

# MOOCs: searching for a viable Business Model

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# Agenda

- ◎ MOOC or not MOOC?
- ◎ The real cost of a MOOC
- ◎ Cost efficiency of teaching: why to invest in a MOOC?
- ◎ MOOCs in universities
- ◎ Conclusion
- ◎ MOOCs providers



# MOOCs: the alternative?

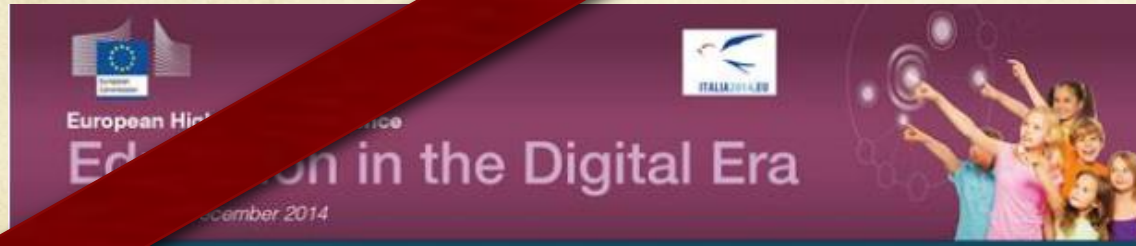
- © The cost of Higher Education is becoming higher and higher and all countries are looking for new models.
- © The European and US models cannot be expanded anymore
- © In less developed countries not enough resources are available to build a full HE system

# MOOCs: the alternative?

- ◎ Three alternatives:
  - ◎ Increasing the level of tuition fees and leaving the burden to the students and their families.
    - ◎ Example of England but not accepted anywhere
  - ◎ Decreasing the cost of education, which is mainly manpower, i.e. teachers salaries.
    - ◎ Increasing the ratio students/teacher

# MOOCs: the alternative

- © Shortening Higher Education studies.
- © See Tibor Navracsics (EU Commissioner for Education, Culture, Youth and Sport) declaration Brussels, December 2014



# A digital approach as the solution?

- ⊙ Increasing the Higher Education efficiency:
  - ⊙ Decreasing the labor costs
    - ⊙ Possibility to sell and reuse the courses
    - ⊙ Possibility to use less qualified teachers
  - ⊙ Increasing the students/teachers ratio
  - ⊙ Increasing the « teaching » efficiency
    - ⊙ Flipped learning approach



An aerial photograph of Paris, France, showing a dense urban landscape with numerous buildings, streets, and landmarks. The Eiffel Tower is visible on the left side, and the Notre-Dame de Paris cathedral is on the right. The sky is overcast and hazy. The title "The real cost of a MOOC" is overlaid in large white text in the center of the image.

# The real cost of a MOOC

# Human resources

MOOC contents:

- ◎ Teachers
- ◎ Community managers
  
- ◎ MOOC development:
  - ◎ Video specialists
  - ◎ Web integrator and graphic artist
  - ◎ Pedagogic instructor
  - ◎ Project manager

*A MOOC is a project with many people, which needs a project manager*



# Workload to build a MOOC

Example: 6-8 weeks course:

- © Course with Math equations, graphics and pictures
- © Course being used 3 times
- © Three categories of human resources: teachers, academic and technical support

# Teachers work

Mission	Course 1	Course 2	Course 3	
Preparation	40	8	8	
Writing docs	90	20	20	
Writing assessments	40	10	10	
Video recording	32	6	6	
Project organization	30	5	5	
Animation	48	48	48	
Total				<b>520 hours</b>

# Pedagogic support

Mission	Course 1	Course 2	Course 3	
Pedagogic engineer	40	8	8	
Project manager	60	12	12	
Tests	60	12	12	
Total				<b>225 hours</b>

# Technical support

Mission	Course 1	Course 2	Course 3	
Video	32	6	6	Recording
Video	180-240	36-50	36-50	Editing
Texts	10	2	2	Formatting
Iconography	35	7	7	Variable
Integration	15	3	3	Platform
Meetings	10	2	2	
Total				<b>480 hours</b>

Pomerol, Epelboin & Thoury MOOCs, Design, Use and Business Models, Wiley 2015

# Financial cost

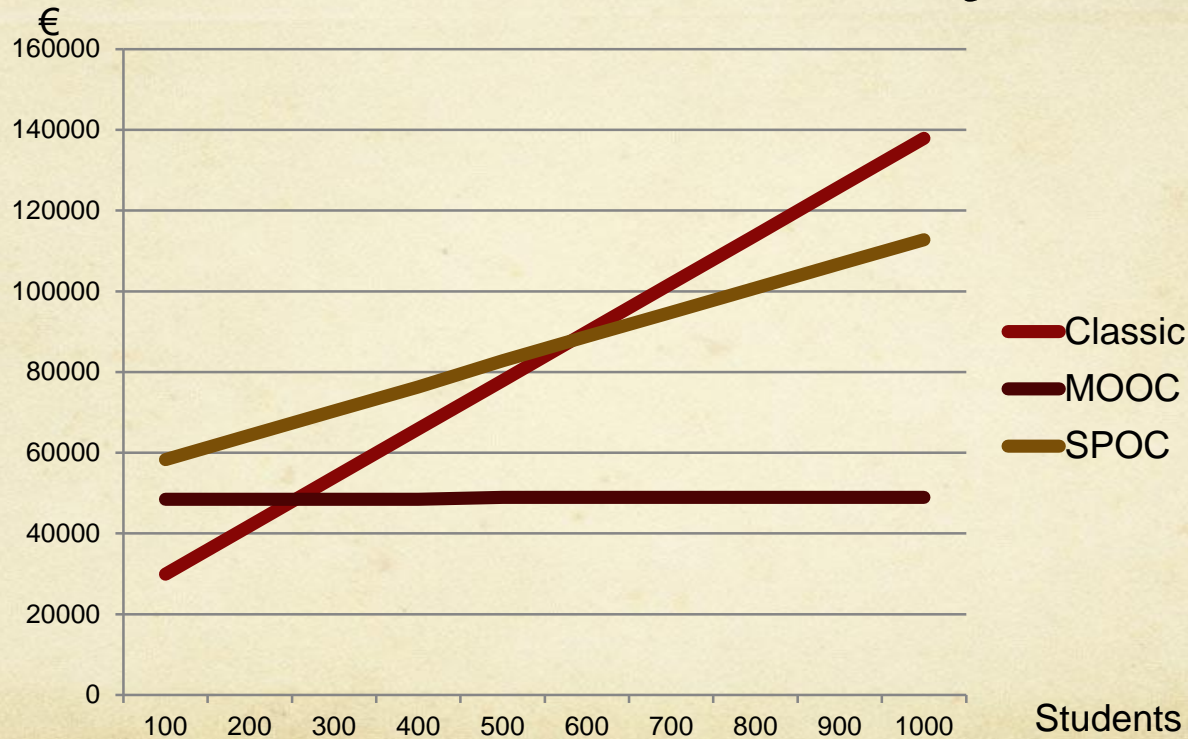
Mission	Course 1	Course 2	Course 3	Total Euros
Teachers	15 000	5 200	5 200	25 400
Pedagogic support	6 000	1 200	1 200	8 400
Technical support	10 000	2 000	2 000	14 000
Salaries ≈				<b>48 000 €</b>

Pomerol, Epelboin & Thoury MOOCs, Design, Use and Business Models, Wiley 2015

Base:

Teachers: 75 k€/y, support teachers: 60 k€/y, tech: 47 k€/y

# Cost efficiency



# Digital business models

- ◎ A pure MOOC is the less expensive solution:
  - ◎ Above 200 – 300 students versus a classic approach
  - ◎ Interaction between teachers and students fully reduced.
- ◎ A blended approach (MOOC + face-to-face  $\simeq$  SPOC) is valid only above 600-700 students

# Decreasing the cost of teaching

- © Using or reusing MOOCs to amortize the cost of development of digital media
- © A balance between face-to-face interaction and personal work



An aerial view of Paris, France, showing a dense urban landscape with numerous buildings and rooftops. The Eiffel Tower is visible in the background, topped with a golden statue. In the foreground, a modern building with a grid of windows is prominent on the right side. The text "MOOCs and universities" is overlaid in white, sans-serif font across the center of the image.

# MOOCs and universities

# Financial facts

- ◎ 1 ECTS = 1 MOOC (30 hours of work)
  - ◎ One year  $\simeq$  60 MOOCs!
- ◎ In universities MOOCs are used as SPOCs:
  - ◎ Approach of financial interest if more than 600-700 students are using the course (in 3 years).
  - ◎ Never valid for classes  $< 200 - 250$  students  $\Rightarrow$  cost sharing among many universities

# Possible Business plans

- ◎ Savings
  - ◎ Large classes (mainly L1)
  - ◎ Sharing costs: federation of universities for smaller classes, mainly Masters or reusing courses developed by others
- ◎ Manpower savings are more doubtful in Research universities where academic are not full time teachers.

# Possible business plans

- © Saving through MOOCs and SPOCs are doubtful in Higher Education, unless universities unite.
- © Justification in using and developing MOOCs and SPOCs must be found elsewhere

# Case # 1

## EPFL (Switzerland) MOOCs@Africa

- ⊙ Free access to MOOCs
- ⊙ Certification: 30 €/ECTS, full cursus 8-12 ECTS followed by a personal work (6-10 ECTS, 90€/ECTS)
- ⊙ Exams in a partner center
- ⊙ Partners: Coursera and edX

# Case # 2

## Gestion de Projets (Ecole Centrale Lille)

- ◎ Free MOOC
- ◎ Second part with one or two ECTS by payment (50 – 150 €) with different levels of examinations and options
- ◎ Various options for continuous education (490-690 €)

<http://mooc.gestiondeprojet.pm/>

# MOOCs in Europe

- © Decreasing the cost of education cannot justify MOOCs & SPOCs
- © ECTS exchange among universities remains very limited thus aggregating universities to assemble enough universities remains an exception (Ex: the Bavarian Virtual University)

# MOOCs in Europe

	Objective	MOOC	SPOC	Level	Remark
1	Educational transformation	option	yes	Bachelor Minors	All B levels. Priority larges groups
2	Remediation	option	yes	Bachelor	Failed modules
3	Entrance in university	yes	no	High School	Self evaluation and initiation courses
4	Life long learning	yes	yes	All levels	



# MOOCs in Europe

	Objective	MOOC	SPOC	Level	Remark
5	Foreign students	yes	option	All levels	
6	Knowledge sharing	yes	option	All levels	Excellence
7	Recruiting students	yes	option	All levels	

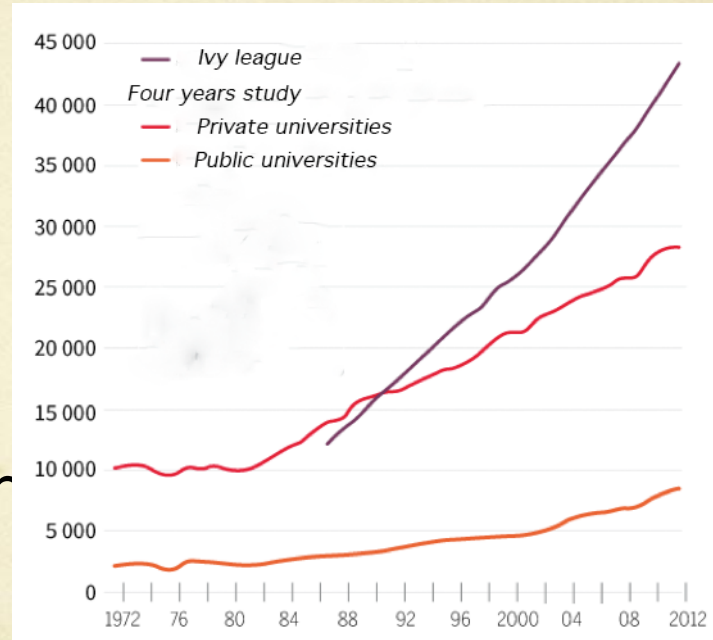
**Business plans must be justified by a political willingness**

**to change the pedagogy and communication**

# MOOCs in US

Tuition fees at an unacceptable level:

- © Up to 10 000 \$ in public universities
- © 40 000 – 60 000 \$ in private universities



Le Monde 26/04/2015

# Case # 1

Arizona State University (ASU)

- © Universities consortium
- © First year through MOOCs for less than 6000\$
- © Payment at the end
- © Participation of edX

# Case # 2

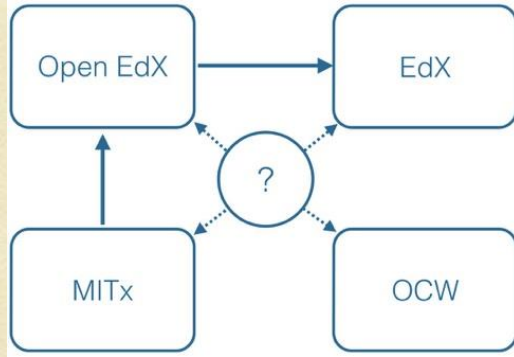
Urbana Champaign university

© eMBA for 20 000\$

1. First, selected Coursera specializations
2. Agreement of curriculum by Urbana
3. Finish as official MBA degree

Pay if success only!

# Case # 3 The MIT Model



Free MOOCs can only be a by-product of SPOCs and blended learning.

First semester of Master Supply chain as MOOC with EdX, second semester on campus.

# Case #4: University of Illinois

**« An accredited Masters program at an accessible cost**

*Start by enrolling in any course or Specialization in the sequence, and upgrade to the full accredited program whenever you're ready to apply. At \$600 per credit-hour, the MCS-DS only costs \$19,200 in tuition for the complete 32 credit-hour degree. »*

With Coursera

EUNIS 2016

8-10 June 2016

Y.Epelboin



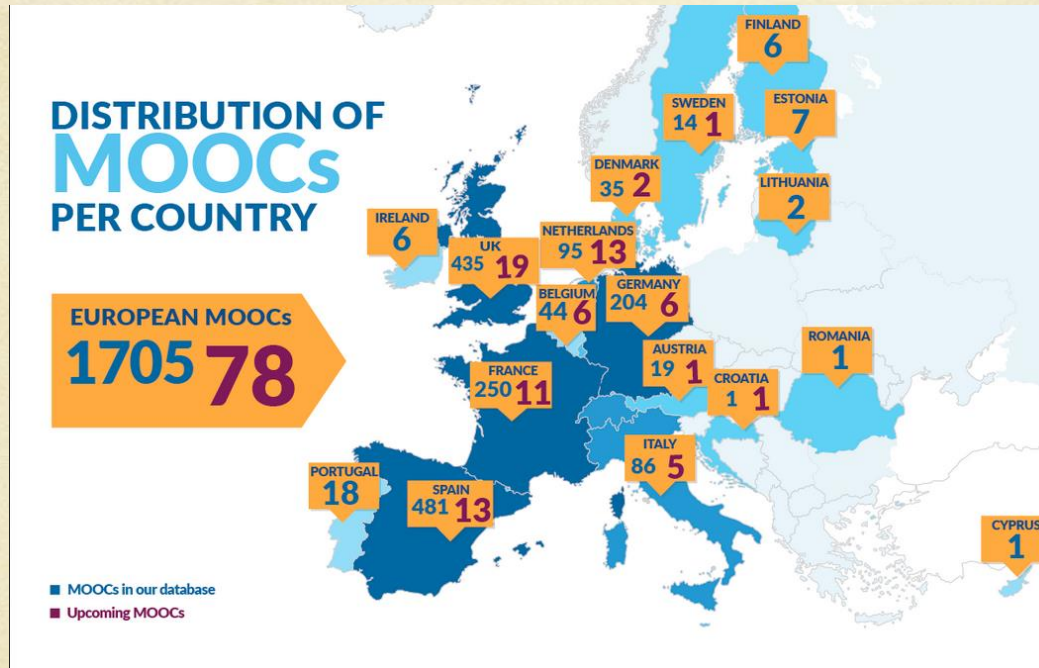
# Continuous education

The only field, with distance learning, where teaching is being fully revolutionized.

- © Use and reuse of the same courses for massive numbers of students
- © Optimization of absences for studies
- © Possibilities to charge for education

Will the universities participate to this transformation?

# MOOCs in Europe



[http://openeducationeuropa.eu/es/open\\_education\\_scoreboard](http://openeducationeuropa.eu/es/open_education_scoreboard)



# In Europe

- © No real models for the « big » providers
  - © Futurelearn: charity?
  - © FUN: funding by universities and state?
  - © MiriadaX: South America Market?
  - © Iversity: ECTS broker?
- © EU in Brussels: only a hub

# Europe: continuous education

- ◎ Numerous start-ups with models similar to Udacity
  - ◎ Revolutionizing the business of continuous education
  - ◎ Oriented towards courses directly linked to employment
- ◎ Universities?
  - ◎ Really involved in continuous education?
  - ◎ No general rules for ECTS exchange.

# A possible direction

- ◎ Freemium: minimum services for free
- ◎ With payment: payment for each additional service
  - ◎ Exercises and assessments (Coursera)
  - ◎ Group tutoring
  - ◎ Individual tutoring or small groups, videoconferencing...

# Summary

An aerial photograph of Paris, France, showing a dense urban landscape with numerous buildings, streets, and landmarks. The Eiffel Tower is visible on the left side, and the Notre-Dame de Paris cathedral is on the right. The word "Summary" is overlaid in large white text in the center of the image.

# An emerging business model

- ◎ Free access to documents (similar to Coursera) or for a low fee (freemium)
- ◎ Different levels of services for increasing fees
  - ◎ Quizzes and home work
  - ◎ Group tutoring
  - ◎ Personal tutoring and video exchanges
- ◎ Universities?

# Searching for a business model

- ⊙ Not yet established for HE institutions
  - ⊙ Slow movement to introduce MOOCs in curricula
  - ⊙ No real thread for universities, at least at Master and Doctorate levels.
- ⊙ Fast transformation of continuous education
  - ⊙ A possible source of revenues for HE
  - ⊙ A big market for a new generation of entrepreneurs

A scenic view of the Paris skyline across a river. In the foreground, a white boat is docked on the left. The middle ground is filled with lush green trees. In the background, several large, modern buildings are visible, along with the iconic spire of Notre-Dame de Paris on the right. The sky is a clear, light blue with a few wispy clouds.

# Discussion

# MOOCs providers

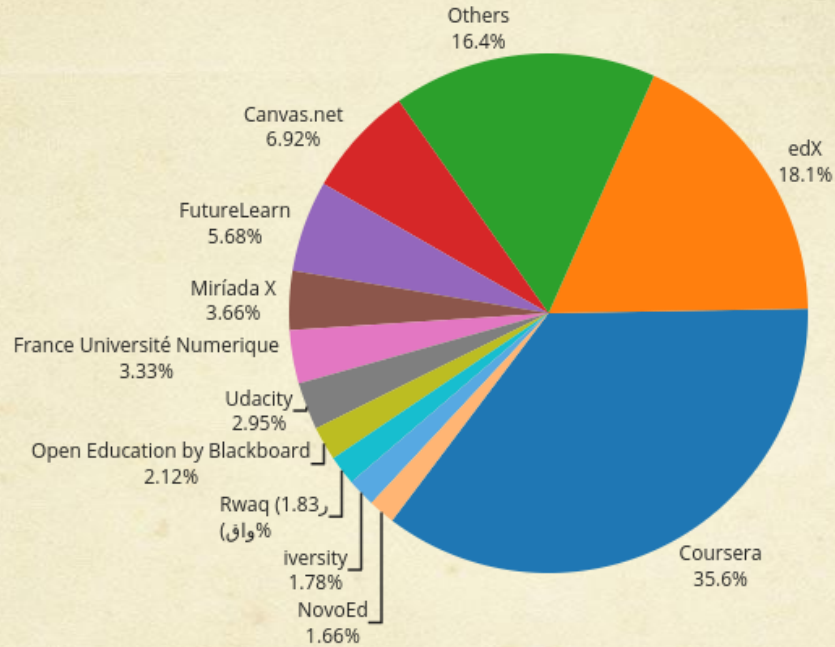




# Two providers categories

- © MOOCs Editors: act as the editors of books written by authors:
  - © Coursera and EdX in the US
  - © Futurelearn, FUN, Iversity in Europe
- © MOOCs developers and providers:
  - © Ex: Udacity, Udemy (US), MiriadaX (Spain), OpenClassrooms (France)...

## Course Distribution by Providers



Shah D. (2016) <https://www.class-central.com/report/moocs-2015-stats/>

# Coursera

- © A partnership with universities
- © Blurring the distinction between university grades and free MOOCs
  - © Courses developed by universities
  - © Certificates and bundles payed to Coursera
  - © Additional fees to transform courses into grades

# Coursera: an evolving BM

- © Revenues generated through selling different levels of certifications
- © Free access now limited to documents for most MOOCs
- © Certifications between from 10 – 100 \$
- © Specializations 250-500 \$

# Udacity BM

- © S. Thrun: « No money to make with universities »
- © Thought for continuous education
- © Courses on demand for companies
- © Courses for self development and employment