



SCRIPT OF TALK

TITLE: **Mooconomics: Economics of a MOOC**

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NARRATION:

Hi!! Welcome back today we're going to look at the economics of a mooc. I'm Prabhakar from IIT-Kanpur. Moocs are free right; you haven't paid anything for this moocs. It's supposed to be free ofcourse most moocs are free. So, if moocs are free they are free for the student but they're not free, somebody is actually spending money, they are actually expensive to make. So you should see what goes into the production cost of a MOOC. There is a people cost, there's some domain expert typically it's more than one, even if one person is teaching the course there will be somebody who will review the course. So, multiple domain experts are involved then there'll be a project manager, there is a designer team which takes the lecture content and puts it in appropriate format and then there's a video production team and so on. Once you know what to speak on it takes about six to eight hours to make a 10-minute video, this is an industry average. If I can use the word I take about 7 hours for each 10-minute video and if you look at the cost again this is an average estimate that can be lower than this or higher than this if you have the infrastructure in place. If you have it video shooting facility in place, production facility in place then it costs something like four to five thousand dollars per hour of video. So these are the costs of making the content and then of course you will have to host it somewhere run it manage it in the process have people to answer the questions queries and troubleshoot problems. So, there are running costs involved also. So, this is actually finally quite expensive. So, if the students are not paying for the course where is the money coming from so, if you see so far in the company's it is coming from venture capitalists. These are people who invest money in an upcoming company with the hope that when the company starts making money it becomes profitable they will earn a dividend and many moocs like edX are university endowments. Universities have given an initial grant to venture out and figure out what this technology is all about and often governments and government agencies are also sponsoring moocs. But you know we need to figure out how to make this self-sustaining. So

let's see first up top level perspective these internet technologies and digital technologies all the advances have actually caused a disruption people are not willing to pay for content anymore. Wikipedia is an example and encyclopedia Britannica has gone out of business almost. People don't pay for advisories on where to buy the next flat and so on that advice is free on the web.

Music industry again is gone through very interesting disruption earlier used to buy an album with half a dozen songs on it but now I can buy one song at a time for something similar is happening in the educational technologies space education space. Okay, so if I want to charge what I can charge for there are some simple models which I'm going to present one thing you can do is to charge for this course. If you want to do this course you pay some amount of money. Upfront the course is not free, it's going to cost you. So, that's how you raise money and then sustained the program. Another way to manage this is to give the course for free but you charge for certification. Certificates cost you money especially verified certificates you want to make sure that the student who claims to have taken the exam is indeed the same person, we look at the identity, their national identity or whatever we have seen that in the earlier lecture and then we charge for certificate. The idea is the student is actually going to use the certificate to further his or her career. So, he's willing to pay. So, here are some examples the Coursera signature track which is one of the verified certificate tracks will charge you fifty dollars edX starts with the minimum of \$25 dollars they say you can give more if you want but minimum is \$25 the NPTEL program which you will see in another video which is run in India charges two thousand rupees for a certificate. So these are some ways to make to raise money for a company or a program which does moocs. There are other ways suppose the course you do in a mooc is useable in a university degree as credit against a course in a degree then you're willing to pay money because then you would do as many less courses in the actual degree program and hence pay less tuition fee. In fact in the US there are four courses from coursera which have been recently awarded recognized as courses which you can do as credit for a degree. Another example is Georgia Tech they have a very interesting program they started in online Master of Science in computer science so you get an M.Tech degree or a master's degree in computer science by doing several moocs. So in the first round of admission they took 380

students and in the second-round it has jumped four times. So we're still waiting for the first batch to graduate and see how they perform how the industry receive them and the other analytics but upfront it looks very promising so this is going to sustain the program by itself of course the cost of doing this online master's program is going to be substantially less than doing an on-campus masters program so that is the attraction this is another emerging business model for moocs. We all know about text books right now mooc can be viewed as a new form of text book what does mooc has. It has Courseware. Courseware means there is a curriculum which we the instructor has deemed important for the tough subject and there is actually lectures and other content that is related to be curriculum. There are assessments exams and quizzes and so on and then there are analytics you can track your own progress, you can get feedback on how you're doing and so on. All this is packaged along with the platform and you have a textbook which you can use to learn and this can be sold conceptually. Now if I have this kind of I can use the word textbook then what can I do I can rent it out in a blended classroom where I am using a mooc kind of technologies to teach my students. A University can rent out these books. Rent out fifty copies and make it available to the 50 students who have registered in there course. So that is one way to raise the money of course you can raise money through advertising standard business model in all Internet companies all the dot comes as we call them. Advertising of various kinds is one way but it's not clear that it can raise enough money and of course by selling data which is let's say the student digital portfolio which captures all the performance statistics and the nice solutions and algorithms and essays they have produced during the course. Even that can also be sold so let's try to get a framework for business models is a nice paper in the communications of the ACM which tries to analyzed the business model responsible for moocs first thing we have to ask is who is going to pay for the mooc. so there are several kinds of people the students might pay, the employer who is going to let say hire the student is another candidate for let's say taking money out the government pays sometimes or there may be a sponsor somebody was sponsored a mooc for whatever reason. So these are the people who can pay and what are they willing to pay for what's there to pay for of course you can pay for the content so the lectures and other collateral. You can charge for analytics the various performance statistics and the portfolio and so on. The content

maybe free but the analytics costs. You can pay for certificates and access to the expert letter say I call them service here. So, you can actually makes an make match your own business model by figuring out in your particular moos who is going to pay what are they going to pay for. This is not comprehensive but it is indicated so, if you're planning a mooc you know where to start.

Thank you