



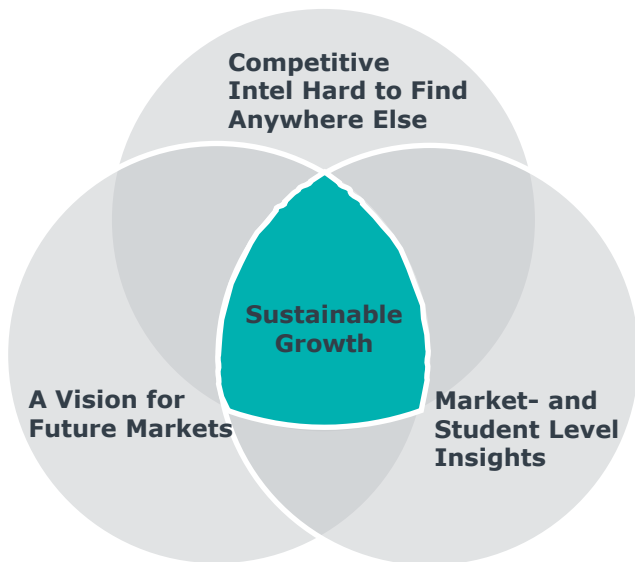
Demystifying Alternative Credentials and Providers

Opportunities and Threats at the Cutting Edge
of Adult and Grad Growth



Blueprint for Growth: Our Signature Research

Market-Driven Strategic Guidance



New: Enrollment Scenario Explorer

Analyze institution-specific undergrad demographics, competitive intel and forecasts

Continuous, Updated Insight as Markets Change

- ▶ [The Master's Market Slowdown](#) 2019
- ▶ [Resizing the Adult Degree Completion Market](#)
- ▶ [Certificate Market Risks and Opportunities](#)
- ▶ [Generation C: Students of the Pandemic](#) 2020
- ▶ [Master's Market Competitive Intel Reports](#)
- ▶ [The Future of Undergraduate Enrollment](#)
- ▶ [The Shifting International Landscape](#) 2021
- ▶ [Sizing the Alternative Credential Market](#)

Demystifying Alternative Credentials and Providers

3

Today's Focus

Next Session's Focus

Unpacking the Alt. Credential Market Opportunity and Business Model

Capitalize on Alt. Credential Opportunities

1

Market Intel on Competitive Dynamics, Learner Profiles, and Monetization Potential



2

Best Bet Institutional Opportunities for Alt. Credentials



3

Insights into Mass Credential Platforms and MOOC Programs



4

Evolutions in Degree Programs to Bolster Competitiveness





Unpacking the Alternative Credential Market Opportunity and Business Model

DAY

I

Alternative Credentials on Higher Ed's Mind



Big Deals, Bold Headlines on Alt. Creds



2U Buys edX for \$800M, In Surprise End to Nonprofit MOOC Provider



At Home, Workers Seek Alternative Credentials



Remember the MOOCs? After Near-Death, They're Booming

Institutions Hoping to Find New Opportunities Outside Degrees

71%

Of adult & grad leaders believe alternative credentials provide a potential pathway to achieve revenue goals

60%

Consider alternative credentials "totally" or "very" aligned with strategic plans

Higher Ed Leaders Express Vastly Different Takes on Market Future

Three Archetypes of Institutional Interest



Revenue Seeker

"Alternative credentials will be a cash cow"



Disruptor Worrier

"Are we losing market share to Google?"



Forever Skeptic

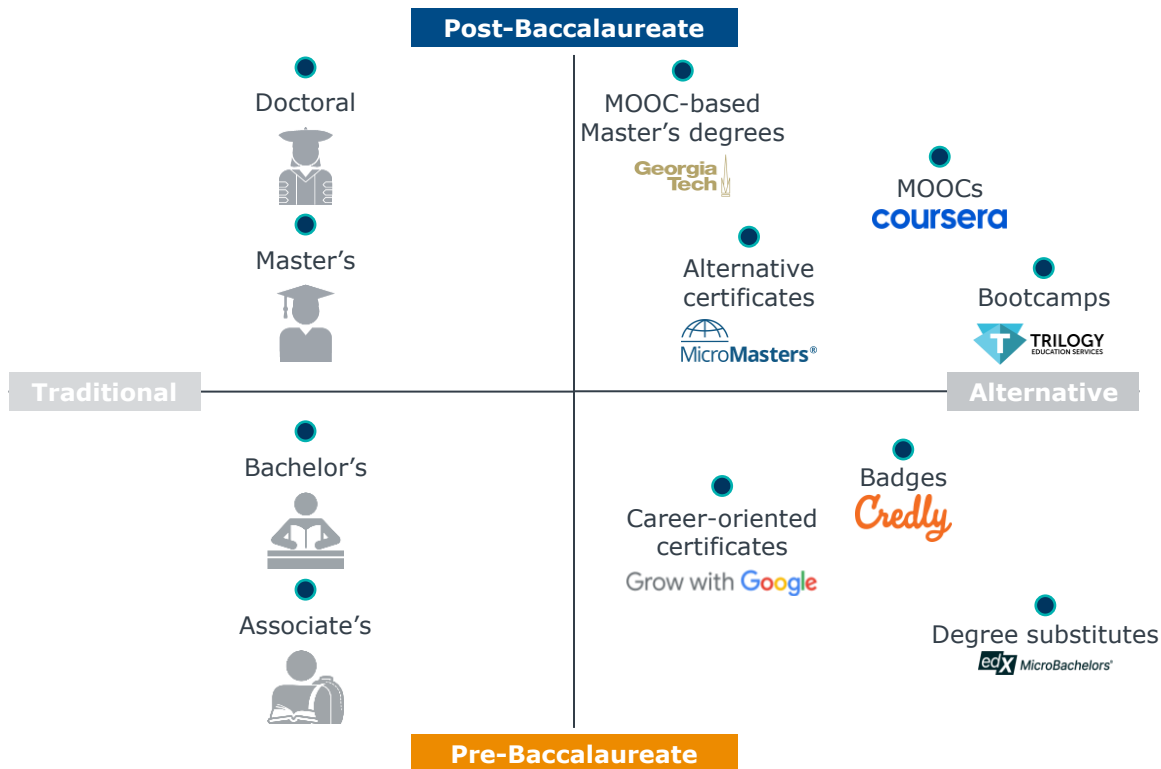
"This is just another industry fad, recall 2012?"



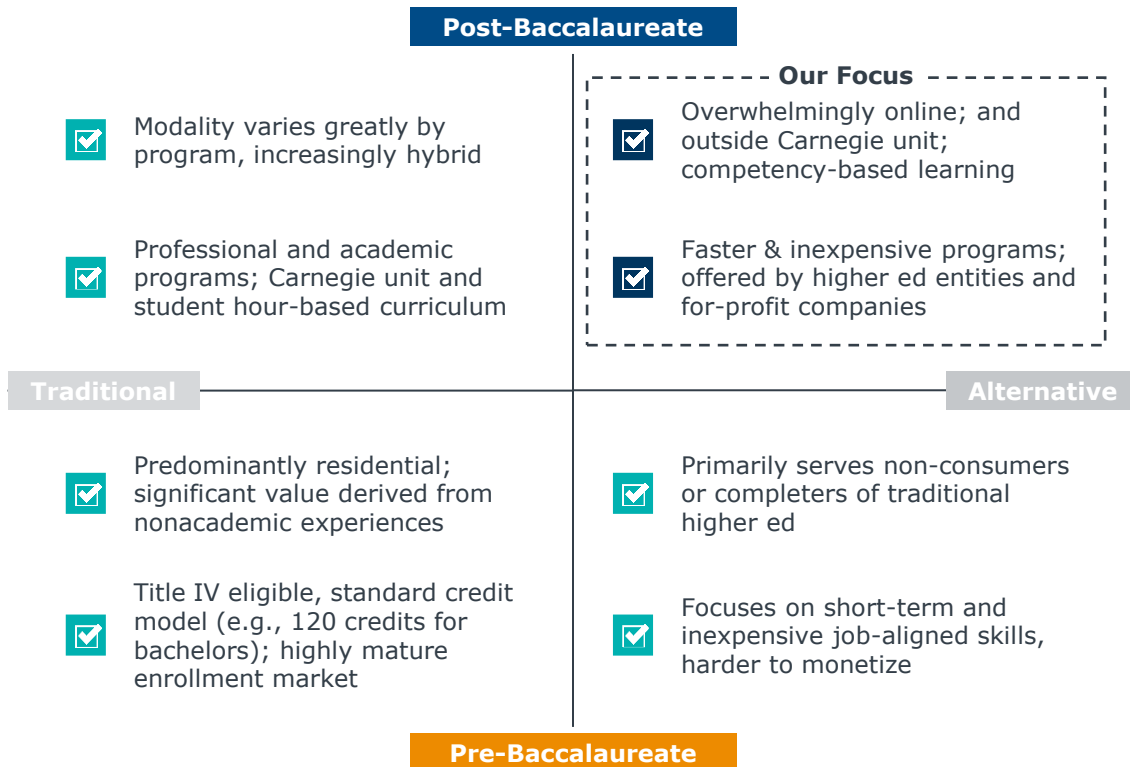
Market Intel on Competitive Dynamics, Learner Profiles, and Monetization Potential

An Ecosystem-Level View of Credentialing

A Rough Framework Organized By "Alternativeness" and Target Learner



An Ecosystem-Level View of Credentialing (cont.)





Alternative Market Lingers in the Shadows

Both Regulators and Participants Unable (or Unwilling) to Clarify Market

Little Regulation



- ✘ No universal taxonomy or quality framework (e.g., accreditation)
- ✘ No mandatory reporting or data collection (e.g., NCES¹)

Lack of Transparency



- ✘ Providers reluctant to admit size of success, more likely concealing failure
- ✘ Intellectual property protection cloaks business model



EAB's Exhaustive Source List for Alt. Market Insights

- SEC filings of providers
- Consumer surveys
- Industry surveys
- FOIA²
- Public board meetings
- Faculty senates
- Academic publications
- Research interviews
- Conference presentations
- Press releases and public statements

1) National Center for Education Statistics.
2) Freedom of Information Act.
©2021 by EAB. All Rights Reserved. eab.com

Source: David Scheibal, [Alternative Credentials: New Ways to Certify Learning](#), UPCEA; EAB interviews and analysis.

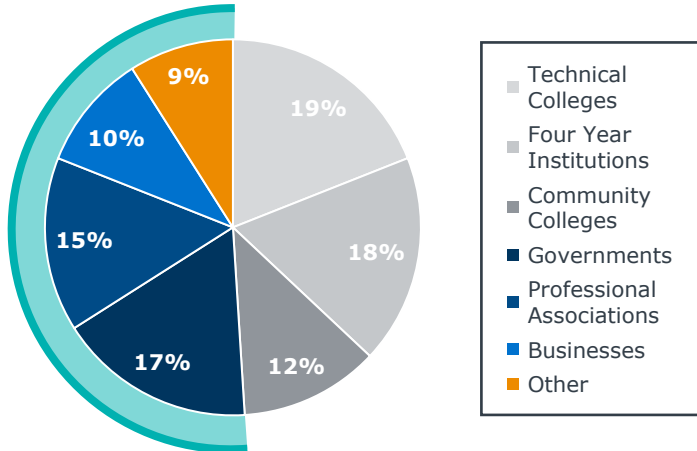
A Fragmented Provider Landscape

Most of the Market Exists Outside Higher Ed's Traditional Realm

Colleges, Universities Just One of Many Providers in the Market

Providers that Issue Nondegree Credentials

n=5,545 25- to 64-year-olds with a nondegree credential



~51%

of nondegree credentials issued outside higher ed

Different-in-Kind Competitive Dynamics



Diverse business models & missions



Direct employment pathways



Looser standards, oversight



Subsidized or ultra low-cost pricing



Hyper niche job skilling



Professional certifications

Global, Older, and Growing Fast: Market at a Glance

A Global Marketplace

A supermajority of students on large provider platforms are located outside the US

77%

of Coursera learners are outside N. America

30%

are based in Asia Pacific region

Experienced and Older Learners

The typical alternative credential student is ~10 years older than the traditional Master's student

~80%

of enrolled students have a Bachelor's degree

35%

intend to complete a credential

Small, But Expected to Double in Size

*Alternative credential students estimated at **5-15%** of traditional post-baccalaureate domestic enrollment in 2020-2022*

\$9.9B

estimated market value in 2019

\$20B+

expected market value in 2025

Source: Fiona Hollands, [Benefits and Costs of MOOC-Based Alternative Credentials: 2018 -2019 Results from End-of-Program Surveys](#) (2019); Council of Graduate Schools, [Non-Traditional Students in Graduate Education Research Report](#) (2020); Richard Garrett, [The Disruptive Graduate Enrollment Growth Story](#) (2021); Encoura, [Coursera Impact Report](#) (2020); NCES; [Online Degree and Micro-Credential Market to reach \\$117B by 2025](#), HoloniQ; EAB interviews and analysis.



Democratizing Education Still Proves Tough

Alternative Credentials Don't Close Equity Gaps as Hoped



Black Students Enroll at Higher Rates, but Fewer Complete

Black students made up 8-10% of enrollments, but only **3-6%** of completions—a rate far lower than traditional Master's completions.



Higher Income = More Likely to Complete

Median income of all enrollees in a MicroMasters is **\$23,000**, while the median income of students who finish the program is **\$45,000**. Without financial aid, many learners still priced out—despite “low price.”



Unclear ROI Raises Questions About What's Being Sold

Limited reporting and follow up surveys mean largely unknown outcomes. No oversight measures leaves quality assurance to providers.

Table Stakes to Move Dial on Student Equity

- ✓ Build credentialing into your DEI strategic plan
- ✓ Increase retention and completion through support services
- ✓ Create institutional scholarships to make up for lack of government aid
- ✓ Promote pathways to degree programs (e.g., credit for prior learning)

Formidable Barriers to Financial Sustainability



Business Model Realities by the Numbers

\$40M

Amount Harvard and MIT each invested in edX—proved insufficient to meet technology capital needs

4.6%

Proportion of Coursera's ~90M registered learners that pay

-\$66.8M

Coursera's net loss in 2020 despite record revenue—largely due to \$107M marketing spend

Quick Poll

If you had to guess...

What percentage of institutions generate more than \$200K in revenue from their alt. credential portfolio?

- A. Less than 25%
- B. Between 25% and 50%
- C. Between 50% and 75%
- D. Greater than 75%



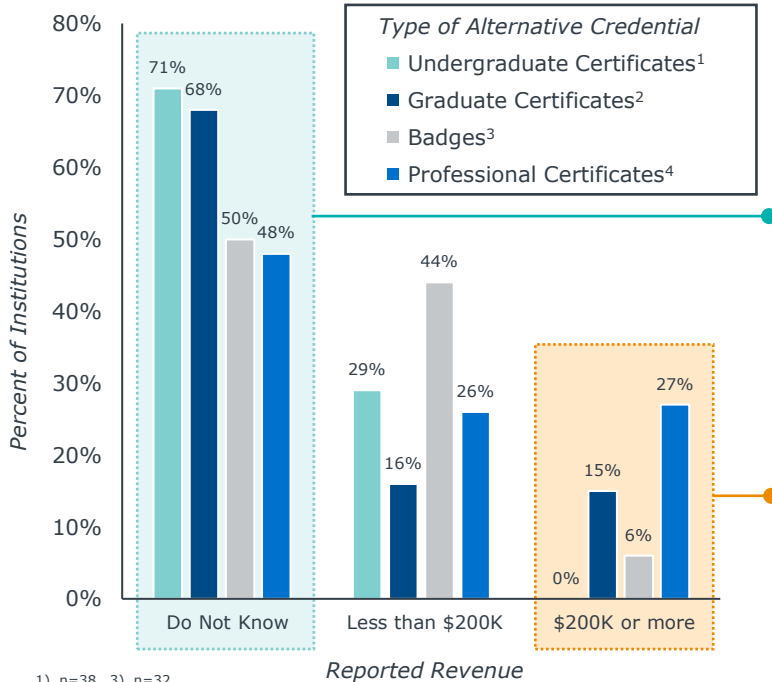
As poll results come in, share your comments and questions with us using the Chat function!

A Peak Behind the Revenue Curtain



Few Institutions Post Big Returns—and Most Don't Even Know ROI

Reported Revenue Data from April 2020 UPCEA Member Survey



Most Institutions Unclear on Exact Revenue



Roughly **50 percent or more** of all institutions do not know the revenue of their alternative credentials

Professional Certificates Are the Most Lucrative But Not By Much



Few institutions report **an annual revenue of \$200K** or more, highest amounts concentrated among even fewer players

1) n=38 3) n=32
2) n=41 4) n=53



Best Bet Institutional Opportunities for Alt. Credentials

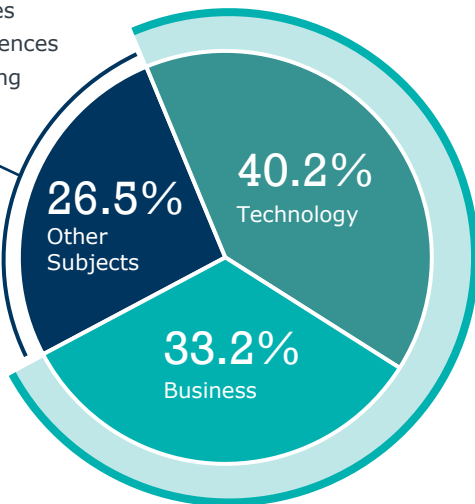
An Asymmetric Market Opportunity

If You're Not Biz or Tech, You're Out of Luck

Nearly 75% of Alt. Credentials Are in Technology or Business

Microcredential Distribution by Subject¹

- Humanities
- Social Sciences
- Engineering
- Health & Medicine
- Art & Design
- Science
- Education



Why Tech and Business, Instead of Other Subjects?



Market Skews Towards Employers Who Pay

In 2020, **six** of the top 10 hard skills on LinkedIn were in tech (e.g., blockchain); **three** were in business (e.g., business analysis)



Tech and Biz Optimized for Fast Online Alt. Credentials

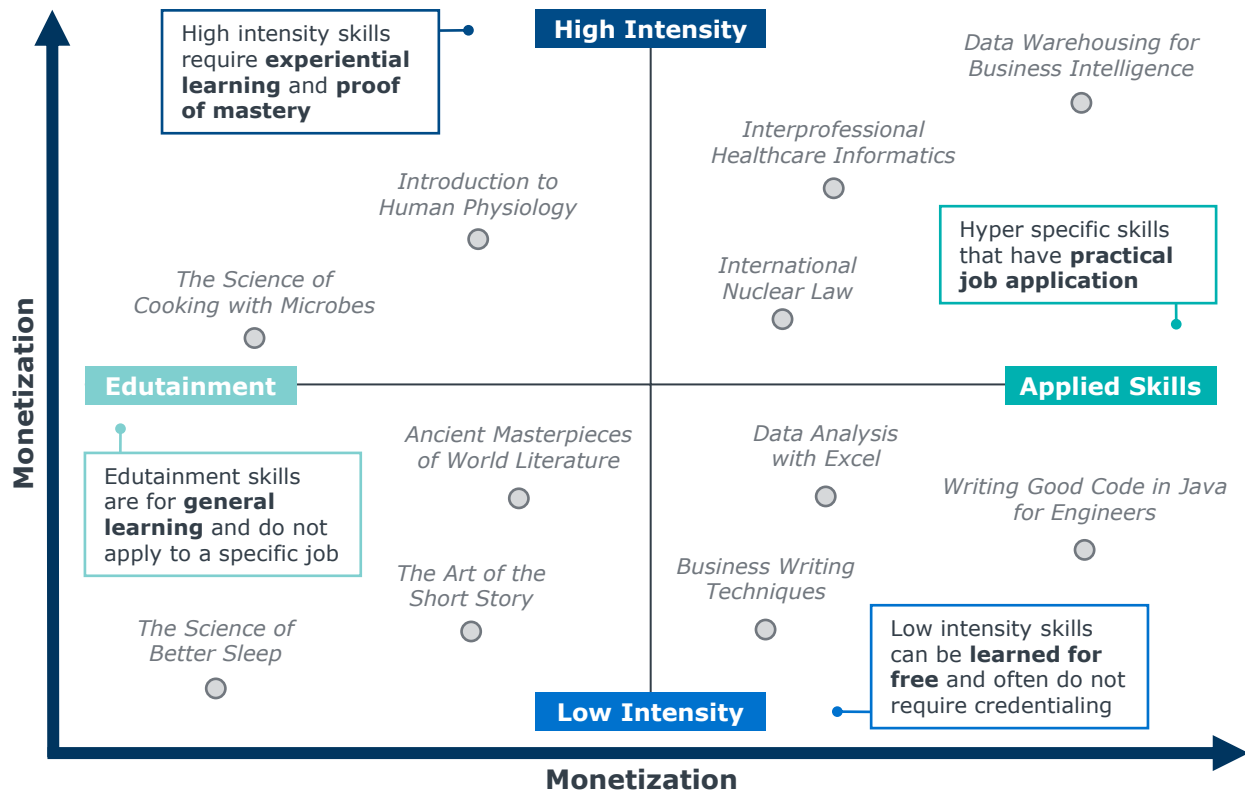
Other subjects not so much—they require hands-on-learning (e.g., healthcare clinicals), which adds costs and limits online scalability



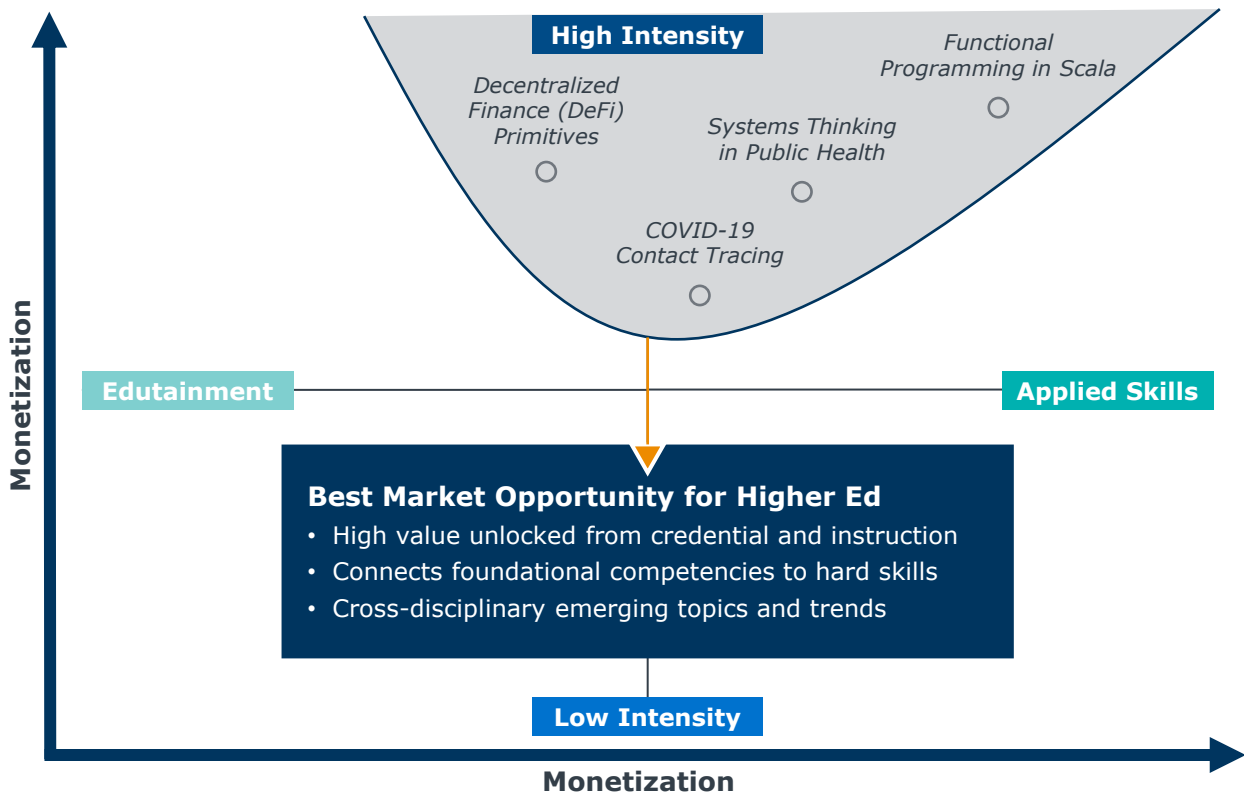
Fewer Regulatory and Certification Barriers

Tech and business credentials don't have to navigate licensure, accreditation, and certification to the degree other fields do (e.g., law)

Crowded Alt. Ed Market Makes Monetization Tricky



Carving Out the Higher Ed Niche



Guidance for Seizing Target Opportunities

Four Considerations for Buffing Up Your Alt. Credential Portfolio



More than a Credential: Applied Projects Power ROI

Tangible projects within alternative programs help learners demonstrate competency to employers, proves credential value



Credential Branding Most Important, Not Design

Without agreed-upon standards, credential design and titles can help persuade learners of the value and differentiate in crowded certificate market



Wherever Possible, Go Interdisciplinary

Interdisciplinary skills are the niche that higher ed can best corner and expand reach across industries and learner needs



Healthcare and Education is the Current Frontier

With the market concentrated in tech and business, healthcare and education remain untapped but primed for short-form credentials

Discussion Question



What other disciplines or industries do you think higher ed can effectively target with alt. credentials? What alt. market opportunities are you pursuing at your institution?

Post your comment in the chat or feel free to raise your hand to share out live

Key Hallmarks of Successful Alt. Programs

Common Shortcomings

- ✘ **Haphazard Portfolio**
Weak faculty buy-in curtails adoption and portfolio growth
- ✘ **Institution-Centric, Not Learner**
Traditional programs repackaged as alt. fail to attract learners
- ✘ **No Next Step**
Learners unengaged by disjointed alt. and degree offerings
- ✘ **Price Not Market Aligned**
Program pricing model mirrors degree price rather than learner expectations that faster=cheaper

Winning Solutions Gathered from the Field



Catalyze Faculty Adoption by Centralizing Leads and Development

UB's¹ central microcredential office sources 30 faculty proposals a year, supporting 67 microcredential launches



Design Up from Alt. First Principles to Explore Niche, Premium Topics

UMN's¹ *Healthcare Marketplace Specialization* teaches and credentials skills too niche for a standalone degree (e.g., medical tech evaluation)



Integrate Stackability Into In-Demand Degrees

Webster State University created 15 alt. credentials for COVID-19 impacted learners that leads to minor or degree



Position Alt. Credentials to Disrupt Price, Supplement Enrollment

Berklee College of Music priced its alt. credentials 60% less than residential degrees, grew enrollment in both

1) University at Buffalo.

2) University of Minnesota Twin Cities.

Today's Key Takeaways



Intensely Crowded Marketplace

~51% of the nondegree credential market is controlled by nontraditional providers



Different Learner Demand

Demand is greatest outside North America, drawing experienced learners, and while fast growing alt. market is relatively small



Not a Standalone DEIJ Solution

Lower priced and faster alt. programs still require additional aid and resources to move the dial on student access and equity



Formidable Barriers to Profitability

High learner acquisition costs and expensive infrastructure costs, impede an accessible and sustainable business model



Skewed Program Demand

75% of alt. credential market is concentrated in business and technology



Potential Premium Market Niche

Higher ed is best positioned to carve out a niche in cross-discipline and high intensity applied skills

Next Steps and How EAB Can Help

Attend the Next Session

Continue the Conversation

Request the Strategy Intensive

1

Capitalize on Alt. Credential Opportunities

- Thursday, February 24 | 1:00 p.m. – 2:00 p.m.
- Monday, March 7 | 2:00 p.m. – 3:00 p.m. EST



2

Speak to an **expert on our team** about your institution's goals and specific strategies



3

Have us **present this research** to your entire cabinet/team and **facilitate campus strategy** conversations



Contact your Strategic Leader for additional resources or requests.