Business Plan for a MOOC

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Germany
Who I am...

• PhD in Computer Science (1990)
• Since 1995 – European project manager
• Currently
  – GIRAF PM Services GmbH (CEO)
  – German Research Centre for Artificial Intelligence
    – In 2009-2013 Business developer at the Centre for e-Learning Technologies (CELTECH)
  – Founder and CSO of ki elements UG
The content

• MOOCs as a business. Industry‘s trends and monetization mechanisms.
• Osterwalder‘s Business model canvas. Make it simple
• Resources needed to develop and deliver a MOOC
• Monetization? A hard question.
MOOCs as a business

• MOOC as a product
  • Customer
  • Added value
  • Distribution channels
  • Costs, etc.

• General trend „Education-as-a-Service“

• MOOC life cycle is a project:
  • Goal-oriented undertaking
  • Triple constraints
Customer base in 2016 (+23 million)

- Coursera – 23 million
- edX – 10 million
- XuetangX – 6 million
- FutureLearn – 5.3 million
- Udacity – 4 million

Offering in 2016

- In total 6850 courses from more than 700 Universities
- + 2600 new courses in 2016 alone
- Most popular: Applied sciences and technology, Business
MOOC industry

• First MOOCs from the end of 2011
• Until now major MOOC developers – Universities
• Emergence of MOOC provider platform
• 2011-2016: investments of 400 Meuro, total staff over 1,000 people

Growth of MOOCs
MOOC industry: current trends

• *Decline in investments* – *raise in revenues*
  the big Three (Coursera, edX, Udacity) made more than $100 Millions in revenues in 2016

• Change of focus: from those for learn for fun to those who learn for career (and ready to pay)

• Everything is for a client:
  • „M“ is not for „Massive“ any more
  • Various certification options
  • Offer follows Demand
MOOC industry: current trend

• Instead of virtual classroom – educational Netflix
• Credentials, college credits, degrees

<table>
<thead>
<tr>
<th></th>
<th>Credentials</th>
<th>College Credit</th>
<th>Degrees</th>
</tr>
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<tbody>
<tr>
<td>Coursera</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>EdX</td>
<td>✔</td>
<td>✔</td>
<td>✗</td>
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<tr>
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<td>Kadenze</td>
<td>✔</td>
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• Growth of regional/institutional providers
• Business-to-business
Business modeling/planning for MOOCs

• What is the difference between a business model and a business plan?

  Business model describes how the business will make money to become profitable

  Business plan provides time-bound structure how to make it happen

• Why companies need a business plan?
The Business Model Canvas

Key Partners
- Who are our key Partners?
- Who are our key suppliers?
- Which Key Resources do we acquire from partners?
- Which Key Activities do partners perform?

Key Activities
- What Key Activities do our Value Propositions require?
- Our Distribution Channels?
- Our Customer Relationships?
- Our Revenue Streams?

Value Propositions
- What value do we deliver to the customer?
- Which one of our customer’s problems are we helping to solve?
- What bundles of products and services are we offering to each Customer Segment?
- Which customer needs are we satisfying?

Customer Relationships
- What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
- Which ones have we established?
- How are they integrated with the rest of our business model?
- How costly are they?

Channels
- Through which Channels do our Customer Segments want to be reached?
- How are we reaching them now?
- How are our Channels integrated?
- Which ones work best?
- Which ones are most cost-efficient?
- How are we integrating them with customer routines?

Key Resources
- What Key Resources do our Value Propositions require?
- Our Distribution Channels?
- Our Customer Relationships?
- Our Revenue Streams?

Customer Segments
- For whom are we creating value?
- Who are our most important customers?

Cost Structure
- What are the most important costs inherent in our business model?
- Which Key Resources are most expensive?
- Which Key Activities are most expensive?

Revenue Streams
- For what value are our customers really willing to pay?
- For what do they currently pay?
- How are they currently paying?
- How much does each Revenue Stream contribute to overall revenues?
Let’s try with our MOOC!

• MOOC to address the educational needs of single mothers in Malaysia
• Basic economic knowledge and skills
• Specific customer needs, limitations and expectations („business pain“)
• Value proposition
  • Why will people sign in? Why will they prefer a MOOC over other options? What does make your offer special?
Costs of MOOC

• Example:
  – Science course
  – 6 week-long
  – 3 time delivery with 20% modification
  – Data provided: UPMC (France)
  – French standards applied
  – The results are consistent with the American situation
Costs of MOOC development. Teaching staff

<table>
<thead>
<tr>
<th>Task</th>
<th>Hours</th>
<th>Course 1</th>
<th>Course 2</th>
<th>Course 3</th>
<th>Total</th>
<th>Comments</th>
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Pedagogical support

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<th>Task</th>
<th>Hours</th>
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<td>Total for the MOOC</td>
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Co-funded by the Erasmus+ Programme of the European Union
# Pedagogical support

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<th>Task</th>
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<th>Course 3</th>
<th>Comments</th>
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<tr>
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Costs summary

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- May vary significantly depending on subject, desired quality, experience, country, etc.
- Indirect costs + other direct costs + depreciation of equipment can easily double the sum.
Comparing delivery costs

- **MOOC against classical delivery and blended mode**
  - Classic: 1 hour lecturing in a theater a week, 1 meeting in smaller groups (50 learners)
  - Blended: 1 teacher for 50 learners, bi-weekly meetings
Revenue sources

• Traditional University MOOC delivered via the MOOC provider
  • A learner pays (certificates, materials, etc.)
  • In-kind support of the University
  • Accompanying advertisement???

• Corporate MOOCs and MOOCs supported by third parties
Thank you for your attention!

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