

# TURNING LEARNING INTO PROFIT

A playbook for launching your revenue-generating  
online professional learning business

T H O U G H T

I N D U S T R I E S<sup>®</sup>

## PREFACE

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The online learning segment is undergoing hyper-growth right now. If you're in the business of delivering learning in some form, you can position yourself to leverage your content, repackage and distribute it intelligently, and thereby find new ways to monetize it.

Whatever your business focus or segment -- B2B professional training, extended enterprise learning or direct to consumer -- learning can be a powerful way to engage and expand your customer base while building a high-margin business with assets and expertise you already have.

Our intent with this ebook is to help you understand the size of the market opportunity, grasp the basics of the profit-making side of learning, and expand your thinking about how to package your assets and take best advantage of new opportunities in the professional learning business.



# UNDERSTANDING THE MARKET OPPORTUNITY

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Professional training and certification has become big business in the United States. A [report from Training magazine](#) estimated that U.S. training expenditures dramatically increased from 2014 to 2015, “soaring 14.2 percent to \$70.6 billion.” As a subset of that, spending on outside products and services over that same period grew from \$6.1 billion to \$8 billion, “skyrocketing” 29 percent. A [survey of continuing education and training professionals](#) found that 52 percent expected increases in their business for the current year. Those same respondents anticipated dramatic growth especially in their online and mobile businesses between now and the year 2020.

Concurrently, alternative educational credentials are coming to the forefront, driven by job changers seeking new careers; increased employer acceptance of microcredentials and digital badges; the growth of learning through massive open, online courses (MOOCs); and a generational mindset that embraces the notion of life-long learning. A [2014 study](#) on alternative educational credentials by the Census Bureau found that 51 million people had received professional certification and 21 million had earned educational certificates. All of them needed some form of training to attain their credentials.

Layered on top of those stats is solid market growth fueled by technology. As a [2016 BMO Capital Markets report](#) noted, “Modern technologies continue to alter the way training is delivered and processed by organizations as online, asynchronous, and mobile delivery methodologies gain more traction.”

The overall professional training and education market encompasses numerous sub-markets, among them the self-starter seeking professional advancement; organizations training workers for compliance; and companies seeking ways to train their customers as well as their “extended enterprises” -- distributors, retailers and others that sell and service their products.

What ties them all together is that they’re seeking training like the kind you can offer them, and they’re willing to pay for your expertise. You just need to figure out how to reach them and deliver your learning content in a scalable way while still catering to their unique needs.



## THE EVOLUTION OF ONLINE LEARNING

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Companies that are ripe for setting up an online professional learning operation tend to fall into one of three categories:

- Those with learning content being used for educational purposes that they've been delivering in person or as part of webinars or ebooks. This group needs a better way to distribute, manage and monetize their assets.
- Those that already work with an LMS (learning management system) but are finding that it no longer scales sufficiently or offers the ecommerce or monetization functionality required to turn the courses into profit-generating programs.

- Those that have built a learning management system in house but now lack the resources for regular updates or can no longer support it to the scale required.

In all of these scenarios a major factor for change is to accommodate the shift to mobile learning. According to our own data, 55 percent of the millions of users on our learning platform use it from a tablet or smartphone. For some of our clients 80 percent of their customers are working from a mobile device, depending on the context and content. Today's customer is learning on the go in short form, as we'll discuss next.

# THE MODERN LEARNER & CONTENT

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Besides helping to build a business that caters to today's learners, the advantage of being able to accommodate an appetite for mobile learning is that it enables contextual learning. The student may choose to become embedded in interactive content on the job for brief, relevant bursts of learning.

What does the content look like? It might include videos, audio lectures, animations, multimedia, slideshows, images and diagrams, whitepaper text, articles and book content. This kind of mixing addresses a variety of learning styles and maintains student engagement. Fortunately, the newest forms of learning technology allow you to repurpose your existing content quickly and, by dragging and dropping those assets into sequences, to create specialized courses for online delivery and monetization.

Unlike the typical webinar or training manual, the content is broken into smaller chunks to help ensure retention. It uses a variety of learning types -- flash cards, hot spots, quizzes and matching -- to help to break up the monotony typically associated with online learning.

We have found that short snippets of learning experience can have just as much impact on a person's understanding and retention as a multi-week or multi-month instructor-led certification program.

What's important is to be able to offer your customer the ability to log in wherever they happen to be, on whatever device they're using at the moment and pick up on the learning where they last left off. That intelligent progression is an expectation of the modern learner.

**F&W** is a publishing company with products in arts & crafts, outdoors, lifestyle and other enthusiast categories. While this long-time media organization had a number of successful online learning and video subscription sites that offered learning experiences to passionate communities in crafting, writing and web design, some of those businesses were built on myriad technology platforms established years before. F&W wanted to consolidate on a single platform and shift its online learning to the next level. By moving to [Thought Industries' Learning Business Platform](#), the company could quickly package and upsell ever-changing digital products within its learning environment and at the point of purchase.



# MONETIZATION OPTIONS

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As you build a business case to turn your content into paid learning, consider several forms of monetization. Each of these monetization options can be deployed singly or stacked with others, as long as your technology platform for ecommerce and distribution can accommodate the variations.

**B2P Learning:** Business-to-consumer (B2C) and business-to-business (B2B) publishing have long been understood. Business-to-professional or B2P is a newer phenomenon, selected and paid for by individuals to stay on the top of their professions. They provide a credit card directly and you sell them a digital product. In this business model, the transaction is with an end user. The product they're purchasing may be served up in ala carte form (one set of lessons) or it may be sold as a continuing annual subscription, giving the customer access to digital courses for a set period.

**Seat licensing:** Whereas B2P targets the individual customer, this business model pursues the entire company that wants effectively trained employees. In this case, your organization has developed an entire catalog of content, which you license to other organizations for use in their corporate training. This business model has several variations. (See "Notes about Licensing" to learn more.)

## Notes about Licensing

Seat licensing offers nuances worth exploring. The idea is to take your content and courses and license it to your largest customers or clients. Take, for example, a company that provides research and training services and delivers various certification programs to its primary user base in a B2P model. They may also go to their larger corporate customers with a compilation of content and courses and deliver those in one of three formats:

**Basic seat licensing:** The corporate customer acquires a certain number of licenses and makes those available to employees, who take courses alongside others with similar professional interests but from different companies and may interact online with those individuals;

**Branded licensing:** The corporate customer acquires a subscription with the stipulation that it's branded for their employees, who proceed to take courses only alongside other employees within the same organization; and

**Interoperability licensing:** It may be that your clients already have a learning application they prefer to use. With the use of interoperability standards (SCORM being the most common one), they can pull in your content and run it on the course delivery platform of their choice.

The overall idea is to give each corporate customer unique access and a branded experience.



***Sponsored Learning:*** This takes a couple of forms. The learning company creates content that's made available to the learner either through the funding provided by a sponsor or by serving up ads. For example, if your business focuses on generating content related to finance, you may develop a course using pre-existing content about a specific subject -- saving for retirement, funding a college education -- and have a financial services company sponsor it to make available to their clients and prospects. Similarly, the course may include advertising from one or more companies and fed to your prospects and theirs.

***Content Marketing:*** This business model emphasizes lead generation by making the learning content free in return for registration information to build your database

**The Data Warehousing Institute (TDWI), a major division of 1105 Media, tapped its portfolio of content covering business intelligence, data analytics, data management and related topics to launch a new online learning center. The organization is delivering that new business line on the Thought Industries' Learning Business Platform, a cloud-based service chosen for its customizable front-end site creation, drag-and-drop course authoring, built-in e-commerce functionality and financial reporting. Now TDWI is monetizing its training content through seat licensing to large corporations as well as individual data professionals with one-off and bundled sets of courses.**



## PACKAGING OPTIONS

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We've seen a high correlation between learning and buying. When somebody wants to polish skills, reach new levels of professional advancement or complete a new credential, he or she also is more inclined to attain the materials required to achieve that goal. That tendency makes for excellent opportunities to upsell and cross-sell. That's where packaging comes in -- the ability to:

- Combine courses into bundles;
- Create and promote discount and trial coupons;
- Manage affiliate selling;
- Suggest related content for cross-selling;
- Enable users to build their own packages of content; and
- Continue promoting and selling to the same buyers to help them build on their successes.

You're probably familiar with the concept of the customer lifetime value (CLV), which attempts to describe the entire lifecycle of your customer acquisition and retention. Maintaining an eye on CLV helps you to determine the appropriate investment for acquiring a new customer and improves your ability to monitor how well your relationship-building efforts are going.

In the business of online learning, however, we prefer to use the model of "Learner Lifetime Value" or LLV. This metric takes all the same inputs as CLV with one key difference: It incorporates both the individual

learner sales and the recurring corporate subscription revenues in order to measure the overall success of your online learning operation. (You can read about the four levers that play an important role in that metric [in this article](#).)

The point is this: In order to maximize LLV, your learning platform needs to provide you with agility and flexibility and the same kind of functionality customers expect in their other kinds of e-commerce transactions. If it takes you a month programmatically to create a holiday bundle, for instance, you may find that your most creative ideas for extending LLV never get off the ground. You need the tools at hand to allow you to quickly bundle, print, package, model, upsell and cross-sell your online courses.

# ACCELERATING YOUR TEAM'S RESULTS

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As a learning company it's probable you have in place the resources to develop the content, perform the marketing and handle sales. The right SaaS learning platform can help you accelerate the productivity of those roles while improving the quality of the final product.

**Editorial/Curriculum:** Perhaps your learning content exists in multiple formats: existing whitepapers and video lectures, webinars and PowerPoint presentations, books and social media articles. The newest generation of training technology allows you to repurpose that content quickly and simply into digital learning objects by dragging and dropping those assets into numerous sequences to create courses. From there, engaging features can be added, such as on-the-fly assessments and social interaction with other learners and experts. As with any contemporary content system, when updates need to happen, those can be done in one place and propagated everywhere. Also important, the display of content should automatically resize appropriately depending on the device the learner is using at the moment.

**Marketing:** The most innovative marketing is happening in the digital realm now. As a product type, online learning courses provide ample openings to experiment -- with messaging, offer and packaging. The right SaaS platform enables facile bundling of new combinations of content (including giving customers the means to mix and match their own bundles), A-B price testing and other options, alongside detailed reporting for analysis and program tuning.

**IT/Technology:** Even as marketing and product development become agile forces within the organization, if the corporate developers can't keep pace, the new ideas will simply wither. Choosing a SaaS solution lightens the load on the technology or IT team. SaaS also expands the breadth of ideas for platform innovation to encompass all of the users of that cloud-based application, not just your own ideas.

**Sales:** In a digital era the company that can deliver what the client wants faster and better wins the business. Customization is becoming the norm. If a client wants to license a particular channel of learning content from you to address current employee development needs and then change the channel to deal with different training requirements a year later, your platform's ability to pivot will seal the deal.

**Craft Beer & Brewing Magazine is a tight collaboration between a group of homebrewers and beer lovers. When it went looking for a platform that would enable it to deliver paid courses to its many fans, cost, flexibility and reporting were top considerations. According to CEO John Bolton, the company chose Thought Industries' Learning Business Platform because it enabled the publisher "to create a customized experience that our customers love, that our team can easily manage and that ultimately generates new revenue for our business."**

# SCALING A LEARNING BUSINESS

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Building your learning business is no longer limited to the number of hours you can contract out your lead trainer or the number of stores where you can place your best-selling books. Now it's a matter of developing an online presence that can adapt quickly to your changing market opportunities.

Frequently, we find that learning companies have hit a ceiling. While they may have the content, expertise and business team in place to expand their operations, they lack the technology to connect that infrastructure to customers and prospects. Or maybe they're on a legacy learning management system that now caters to a different kind of user. Or perhaps the LMS was developed in-house and the IT organization has other priorities right now, preventing them from addressing upgrades needed by the online learning business.

Software-as-a-service provides the most direct route to scalability for a learning business. The company behind the application is typically dedicated to serving the given market, which means interest will never flag.

Because you pay on a recurring contract for just the services you need, you can scale up or back as the business warrants.

Just as important, feature development is driven by the needs and demands of all of the clients the SaaS company has, baking technology innovation in as an on-going activity. For example, our own company introduces about 200 new features a year. What you subscribe to today is different from what you'll have six months from now, ensuring that you'll continue getting those features that will help you grow and optimize your business. While we, the SaaS service provider, concentrates on platform development, you can focus on content and monetization.

# CHOOSING THE RIGHT PLATFORM

Besides helping to build a business that caters to today's learners, the advantage of being able to accommodate an appetite for mobile learning is that it enables contextual learning. The student may choose to become embedded in interactive content on the job for brief, relevant bursts of learning.

Building a learning business has traditionally required multiple programs:

- An authoring system;
- A learning object repository;
- User and customer management;
- Ecommerce operations;
- Licensing management;
- White labeling and affiliate management;
- Front-end and back-end reporting; and
- Middleware to hook these applications together.

A best-of-breed solution knits those functions together into a single seamless platform to help you run your learning business far more efficiently.

[Thought Industries](#) specializes in powering the business of learning. Our SaaS platform delivers the features and functions required for your entire ecosystem, from creation and delivery of content through customer management and monetization.

Because we know that building or transforming a business requires more than just technology, Thought Industries also provides a highly-experienced [professional services](#) team to coach customers through set-up of their learning programs and to help them identify where to bolster or fine-tune their efforts.

By taking an accelerated approach, some of those clients have launched successful online learning businesses in weeks.

By partnering with Thought Industries, your organization will be able to achieve more.

engaging learning experiences, superior products that encourage better learner outcomes, and more effective performance, distribution and management of your learning business.

If you're ready to claim your share of the explosive online learning industry, it's time to ask yourself these four questions:

***Do you have the content?*** Whether that's videos, audio, multimedia, slideshows, images, diagrams, whitepapers, articles or book content, it can all be converted into digital learning objects that make up the body of your courses.

***Do you have an audience?*** If you're already engaging with your users through online and social channels, you've established an on-going relationship with them that positions you as a trusted party for delivering the learning they want.

***Do you have the right digital platform?*** Look beyond the functions of the standard learning management system and take into consideration other essential features, such as content management, ecommerce and reporting and tracking, which play a vital role in running a profit-producing learning business.

***Do you have the right partner?*** Thought Industries has experience in helping small, medium and large companies in multiple industries monetize their learning assets.

To schedule a demo or speak with one of our learning business experts

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