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Business Models for E-Learning

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Table of Contents

1  Introduction.............................................................................................................. 1
2  E-learning products and providers ................................................................. 2
3  Business models..................................................................................................... 4
4  Adaptation of the partial models to e-learning.............................................. 7
   4.1 Market for e-learning.............................................................. 7
   4.2 Activity model prototypes for e-learning products.......................... 7
   4.3 Asset model prototypes for e-learning products.............................. 9
5  Sustainable business models for e-learning.................................................. 10
6  Conclusions and further prospects................................................................. 13

References.................................................................................................................. 14
Business Models for E-Learning

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Abstract: E-learning becomes more and more important. Reasons are the paramount importance of knowledge, life-time learning, globalization and mobility. Not all providers of e-learning products succeed in closing the gap between production costs and revenues. Especially in the academic sector e-learning projects suffer more and more from decreasing funding. For many currently active research groups it is essential to market their research results, e.g. e-learning applications, in order to fund actual and future e-learning projects. Basis of a successful commercialization of e-learning products is a coherent and consistent overall e-learning strategy. E-learning strategies have to address economical, pedagogical and technological goals. For ensuring pedagogical and technological quality, different theories and models for e-learning already exist, e.g. the Essen Learning Model (ELM). But there is a lack of theories and models ensuring economical “quality” in terms of marketable and sustainable products. This paper presents a framework for e-learning business models. Its advantage is its suitability for products designed for computer based training (CBT) as well as for web based (WBT) or mobile based training (MBT). The framework is suitable to complete existing e-learning theories and models focusing the pedagogical and technological dimension of e-learning. According to this new approach sustainable business models for e-learning integrate and consolidate strategic propositions concerning market model, activity model and asset model. By analyzing these issues, crucial success factors for the commercialization of e-learning products are identified. Additionally, successful relations between core activities and revenue models are presented.

1 Introduction

A discrepancy can be observed: Some providers of e-learning components realize profits by offering e-learning products. They are likely to become key players of e-learning. Others developing with the same or even more effort do not succeed in supplying e-learning products successfully. Potentially useful (“applicable”) e-learning products face used (“applied”) e-learning products. On the one hand, e-learning products are successfully offered by a huge variety of commercial e-learning providers. Many of them have already equipped pilot schemes for company training programs. On the other hand, successful e-learning products are subject to a lot of different research projects. Some of these projects also result in theoretically marketable e-learning products. Especially in the academic sector many e-learning research projects benefit from governmental grants and subsidies. One handicap of these financial aids is their temporal limitation.

Today, for many active research groups it is essential to market their results in order to fund actual and future e-learning projects. A suitable business model is crucial to put their work on a commercially exploitable basis. The business model is part of a comprehensive e-learning strategy [see Ho04]
services can easily create additional network effects. From a supplier’s perspective, these services can be implemented relatively easy and cost-effective, e. g. economies of scale are realized, and cooperations can reduce costs. WBT applications allow the application of supplementary revenue models like brokerage, membership, subscription, advertisement and the sale of user data. Thus, WBT bare huge potentials for additional revenue sources combined with low provision costs. Considering the end user, network costs and opportunities have to be taken into account.

6 Conclusions and further prospects

Different business models suitable for e-learning providers exist. They base on combining core activities with revenue sources based on the market model. The assumption only simple computer based e-learning applications can be exploited successfully is incorrect. Huge potentials for combining several revenue sources with economies of scale and low provision costs can be realized by offering e-learning services.

Sustainability means medium- and long-term success. It bases on concentrating on core competencies, pursuing the right target group, finding suitable revenue models, and then designing the appropriate product. The definition of the three partial models of a business model has to base on interdependent decisions equal in importance. The business model has to be consistent. None of the partial models may be neglected. Customer-orientation, quality in combination with branding, cooperation with strong partners, the creation of win-win-situations and adaptivity and scalability of business models are keywords for sustainability leading to cost-reduction and increasing revenues. Sustainability depends on the success of aligning this combination with the needs of the target group. Lacking sustainability of business models for e-learning providers is mainly caused by inconsistencies in their definition and/or realization.

To foresee future trends is difficult. Considering the development of the conditions of (e-)learning benefits and use of e-learning will increase rapidly. Today, the following reasons suggest sustainable business models also for complex e-learning products:

- Meaning and importance of knowledge permanently increases. There is a need for high-quality learning content and applications which also allow the transfer of knowledge into practice. This makes the advantages of e-learning more valuable.

- Working and educational environment are changing. People are required to adapt quickly – and often on their own initiative – to frequently and rapidly changing knowledge and technologies. The qualification of employees is more and more important. Life-time learning is one keyword of modern job profiles. Learning products which allow fast and easy diffusion and update of information are needed.

- Globalization is omnipresent. Companies are expanding worldwide and are out-sourcing functions and activities to other countries with different requirements. Mobility of people is important in this context. Learning products are needed which allow learning continuously and everywhere, i. e. mobile. This bares enormous
potentials for hardware providers who provide specialized mobile learning hardware, e. g. applications for laptops, personal digital assistants and smartphones.

- Societies and especially learners are changing. The readiness to pay for education already increases and a further increase is likely.

- Technical conditions are changing. The development and enhancement of technologies enables price reductions. Hardware, software and network fees decrease. This positively influences the relation between costs and benefits of e-learning.

Considering these reasons, it is necessary to review existing business models systematically in the future. Sustainable business models for e-learning can be derived. Reference business models can be composed for different e-learning products. The possibility to rely on a reference business model can enhance an e-learning-provider’s opportunity to market his product more efficiently. In this context, a supplementation of (reference) models for e-learning focusing the pedagogical and/or the technological dimension of e-learning (e. g. like eLM) should be seriously considered.

References


