

THE COURSERA CASE AS THE PREFIGURATION OF THE ONGOING CHANGES ON THE MOOC PLATFORMS

François Acquatella, Valérie Fernandez and Thomas Houy
i3-SES, Telecom ParisTech, CNRS, France

ABSTRACT

The development of digital training platforms reflects a renewal of economic paradigm. The "platform model", however, refers to a plurality of strategies. This article aims to participate in understanding the strategic dynamics of platforms through analysis from the case of Coursera platform. The iterations of this platform with the emerging market of online training, can be analyzed as a strategy to bring out new value propositions and value networks.

KEYWORDS

Platform, Strategy, Business Models, MOOC

1. INTRODUCTION

The platform economy is illustrated by the explosive growth of several digital platforms, particularly in the training market with the iconic "Coursera" platform. This concept of "economics of platforms" corresponds to the emergence of a new economic paradigm enabled by digital technology. Over the years, the economic model of platforms has been enriched by research analyzing in-depth some model attributes or providing complementary perspectives to the platforms configuration. The general principle of the platform model corresponds to a form of disintermediation-re-intermediation (Caron, 2009) allowing them to impose themselves on markets. The "platforms" model is characterized on one hand by strategies for capturing part of the existing value chain at the expense of traditional intermediaries; on the other hand, by deploying new value propositions.

In the educational sphere, the "platformization of training" appears to be a new mode of industrialization and merchandising of training: new modes of production integrating a "technization of practices" paired with the commodification of this "transformation of value of use" of new educational contents.

The "disruptive innovations" (Christensen, 1997) carried by training platforms are based on new modes of business organization and interorganizational cooperation modalities (Lehmann-Ortega and Moingeon, 2010). In their sophistication observed over the last few years, the platforms aggregate a maximum of actors in a strategy of co-competition (Battista Dagnino et al, 2007). Thus, it is possible to argue that the "contours" of a generic platform model are clarified. But the question of the economic trajectories of training platforms is poorly addressed.

The reading of these trajectories can be based on the analysis of the creation of value between the different "faces" of the platform (Calme, Onnée and Zoukhoua, 2016). The complexity of the platform ecosystems in their most contemporary forms (Bakos and Katsamakos, 2008) seems to force them to a strategic approach based on the experimentation of construction markets, allowing refining the economic models while also facilitating the accession of several markets.

This research project is part of this perspective: to enrich understanding strategic dynamics of digital platforms (Aversa et al 2015, Furnari, 2015). We support our reflection on the identification of some particular disruptive strategies operated by platforms, through the case of the Coursera platform. In the higher education market, the strategic ambitions of online training platforms such as Coursera are moving towards new pedagogies that are based on a disruptive innovation.

Beyond the generic platform model that we have recalled, we propose a complementary conceptual framework by presenting the role and attributes of a specific platform model from an analytical reading of the disruptive strategy operated by the Coursera platform.

The evolution of Coursera strategy allows analyzing the different sequences of strategic decision of this type of platform, allowing us to make assumptions about the dynamic form of its strategy (Teece, 2010; et al, 2011). This case also presents the interest of nourishing a reflection on a kind of "intentionality" of strategic groping: through the analysis of internal and external contingencies to which this platform is subject. Finally, the emblematic case of Coursera on the online training sector, allows to question the "drivers" of upcoming changes in this market.

2. PROPOSAL FOR A SPECIFIC PLATFORM MODEL: COORDINATION PLATFORMS

The concept of disruption (Christensen, 1997) covers several types of innovation producing differentiated driving effects in different markets (Markids, 2006). Platforms are symbols and catalysts of diverse forms of disruption.

2.1 Coordination Platforms: A Strategy Mainly Focused by the Disruption of the Creation Value Model. (Main Example in this Paper: Coursera Platform)

The levers of this disruptive strategy are based on the creation of a new value proposition by mobilizing assets (house, cars, courses etc.) who are under exploited. Being valued in a new way these assets create and coordinate a market by building a new demand (Kim and Mauborgne 2005). This strategic platform approach consists in changing the rules of the competitive game of a sector (Lehmann Ortega and Roy, 2009). This disruption of value creation modes occurs by allowing asset owners take advantage of their "property" in a new way. The platform is then a vector of new modes of consumption through an unprecedented form of intermediation. Coordination platforms reinvent business models by changing the way users consume and the type of service / good they consume.

Coursera platform illustrate this phenomenon by becoming the emblems of disruption in traditional way of educational training consumption. Coursera who connects for free individuals and academics institutions is now the first platform in the world in number of training users.

One of the main ambitions of the coordination platforms lies in their ability to create new value networks (Caron-Fasan and Chanal, 2008). Amplify and change the scope of the platform by exploiting new assets, support the development dynamics of this type of platform. The iterations of these platforms with the market can be read as an approach aiming at continuously testing different value propositions. This kind of strategy is part of an effectual approach (Sarasvathy, 2003): successive experiments to explore new offers. Experiments between the platform and the market allow it to test the adhesion to new value propositions. The partnerships operated by the platform aim to discover new sources of value. The platform will use, in a reflexive way, the data collected to reflect on the strategic possibilities.

3. ANALYSIS OF THE "COORDINATION PLATFORMS": COURSERA

Coursera's initiatives to make profitable and develop its business model represent both a form of strategic intent in the sense of Hamel and Prahalad (1989), but also a form of strategic groping. Its analysis provides more general lessons on the issues and consequences of the strategic groping of coordination platforms with unstable economic models.

3.1 Framework of the Analyzed Case

The Coursera platform is positioned as one of this ambassador of a change of paradigm in the world of education, displaying as a mission to create a technological environment conducive to new type of learning. Coursera coordinate the entire ecosystem composed of different actors (faces) characterized mainly by academic institutions on one side and users' one the other and (learners).

Through an elitist partnership strategy based on a positioning "Academic excellence" (the most famous universities, very relevant content and specific), she developed a form of "virality" around her value proposition. Initially focused on the acquisition of a large free audience; Coursera quickly took advantage of new mechanics of the digital economy: with playing on network effects based on free courses, for in a second time, try to monetize its user base.

3.2 An Unstable Economic Model

To date, the platform's revenues are mainly based on the purchase of a "signature track" certificate, representing a monthly income of around \$ 1 million dollars, showing a relative success¹. This income does not cover all the costs of the company, or those of its partners (Depover 2014). Concretely, certification is based on the possibility given to learners to buy a certificate at the end of their apprenticeship. If the MOOCs display a great number of registrations (regardless of the type of platform), Completion remain relatively low (around 6%)². The vast majority of registered learners drops out and do not complete the training. With reduce the number of learners likely to contract certificate.

The platform does not develop the content (i.e., the courses) offers and put forward. The production of these resources (contents) is done by academic institutions partners. Even if they do not seem inclined to think their teaching in commercial approach, the question of profitability, and the question of production costs of a MOOC seems to become in the short and medium term a compelling need for academic partners. Recall that the average costs of producing a MOOC about \$ 50,000, and the revenue-sharing benefits (6-15% per share) operated by Coursera are generally far from amortizing these production costs.

The Coursera platform finance its structural costs by successive rounds of fundraising (\$ 146 million to date, including \$ 65 in venture capital)³. For now, the economy of the platform is based mainly on a regular and synchronous growth of its two faces (Users and academic institutions). This approach relies on one of the most observed digital strategies among pure players. This consists of acquiring a massive audience with a high potential in terms of exploitation and valuation of associated data. The evolution in the number of learners (and providers of course content) encourages different external economic agents to invest directly (funding) or indirectly participate (sponsorship) in the development of the platform.

3.3 Strategic Experimentation of the Platform

The strategy deployed by Coursera is analyzed as continual iterations with the market: a progressive enlargement and enlistment of new segments market, an enlargement of the course catalog, new features use of the platform.

The Coursera strategic groping is viewed as a series of experiments to date inconclusive to monetize his audience. The iterations of the platform with the market can be envisaged in several ways. On the one hand, they are seen as participating in a relevant method to test the market's adherence to different value propositions. On the other hand, they can also be seen as permanent strategic adjustments face of a situation that forces them to combine the competing interests of different actors in "coopetition".

In addition, some academic institutions are more and more tempted to develop their own platform thus creating a "Multi-homing" phenomena (Fun, Edx ...). The multiplicity of media offering the same training contributes to the instability of demand by exacerbating a form of "hacking" of the formations. In this case, the groping strategy becomes less intentional; it is also undergone and constitutive of the economic instability of the platform.

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¹ <https://onlinelearninginsights.wordpress.com/tag/coursera-business-model/>

<https://www.insidehighered.com/news/2016/01/29/critics-see-mismatch-between-courseras-missionbusiness-model>

² <https://thinkovery.com/blog/mesurer-lefficacite-mooc-spoc/>

³ <http://www.letudiant.fr/educpros/entretiens/antoine-amiel-dans-cinq-ans-il-faudra-payer-pour-suivreun-mooc-ou-en-etre-certifie.html>

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