

eLearning Business Models

Model	Buyer	Why they buy and complete	How they pay	Course delivery
Individual course ownership or subscription	Individual	Credits for maintaining credential or professional development. Employer may or may not reimburse.	eCommerce transaction	Your LMS
Individual Premium/Tiered membership	Individual	Needs multiple courses to maintain credential or stay up to date. Less costly to get them all from one source. Employer may reimburse professional organization membership and not education.	eCommerce transaction	Your LMS
Team/group subscription	Manager	Professional development for their staff. Topic(s) critical to team's success	Purchase order, invoice or corporate credit card	Your LMS with group administrator or their LMS
Tokens/Credits	Individual or Manager	Unsure which courses they need to buy during budgeting cycle. Want open ended model to take course they need when they need them, but don't need access to everything all year.	eCommerce transaction with individual or corporate card or Purchase Order	Your LMS
Organizational subscription (one course or library)	Training dept and/or corp purchasing	Large number of people in organization need course(s). Corporate IT rules may prevent access to your LMS.	Purchase Order or invoice	Their LMS or a portal in your LMS
Organizational Premium/Tiered Membership	Manager	Usually for associations who sell organizational membership. Upgraded membership allows all team members or employees to access all courses.	Corporate credit card or Purchase Order	Your LMS, with group administrator
Partner/Reseller	Another organization sells to their clients or members	Expensive to build their own course. If they can sell your course or a tailored version of your course, their costs are lowered. <i>Can go both ways.</i>	License fee, plus commission checks	Their LMS
Aggregator	eLearning provider who sells course libraries with LMS	License courses from a variety of sources. Sell their LMS bundled with appropriate courseware for an organization's employees. Their customer is HR/Training departments.	License fee and/or commission checks	Their LMS

* When delivering from client's LMS, there may be services revenue for loading, testing, customizing courses.

eLearning Business Models for Free/Cheap eLearning

Model	Buyer	Why they buy	How they pay	Course delivery
Corporate sponsorship or grant	Corporation	To get their product or message out in front of your organization's members	Their marketing budget Proposal/invoices	Your LMS or Free CME-type LMS
Grant funded – government	Government entity	They want to get a message or program out to professionals your organization serves.	Grant-writing/invoices	Your LMS
Free eLearning/pay for credit or test	Individual and/or organization	May have a budget for credentialing, but not for training. Profession requires credential and/or credits.	eCommerce or other form of payment for credit or test	Your LMS

Revenue Projection Examples

Smaller organization example

PROJECT NAME: Association eLearning Strategy					
Certifications per year		900			
		2017	2018	2019	Total
Revenues					
Manuals		41,560.00			41,560.00
Individual certification exams		63,000.00	63,000.00	63,000.00	189,000.00
Individual purchase			10,125.00	10,125.00	20,250.00
Team purchases (run course in our LMS, discount for purchasing 5 or more)			22,050.00	22,050.00	44,100.00
Organizational Licenses (run course on client LMS, see tiers tab for pricing)		n/a	31,994.00	31,994.00	63,988.00
Instructor Kit			30,000.00	20,000.00	
LMS Loading service		n/a	10,000.00	6,000.00	16,000.00
Total Revenues		104,560.00	167,169.00	153,169.00	424,898.00

Larger organization example

PROJECT NAME: Association eLearning Strategy							
Individual members		7,500					
Institutional members		1400					
		2018	2019	2020	2021	2022	Total
Revenues							
Live Webinar Registration (individual & team)		48,385.00	45,965.75	43,667.46	41,484.09	39,409.88	218,912.19
On-Demand courses for individuals (Webinar/Conference re-purposed)		164,640.00	172,872.00	179,786.88	186,978.36	192,587.71	896,864.94
On-Demand courses for individuals from other organizations			18,375.00	19,293.75	20,258.44	21,271.36	79,198.55
Organizational subscriptions (one course, multiple users)		16,800.00	17,640.00	18,345.60	18,895.97	19,651.81	91,333.37
Organizational Library Licenses (multiple courses, multiple users)		283,500.00	374,220.00	396,900.00	430,920.00	453,600.00	1,939,140.00
Course licensing to partners/resellers/aggregators			40,000.00	50,000.00	60,000.00	60,000.00	210,000.00
Grants and Sponsorships		20,000.00	25,000.00	30,000.00	30,000.00	35,000.00	140,000.00
LMS Loading and course customization services		91,000.00	154,000.00	154,000.00	161,000.00	210,000.00	770,000.00
Aggregator Reseller Royalty/Commission		4,410.00	4,630.50	4,815.72	5,008.35	5,158.60	24,023.17
Total Revenues		628,735.00	852,703.25	896,809.41	954,545.20	1,036,679.36	4,369,472.22

Exercise: Plan a Revenue Stream

Pick one business model you think your organization could use and answer these questions...

Business model	
Who pays?	
Who takes the course(s)?	
What are they buying?	
Why do they want to buy the course(s)?	
When do they buy?	
Where does the course get delivered from?	
What are their constraints/limitations?	
What limits do you put in place around their purchase?	
Ballpark a fair price and estimate the percentage of your customers who would buy this way. What's the revenue potential?	

If you can't answer all the questions, you'll need to do some research.

Caveat: Pricing is a whole separate issue. Go to one of Jeff Cobb's sessions for that.

Guidance for Common Situations

When your buyers are:	Consider these models
Large organizations	Organizational license/subscription Aggregator
Cost sensitive or have no training budget	Tiered membership Low cost/free models
Affiliated with non-competing organization	Partner/Reseller
Small organizations or managers who buy eLearning for more than one person	Tokens Team subscription
Organizational members	Organizational tiered membership Organizational license/subscription
Organizations who desire to supplement eLearning with ILT	Organizational license with Instructor Kit and TTT
Individuals who spend their own money on training or get reimbursed	Individual license Tiered membership Tokens