



MOOCs teach corporations about new opportunities

MASSIVE online open courses (MOOCs) have received a lot of attention over the last two years for their potential to disrupt higher education. Though they are not yet well known in the corporate sector, MOOCs are about to have a major impact there as well. Companies are starting to employ MOOCs in areas ranging from recruiting and training to marketing and branding.

A massive online open course—or MOOC—is an online learning experience open for all to attend for free. MOOCs can accommodate—and often attract—a huge number of students globally. Although the term MOOC was coined some years earlier, the modern era of MOOCs began in the fall of 2011, when an online Stanford University course in artificial intelligence attracted 160,000 students.¹ This eye-popping response led, within about six months, to the foundation of Udacity and Coursera, two for-profit MOOC companies, and edX, a non-profit MOOC venture of Harvard University and Massachusetts Institute of Technology (MIT). Dozens of other prestigious higher-education institutions, such as Princeton University, Stanford, and Georgia Institute of Technology, are now involved in one or more MOOC ventures.

Institutions of higher learning, shapers of education policy, and investors expect MOOCs to change the economics of higher education and make elite educational experiences available to an unlimited number of students. MOOCs are not only disrupting higher education, though. In an effort to establish sustainable business models, MOOC providers are developing offerings aimed at the corporate sector. Corporations are starting to use MOOCs to lower the cost of employee training, build talent pipelines and identify job candidates with demonstrable skills, and get closer to prospects and customers. In a world where many companies are plagued by skills shortages on the one hand² and struggling to gain deeper insights about customers on the other, MOOCs are beginning to play a role in corporate learning (a \$70 billion market),³ recruiting (also a \$70 billion market),⁴ and even digital marketing (a \$50 billion market).⁵

MOOCs are a technology, a source of educational material, and an approach to pedagogy. While online learning is not new, MOOCs are credited with making valuable educational content freely available while providing a superior learning experience that is interactive, convenient, and more attractive than “traditional” online platforms. MOOCs are also spurring innovation in pedagogy by using social networks to enable peer coaching, and analytics to support “adaptive learning,” in which learning experiences are automatically tailored to the strengths and weaknesses of each student. Researchers are even testing artificial intelligence-powered systems that automatically grade essays. MOOCs married with analytics have the potential to offer insights into the wants and needs of learners, employees, and even customers.

Backed by investors, MOOC providers pivot to the corporate market

The education technology (ed tech) sector received over \$1.5 billion in venture capital (VC) investment in 2012 and the first half of 2013.⁶ Of this, just \$100 million has gone to MOOC ventures over the last 24 months—not including a \$60 million investment by MIT and Harvard in edX. But much ed tech investment is aimed at the K-12 and specialty training markets, whereas MOOCs are targeting higher education and now the corporate sector. Consider these recent actions by MOOC providers:

- To meet the needs of employers, Coursera and edX are now selling certificates that verify that a student has completed a particular course.
- Udacity formed the Open Education Alliance with corporate members to create courses on technology skills desired by employers.
- Coursera is developing an offering to match students seeking jobs with employers.⁷
- Udemy introduced a platform that enables organizations to create and offer their own courses to employees.
- edX is licensing its academic courses to corporations.

MOOCs came to prominence as disrupters of higher education. MOOC providers are now aggressively pursuing opportunities in the corporate sector as well.

Companies are embracing MOOCs

Clients are beginning to embrace MOOCs for a range of purposes, including corporate training, recruiting, and even marketing.

MOOCs can expand corporate training options. Yahoo is reimbursing employees for the cost of verified course-completion certificates from Coursera. Online retailer 1-800-Flowers announced it will create an online education portal on the Udemy platform for its network of independent florists. The portal will offer a mix of general business courses and custom-developed courses on topics specific to the floral industry.⁸ Tenaris, a global manufacturer of steel, has licensed edX's software platform and course materials for its employee learning program.⁹

MOOCs offer a new recruiting model. AT&T, Intuit, Google, and others are working with Udacity to develop courses to teach college students and recent graduates the skills demanded by clients and build a pipeline of qualified talent. Facebook, Twitter, and other employers are working with Coursera to reach out to students who perform well on certain courses.¹⁰

Education platforms have become new marketing and branding channels. SAP developed the openSAP MOOC platform to educate its ecosystem of developers and partners on SAP technologies.¹¹ Bank of America

partnered with Khan Academy to create BetterMoneyHabits.com, a cobranded MOOC to educate consumers on personal finance.

Personal genetic analysis company 23andMe, in collaboration with Udacity, developed a college-level online class on genetics—which incidentally increases awareness of 23andMe, and perhaps demand for genetic analysis services.¹²

MOOC providers—none of which currently has more than a few dozen employees—are dwarfed by their clients, which are often large companies or even national governments. edX recently announced, for instance, that its open source platform was adopted by both the French Ministry of Higher Education¹³ and a consortium of Chinese universities. This suggests an opportunity for third parties to help MOOC providers and their clients in a variety of ways, from updating learning strategy and operations to integrating MOOC technology with enterprise systems.

Conclusion

The corporate sector is just starting to feel the impact of MOOCs. It is not possible to know for sure how MOOC business models will evolve and which providers will thrive. But MOOCs clearly fill a need for learners and employers and are likely to become an important element of the corporate learning and development and recruiting landscape.

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