Top three investment areas
Business process improvement
Cybersecurity
Infrastructure modernization

Higher education leaders are directing near-term investments toward capabilities that can strengthen institutional resilience and execution.

- **Business process improvement** is a leading priority because it offers a direct path to relieving operational strain and strengthening organizational efficiency. Streamlining high-volume work in finance, human resources (HR), procurement, student services, research administration and IT service delivery can reduce manual effort and improve service consistency. It also helps institutions absorb workload increases when hiring remains difficult.

- **Cybersecurity** as a top investment priority aligns with leaders' elevated concern about ransomware disruption, AI, third-party exposure, and growing privacy and identity protection expectations. Many leaders increasingly view cyber investments not as IT line items, but as measures to protect institutional reputation, preserve operational continuity and safeguard sensitive academic, research and personal data. As a result, many institutions are strengthening cyber governance, incident response and third-party risk management, with increased emphasis on recovery readiness and resilience alongside improvements to core technical controls.

- **Infrastructure modernization** is a pressing investment priority because aging systems limit agility, hinder data integration and increase operational risk. Modernizing enterprise platforms — such as ERP and student information systems — along with supporting data architecture and data governance — can improve reliability, enable more consistent reporting and create a stronger foundation for analytics and responsible AI use. A modern core also makes it easier to embed automation into standard workflows and apply consistent controls across systems.

By focusing on these priorities, higher education leaders are building near-term resilience. They're improving efficiency, strengthening compliance readiness and reducing operational disruption while creating more disciplined options for future investment.

How do higher education leaders view the 10-year risk outlook for their organizations?

Top three long-term challenges
Customers and competition
Organizational resilience and culture
Talent challenges

Looking out over the next decade, higher education leaders anticipate a risk landscape shaped by persistent external pressures and institutional effectiveness challenges that influence strategy, competitiveness and culture.

Customers and competition rank as the leading long-term concern, reflecting intensifying pressure on colleges and universities to clearly articulate, differentiate and deliver institutional value. As prospective students and other learners weigh rising costs, evolving career pathways, delivery preferences (online, hybrid and on-campus), and alternative credential providers, competition for enrollment and research grants is expected to increase. Volatility in state and federal funding adds to long-term uncertainty.

Concern about organizational resilience and culture indicates that leaders see adaptability as an ongoing requirement for their institutions. Regulatory shifts, funding pressure and rising expectations for digital experiences and operational performance will continue to test institutional operating models. Leadership transitions are going to be central to long-term effectiveness. Resilience is not only about technology but also governance and accountability — including how priorities are aligned and how change is enabled.

Talent challenges remain a long-term concern because they support an institution's ability to execute strategy over time. An aging leadership cohort, persistent hiring constraints and prolonged interim roles can increase continuity risk when succession planning is limited. Competition for skills in technology, data, cybersecurity, compliance and enterprise leadership will likely remain intense for years to come as institutions compete with peers and with organizations outside the education sector for the same talent.

Guidance/call to action for next two to three years

Over the next two to three years, higher education leaders will need to manage real near-term risk while still making progress on the priorities that keep their institutions competitive and sustainable. The following actions can help institutions drive improvement in the four critical areas that present both risk and opportunity:

Institutional effectiveness

- Establish structured succession planning and leadership development for critical roles to reduce reliance on prolonged interim leadership.
- Shift toward skills-based hiring and talent planning to close capability gaps in priority areas.
- Improve the faculty and staff experience and internal mobility so talent stays engaged and can move into higher-impact roles.

- Implement job architectures and competency pathways to support consistent development and more disciplined planning.

Technology and innovation

- Build enterprise-level AI governance and oversight to define ownership, approved use, and review expectations across campuses.
- Use role-based AI training and targeted upskilling to support responsible, consistent adoption.
- Accelerate IT modernization and infrastructure upgrades to reduce legacy system constraints and support integration.
- Improve enterprise data governance and analytics to enhance decision-making and reduce risk.

Cyber and fraud

- Adopt privacy-by-design practices across systems and processes to reduce exposure as data sharing expands along with AI use.
- Increase cybersecurity readiness through regular testing, scenario exercises — including for ransomware attacks — and resiliency planning.
- Modernize incident response and crisis communication capabilities to speed containment and protect institutional reputation.
- Enhance integration across privacy, cybersecurity, legal and risk governance to improve coordination and accountability.

External pressures

- Expand enrollment strategy from a focus on traditional post-high school learners to broader offerings aligned with job market trends.
- Strengthen compliance, privacy and regulatory monitoring functions to keep pace with shifting requirements.
- Pursue alternative revenue models such as certificates, corporate partnerships and accelerated degrees.
- Re-evaluate academic portfolios and delivery models to align programs with demand and sustainability.

About the author

Eric Groen is a Managing Director with over 25 years of experience in compliance, internal audit, external audit and risk management. As the Higher Education industry leader with Protiviti, Eric works with organizations to identify, prioritize and evaluate risks and to develop future-state recommendations. Eric has presented on various topics, including compliance and internal audit, at trade organizations such as ACUA and NACUBO. He is a Certified Public Accountant, a Certified Internal Auditor, a member of The Institute of Internal Auditors, and is QAR certified. He is also a former President and Board Member of the Phoenix Chapter of The IIA.

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