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E-Learning Business Models: Framework and Best Practice Examples

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According to several forecasts given by Gartner Group or International Data Corporation, for example, e-learning as a new buzzword for Web-based education and its commercialization seems to be a growing market in the digital economy. This case study will analyze this new and dynamic e-learning market and the corresponding changes on the education market. A framework of the different education models that have already developed on the e-learning market will be introduced and their benefits and risks discussed. Several cases demonstrate the new e-learning models in action. Therefore, this contribution consists of several smaller cases that can be used for getting an overview of the e-learning market and for a discussion about e-learning as a promising e-commerce application on the Internet.

INTRODUCTION AND MOTIVATION

The globalization of education is increasing rapidly. Students attend courses from all over the world, employees work and study globally in multinational companies. Due to the interactivity and ubiquity of the Internet, learning is possible without space and time barriers. The students and instructors are connected through a digital medium, which replaces the

physical, geographically delimited meeting space. Education around the world is becoming strongly networked, and we are beginning to see fundamental changes taking place in the organization of education. We no longer have geographical isolation at the college and university level. The long-term implications are a worldwide network and a real marketplace for university and college level education. This will expand naturally into vocational and adult training as well. Education might become a major export factor between countries (Seufert, 2000). The competition between universities is increasing more and more, and universities are under pressure to find “new strategies and business models” to produce and deliver educational products.

Similarly, company training is influenced by the dramatic changes. The business environment is going through a dramatic transformation due to the increased complexity and uncertainty of the radical changes in information technology, globalization, changing customer demands (and customer knowledge), increased expectations for social responsibility, and other changes that are placing new stresses on the organization and its people (Glutz, 1999). Multinational companies already train their employees via online learning networks globally. E-learning as a new buzzword for Web-based education and its commercialization (e.g., business strategies, technologies, applications, etc.) is a growing market. Companies are spending more than ever on training to respond to a growing need for new information and knowledge required to cope, manage, and drive the new-mega mergers, new business models, re-engineered and reinvented organizational forms, and other changes of the business environment. The rise of the cyberconsumer has shifted power from producers to consumers, radically altering the nature of industries. Training, especially connected with knowledge management strategies, is a central activity of the successful 21st century firms.

New e-learning strategies are needed to react to the changes in a competitive and global education market. This will fundamentally reshape the role of training and education and create enduring advantages for firms, universities and institutions that adopt the new learning paradigm. The purpose of this chapter will be (a) to introduce the changes in the education market and the new learning paradigm, (b) to explain e-learning as the convergence of several forces, (c) to outline a framework for e-learning business models for the implementation of the changes, and (d) to demonstrate and compare best practice examples for the different e-learning business models. Thus, this chapter encloses several smaller cases instead of one big case study.

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