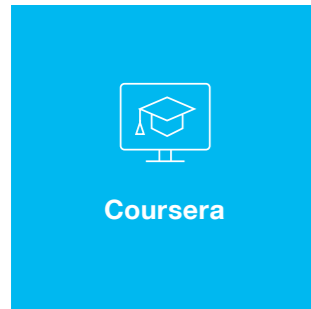


# Coursera

Education technology

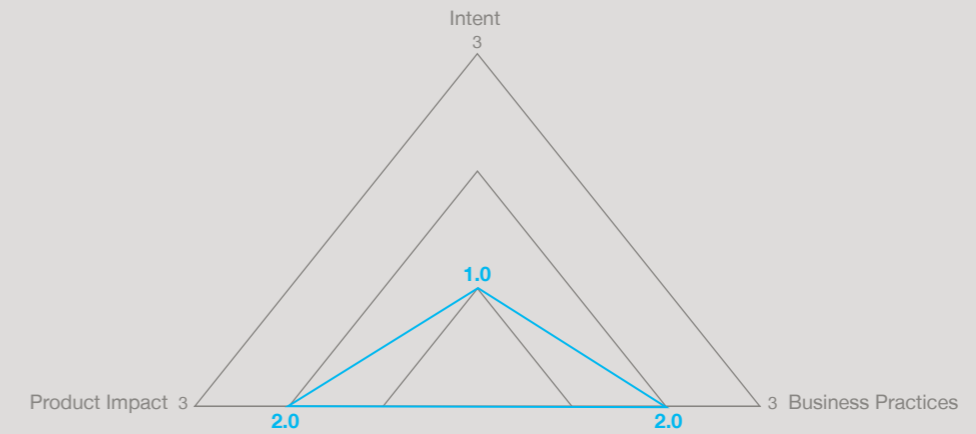


Coursera is an online platform that provides a range of educational content from short courses and guided projects to online degrees. Its scale, with around 80 million registered learners, helps to attract academic and corporate partners to produce content, which in turn attracts more learners.

## Investment Case

|  |   |
|--|---|
| <b>What societal challenge is the company tackling?</b>                                      | Over the last 40 years, the cost of education has risen significantly ahead of inflation. Coursera has the potential to improve education by lowering costs, improving accessibility, and providing accredited qualifications that are relevant in an ever-changing job market. By working effectively with many stakeholders in the education system, Coursera can help drive structural improvements to education and training.   |
| <b>Is the company's offering sufficiently different to, and better than, the status quo?</b> | It is a competitive market however Coursera's degree offering is typically cheaper than online or on-campus alternatives and has similar completion rates. In terms of its MOOC (massive open online course) platform, the grand vision according to Jeff Maggioncalda CEO, is that employers provide signals of what skills are needed, this is used to help create more job-relevant education. More job-relevant education attracts more learners, which creates incentives for more academic and industry partners to create contents. This in turn attracts more employers, learners, and academic institutions. In essence, by having all stakeholders on the same platform, Coursera helps to make the education systems more efficient and aligned. |
| <b>Is there a committed management team?</b>   | One of the co-Founders, Andrew Ng, remains directly involved with the company as Chair of the Board and Jeff Maggioncalda is a very competent and well-regarded CEO. He has previous experience as the founder and CEO of Financial Engines, where he had to pivot the business model a few times before arriving at a sustainable model. This experience will be helpful for Coursera as it establishes its business model. He also seems committed to expanding access to education.  |
| <b>How does the company treat its stakeholders?</b>  | Coursera's first leadership principle, in a list of principles codified in 2019, reads "Serve the cause" and intended to remind staff that the company's mission to provide access to education should always come first. More broadly, to drive change in education systems, organisations have to work effectively with different stakeholders. Coursera has been successful in getting different stakeholders in the education systems together and found a way to add value to all of them: teachers, students, families, communities, school board, trustees, vendors, state and federal governments, and others.  |
| <b>Is there a strong likelihood of creating a profitable and defensible business?</b>        | Coursera is not yet profitable however it does have a healthy gross margin which we believe will increase with scale. The core MOOC platform with around 80 million users is a valuable asset. The large user base exists because there is a curated library of contents sourced from leading academic and industry partners. Partners create contents for Coursera because there is a large user base (for monetisation and other motivations), so it benefits from network effects. This library of contents also attracts campuses, businesses, and governments, which further adds to the user base. More learners and more partners also create more data, which Coursera can use to identify skills gap and job-relevant education.                   |
| <b>Is the business attractively valued?</b>  | Coursera's ability to bring together different stakeholders in the education system could be important in driving structural change. The global education market is worth \$2 trillion and there are numerous ways that Coursera can monetise its platform – Consumers, Enterprise, and Degrees. If the management team can successfully execute on its strategy, then Coursera could grow revenues at around 30% CAGR over the next 5–10 years while benefiting from operating leverage.   |

## Impact Analysis



### Product Impact

Through its online platform, Coursera is able to expand access to high-quality, job-relevant, accredited education across the world. This is especially needed as the world transitions through the Fourth industrial revolution and workforces are threatened by automation.

### Intent

The company has demonstrated a strong intent to expand access to education. This includes clear messaging from executives, founders and board members; offering financial aid to lower income students; a strong Corporate Social Responsibility programme; and the tracking of career outcomes.

### Business Practices

The company's B Corp certification should act as an incentive for it to continually improve its practices, and relationships with governments and academic institutions could act as a deterrent against poor practices and mission drift.

|  | Relevant Targets  | Relevant Products  |
|--|---|--|
|  | <b>Target 4.4</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. | Coursera provides online access to further and higher education at more affordable rates and with greater convenience than exists offline. Affordability and a lack of physical access are substantial barriers which prevent adults from taking part in education and upskilling. In addition, Coursera offers financial aid for its poorest degree students and almost 90% of career-minded learners reported career benefits after completing learning on Coursera. |

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