MOOCs or MOCs? - Revisiting the commercialisation of MOOCs

Peter Ryan[a*], Alan Williams[b]

[a]Adjunct Senior Lecturer, Australian School of Management, Perth, Australia
[b]Managing Director, Australian School of Management, Perth, Australia

*Corresponding Author: pryan@heli.edu.

ABSTRACT

Massive Open Online Courses (MOOCs) remain a significant disruptive innovation in the education environment of the 21st century. MOOCS, delivered online to the general public for free to anybody that wants to take them, may be one of the catalysts that threaten the long-established business paradigms that have underpinned higher education business models for the latter part of the 20th century. However, those institutions that MOOCs have threatened to disrupt are adapting MOOCs and MOOC features into their education models. MOOCs have the capacity to disrupt the education industry in similar ways that Airbnb and Uber have in the accommodation and taxi industries.

Traditional business models of charging customers directly for goods and services are often ineffective online. A paper presented to the 12th APacCHRIE conference in 2014 explored possibilities of how MOOCs might be commercialised. This paper reflects on those commercialisation strategies to discover how, in the intervening two years, MOOCs have developed new revenue channels to support existing higher education business models. The changing nature of MOOCs is also considered.

Keywords: MOOC; MOC; disruption; business models; commercialisation

Introduction

A paper presented to the 12th APacCHRIE conference in 2014 (Ryan & Williams, 2014) explored how MOOCs might form part of a sustainable business model in higher education. The paper noted that while offering MOOCs at no cost appeared to be, on the face of it, a noble and altruistic endeavour the underlying truth remained that all businesses must inevitably be sustainable and supplying product for free is not a sustainable long-term business model (Cusumano, 2012).

In an environment where funding is shifting away from publicly funded higher education to a user pays model, in some cases supported by government income-contingent loans, the paper presented examples of how MOOC providers might utilise MOOCs to supplement their current business models including; loss leading, complementary services, syndication and B2B models.

Two years on this paper reflects on the methodologies proposed and how the commercialisation of MOOCs has since developed. The paper also considers the changing nature of MOOCs and how they are evolving into different variants on a theme.

Literature Review

What is a MOOC?

MOOCs are the latest ─ not the last ─ in a long line of distance learning innovations. MOOCs are courses delivered online to the public for free (Barber, Donnelly & Rizvi, 2013). As MOOCs have no entry requirements, they provide unlimited participation and open access to online resources with support from fellow learners through online forums. MOOCs also provide certification of successful completion.

The first MOOC to be named as such was *Connectivism and Connective Knowledge* offered by the University of Manitoba in 2008 (Parr 2013). However, MOOCs hit the mainstream with the launch of Coursera, edX and Udacity in 2011. Also in 2011, massive 150,000+ enrolments in both a Stanford and a Massachusetts Institute of Technology (MIT) MOOC forced the media and academia take note, culminating in The New York Times proclaiming 2012 as "The Year of The MOOC" (Pappano, 2012).

Two MOOC types, connectivist (cMOOC) and extended (xMOOC), anchor a range of MOOCs that are usually a hybrid of both types (Klobas et al., 2014). In xMOOCs, instructors act as celebrities and content producers; cMOOC instructors tend to be guides and content facilitators (Chauhan, 2014; Ross, Sinclair, Knox, Bayne & Macleod, 2014). Most MOOCs tend towards xMOOCs (Chauhan, 2014; Daniel, 2012). xMOOCs garner most of the attention, thanks in part to their affiliation with elite universities and major MOOC providers such as Coursera, edX, and Google (Murphy et al., 2014; Pappano, 2012; Wilkowski, 2013).

How are MOOCs metamorphosing?

MOOCS are also morphing into variants of the original model including: OOCs Open Online Courses; SMOCs (Synchronous Massive Online Courses) that offer online content with coordinated classes; DOCCs (Distributed Open Collaborative Courses) that bring together student work to form new learning material; and SPOCs (Small Private Online Courses), which are MOOCs that undergo a student selection process.

As the commercialisation of MOOCs continues to develop and some no longer offer courses with free recognition it could be argued that they are no longer open. Therefore, this paper posits a new acronym; MOC (Massive Online Courses). MOCs represent the natural progression of a MOOC that becomes commercialised by charging a fee for participation or certification. Coursera is currently moving to this model.

Methodology

This paper is an extension of a paper presented to the 12th APacCHRIE conference in 2014 (Ryan & Williams, 2014). As the world of MOOCs continues to change rapidly it was considered worthwhile to review the futuristic prognostications presented in that paper in light of today's reality.

With reference to current literature and practice within the higher education sector, each of the areas for commercialisation posited in the previous paper was reviewed and analysed to determine if they had come to fruition as forecast, been partially realised or developed in a way unanticipated at the time.

Results & Discussion

No matter whether the commercialisation of MOOCs is considered positive or negative as a future business model, whether they are positioned to replace traditional teaching models or will simply supplement what already exists, what is particularly interesting to note is the speed at which MOOCs are expanding and that most of the recent developments now link to a commercial outcome.

One way to judge whether or not MOOCs have become commercialised is to look at press releases and market research over the past year. These sanguine prognostications claim that MOOCs will earn US$1.83bn in revenue in 2015 and will be a US$8.5bn industry by 2020 at an estimated compound annual growth rate of 36% (Markets and Markets, December 2015). Whilst these figures may seem unrealistic, MOOCs over the past two years have experienced 300% growth in course provision (Online Course Report, 2016) and 100% growth in participation (Shah, 2015a). No other area of education has experienced this type of growth in speed and magnitude, since the innovation of the printing press some 480 years ago. This exponential growth can be likened to the disruptive impacts that Airbnb is having on the accommodation industry and Uber on the transportation industry.

MOOCs and their variants have significant potential to continue to disrupt education and present new opportunities for commercialisation.

MOOC revenue streams

MOOC providers are increasingly earning revenue by offering complementary services. Coursera's ways of generating revenue includes verified certification of completion that costs between US$30-$100 (started in 2012 as *Signature Track*), introducing a paywall for graded assignments for some courses (Shah, 2015b) and offering highly specialised MOOCs in high-need areas of expertise (Carson, 2014). This has extended to Coursera offering a financial aid fund that students can apply for to pay for their certificates (Coursera, n.d.). In the US this has led to the Department of Education announcing a trial to make MOOCs and other "alternate ed-tech providers" eligible for federal financial aid.

In Cousera's contract with participating providers other possibilities to raise revenue include introducing students to potential employers and recruiters (with student consent), tutoring, licensing, sponsorships and tuition fees (Coursera, 2012). As noted in the introduction some of these commercialisation strategies where students are charged for participation or certification transforms these MOOCs to MOCs.

Udacity has recently introduced *Nanodegrees* (Waters, 2015) that are 4-12 month programs designed to teach relevant tech skills. Nanodegrees cost $200/month but Udacity gives the student half the money back if they complete the Nanodegree within twelve months. Udacity became the first MOOC provider to reach profitability (Shah, n.d.) due in large part to Nanodegrees. Furthermore, as there is a monthly charge to undertake this course this is another

example of a MOC model, not a MOOC.

edX is looking to hinge its revenue model on selling its online expertise to institutions planning to deliver MOOCs by either selling its platform for fee-for-service courses for a share of revenue generated by those courses or providing production assistance to develop online courses (Kolowich, 2013). According to Muldowney (2015) edX is also looking at selling its course content to others, and offering "certificates of mastery". Institutions that develop MOOCs that are engaging, innovative and achieve educational objectives will be able to enter the syndication arena and sell or license courses similar to the way in which edX has moved. Similarly, institutions without expertise or capacity to develop MOOCs can offer another provider's courses through the syndication business model.

Branding and marketing

While reasons for undertaking a MOOC vary considerably across a range of intrinsic and extrinsic motivations, commercialisation of MOOCs is not entirely about profit. Commercialisation may also be measured by a MOOCs ability to reach the mass market.

Branding seems to be one of the most popular commercial strategies, harnessing the power of the MOOC to grow an institutional brand. MOOCs by definition have the capacity to reach a global market and therefore tens, or even hundreds of thousands of students in a single course can be commonplace. There is no doubt that the larger global university brands have recognised this marketing reach as a brand growth strategy that enables brand development in new and far reaching markets. For example, the first MOOC offered by edX in *Circuits and Electronics* at MIT attracted 155,000 students across 162 countries with no marketing budget (Agarwal, 2013). The costs of building a global brand in time, money and resources cannot be overstated, and MOOCs seem to provide a cost effective way in which to achieve this, at least in part.

Engaging the 'modern' student

MOOCs also offer a significant marketing advantage to forward thinking institutions that embrace technologies to engage with the millennial generation and the increasingly tech savvy users of the future. It could be argued that teaching in many institutions across the world has not changed at all over the past 500 years, it still takes place in a walled-in classroom or lecture room with a lecturer standing at the front speaking and students sitting further away, listening. It has already been posited that this is not the way students of the future will learn.

Embracing technology and the digital space to reach the learners of the future is not only a desirable strategy but almost a requirement in order to survive. Institutions that develop a sound on-line pedagogy that includes many of the tools and techniques normally included in MOOCs such as active learning, interactive engagement, asynchronous delivery, gamification, instant feedback, blended learning, and flipped classroom will no doubt have greater capacity to achieve commercial benefits through increased student participation. MOOCs may in fact become the next generation textbook (Agarwal, 2013).

Manufacturing a distinction

Some institutions have tried to commercialise their MOOCs through manufactured distinctions such as the trademarking of an acronym, for example; NOOC (Nottingham Open Online Course) by the University of Nottingham (University of Nottingham, n.d.) and GROOC (Group MOOC) by McGill University and edX (Lewington, 2015). No doubt, these

manufactured distinctions will continue to be driven by marketers looking to establish an institution's point of difference in the MOOC marketplace.

Conclusions, limitations and future research

The MOOC landscape has developed rapidly over the past two years, MOOC numbers have increased from 800+ in 2013 to 3,000+ in 2015 , MOOC participants grew from 10M to over 20M over the same period and MOOCs are now available in over a dozen languages (Online Course Report, 2016).

As described above, many of the strategies proposed in the 2014 paper have come to fruition in some way, shape or form. The amount of capital invested in start-up for-profit companies offering MOOCs as their main product has been substantial, including Udacity (US$160M); Udemy (US$113M); and Coursera (US$146.1M) (Crunchbase, n.d.) which infers that MOOCs do have an inherent commercial value and represent a valid business proposition.

A key limitation when researching MOOCs is that they are evolving at a rapid rate. Also, the way that MOOCs are accessed by various student cohorts may be quite different. For example, third world learners may come online with only a mobile phone rather than tablet or laptop.

Future research that quantifies the financial outcomes from the delivery of MOOCs and associated revenue streams would be a valuable resource for institutions that develop and deliver MOOCs, or variants of MOOCs. Unfortunately, commercial-in-confidence considerations create significant limitations on the collection of financial data from private companies. Furthermore, the aggregated nature of financial data might mean that any financial benefit derived either directly or indirectly from MOOCs may be buried deeply within financial records and difficult to separate and quantify.

Further research could also measure the larger social impact of providing educational opportunities to the masses through providing education and training to many throughout the world in an area which in many cases can only be afforded by the rich. Whilst the social impact may not be easily measured in dollars, there is no doubt that there are significant economic impacts to individuals, community and society as a whole. This field of research is one that to date has hardly been explored, offering significant future research opportunities.

The development of MOOCS and associated business models has significant implications for the higher education regulators (Barber, Donnelly & Rizvi, 2013) now that MOOCs are becoming intricately interwoven in modern learning and teaching methodologies. Given that MOOCs are here to stay and will become an increasingly important part of the higher education landscape, those providers that develop viable business models around massive open online courses will be able to exploit this disruptive innovation and enhance their long-term sustainability. The best things in life may be free but, in the end someone needs to make money (Muldowney, 2015).

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