

## D4.2 Business Strategies involving OER



encore+



## D4.2 Business Strategies involving OER



European Network for Catalysing  
Open Resources in Education

**Coordinator of this work:**

**Orna Farrell**

Dublin City University (Ireland)

**Report Authors:**

Orna Farrell, Dublin City University, Ireland

Stefania Aceto, Universidad Internacional de La Rioja, Spain

Mark Brown, Dublin City University, Ireland

James Brunton, Dublin City University, Ireland



Co-funded by the  
Erasmus+ Programme  
of the European Union

This project has been funded with support from the European Commission. The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Please cite as:

Farrell, O., Aceto, S., Brown, M., Brunton, J. (2024). *D4.2 Business Strategies involving OER*. Encore+ Policy and Strategy Report (2). Doi:10.5281/zenodo.10698026



# Table of contents

	1
<b>1. Introduction</b>	5
Report methodology	5
<b>About the Encore project</b>	6
<b>2. Overview of Case Studies</b>	7
<b>3. Case Studies of Businesses integrating openness</b>	9
Introduction	9
<b>Instructure</b>	10
Background and context	10
Business focus and Value proposition	10
Customers	10
Business Model and Revenue Generation	11
Openness and Strategy	11
Summary	12
<b>Catalyst IT</b>	13
Background and context	13
Business focus and value proposition	13
Customers	13
Business model and Revenue Generation	13
Openness and Strategy	14
Summary	14
<b>Study Central</b>	16
Background and context	16
Business focus and Value Proposition	16
Customers	16
Business model and Revenue Generation	16
Openness and Strategy	16
Summary	17
<b>Lumen Learning</b>	18
Background and context	18
Business focus and Value Proposition	18



Customers	18
Business model and Revenue Generation	18
Openness and Strategy	19
Summary	19
<b>Cogbooks</b>	21
Background and context	21
Business focus and Value Proposition	21
Customers	21
Business model and Revenue Generation	21
Openness and Strategy	21
Summary	22
<b>Merlot</b>	23
Background and context	23
Business focus and Value Proposition	23
Customers	24
Business model and Revenue Generation	24
Openness and Strategy	24
Summary	25
<b>Pressbooks</b>	26
Background and context	26
Business focus and Value Proposition	26
Customers	26
Business model and Revenue Generation	26
Openness and Strategy	27
Summary	27
<b>4. Analysis from Case studies</b>	28
<b>5. Conclusions</b>	31
<b>Recommendations</b>	31
<b>References</b>	33



# 1. Introduction

The aim of this report is to explore how businesses are integrating openness into their strategies. We use openness as an umbrella term to include Open Educational Resources (OER) and Open Educational Practices (OEP), this reflects the wider goals of creating more open educational and organisational cultures that support more diverse, equitable and inclusive approaches (Cronin, 2017). The report builds on the previous project report *Strategic support for OER value proposition* (Farrell, et al., 2022). The report is framed by the following overarching research questions:

1. How are businesses integrating open into their business strategies?
2. What business models are businesses using to integrate open?

The case studies are framed by two theoretical frameworks. A key method for scrutinising business strategy is the Business Model Canvas approach (Osterwalder & Pigneur, 2010) and its open version, The Open Business Model Canvas. Developed by Osterwalder & Pigneur (2010), this approach facilitates the analysis of a business model through nine fundamental building blocks that articulate the company's strategy and revenue models: Customer segments, Value proposition, Channels, Customer relationships, Revenue streams, Key resources, Key activities, Key partnerships, and Cost structure. An additional noteworthy contribution to OER business models is found in Darwish's (2019) work on Open Educational Resources (OER) Edupreneurship business models for various stakeholders. Darwish (2019, p. 3855) proposes a typology for educational entrepreneurship (edupreneurship) based on OER, identifying four distinct business models: the static model, the interactive model, the dynamic model, and the transformative model. This report provides a comprehensive comparative analysis of seven case studies within the educational technology sector, each chosen for its commitment to openness in ethos and business strategy. The selection was based on the intersection between education, technology, and open principles.

## Report methodology

This report followed a mixed methods design (Creswell, 2014) using qualitative and quantitative methods of inquiry. This approach involved an analysis of existing published literature supported by data collection through expert interviews and purposely selected case studies focusing on different types of business models and examples of OER in practice.

Ethical approval for the study was granted by the Dublin City University Research Ethics



Committee (DCUREC/2022/041). More specifically, two data collection methods were adopted: desk-based research and semi-structured interviews. Ten semi-structured interviews were conducted from 2022-2023.

## About the Encore project

ENCORE+ responds to the priorities of opening up and modernising the European education and training sector through a coordinated European OER ecosystem. OER are “teaching, learning and research materials in any medium – digital or otherwise – that reside in the public domain or have been released under an open license that permits no-cost access, use, adaptation and redistribution by others with no or limited restrictions” (UNESCO).

ENCORE+ brings together meaningful and focused human networks; technological solutions for sharing and discovering OER; policy reviews; quality criteria; and generating business models which draw on the affordances of OER to support innovation. ENCORE+ supports uptake of OER through business and academia by formulating value propositions for OER usage for education, training and business.

ENCORE+ directly addresses several European and international policy priorities:

- Stimulating innovation in businesses through learning and training innovation
- Reducing barriers to education affording learners the opportunity to up-skill or re-skill at a lower or nearly no cost, and in a flexible way
- Supporting the modernisation of higher education in Europe, including digitalisation
- Bridging non-formal and formal education by advancing recognition of open learning



## 2. Overview of Case Studies

These seven case studies, all situated within the educational technology sector, showcase diverse business focuses and scales, collectively contributing to the education and training sector. Each case study has been selected due to the prominent role of openness in its ethos and business strategy, emphasising the intersection between education, technology, and open principles. Ranging from large-scale solutions to more niche focuses, these cases represent the dynamic landscape of the industry. Their shared commitment to openness aligns with the overarching goal of fostering innovation and accessibility in education through technology. As each case unfolds, a nuanced exploration of how these businesses navigate the intricate relationship between education and technology, guided by principles of openness, becomes apparent.

Overview of Case Studies			
	Name	Business focus	Description
1.	<a href="#">Instructure</a>	Virtual learning environment (VLE)	Instructure is an education technology company which specialises in the provision of the virtual learning environment called Canvas.
2.	<a href="#">Catalyst IT</a>	Managed elearning solutions	Catalyst is an education technology company which specialises in providing open source service fully managed elearning solutions.
3.	<a href="#">StudyCentral</a>	Virtual learning environment (VLE)	Study is an education technology start up company which specialises in the provision of the virtual learning environment.
4.	<a href="#">Lumen Learning</a>	Courseware	Lumen Learning is an educational technology company which focuses on the provision of courseware and teaching tools to the educational and training sectors.
5.	<a href="#">Cogbooks</a>	Courseware	Cogbooks is an educational technology company which focuses on the provision of courseware to the education sector.



6.	<a href="#"><u>Pressbooks</u></a>	Publishing platform	Pressbooks is an educational technology company which focuses on the provision of open publishing solutions to the education sector.
7.	<a href="#"><u>Merlot</u></a>	Repository, content creation and hosting	Merlot is a community which works together to create, host and share OER.



### 3. Case Studies of Businesses integrating openness

#### Introduction

In this section seven case studies of businesses integrating openness into their strategies are explored. The case studies are structured using the following headings:

1. Background and context
2. Business focus and value proposition
3. Customers
4. Business model and Revenue
5. Openness and Strategy
6. Summary



# Instructure

## Background and context

[Instructure](#) is an education technology company which specialises in the provision of the virtual learning environment called Canvas. Instructure is a publicly listed company which has been trading since 2008 and is based in the United States (Instructure, n.d.). Instructure holds approximately 3% of the global market in the area of educational technology (6Sense, 2024).

## Business focus and Value proposition

Instructure's business focuses on delivering dynamic learning experiences, aiming to elevate teaching, and learning to the next level. The main product in their portfolio is Canvas VLE (Virtual Learning Environment). Supplementing this core offering are various additional products, such as Canvas Studio (a content creation tool), credentialing and badges, registration and course catalogue, a mobile app, seamless integration with diverse tools, a learning analytics solution known as Learn Platform, assessment add-on called Mastery, and a complimentary version named Canvas Free-for-Teacher.

In terms of services, they provide a range of value-additions, including Strategic Consulting, Product Training & Professional Learning, Instructional Design, Learning Services, and dedicated Canvas Support, all contributing to a comprehensive and enriched learning environment.

## Customers

With over 7,000 global customers and a user base exceeding six million (Instructure, n.d.), Instructure caters to diverse markets including K12, Higher Education, and corporate training. The predominant customer base of Instructure is concentrated in the United States, the United Kingdom, and Australia (6Sense, 2024). Notably, the majority of Instructure's clientele belongs to the Education, Training, and Technology sectors, showcasing the company's widespread impact and influence in these industries.



## **Business Model and Revenue Generation**

Instructure's business model is a software as services model (Financial Times, 2023). Revenue is generated through customer subscriptions. In 2023, Instructure generated \$520 million in revenue (Financial Times, 2023).

## **Openness and Strategy**

Instructure operates with seven key pillars of openness:

### **1. Open Culture:**

Emphasises fostering an open community and adhering to company values such as openness, relationships, equality, ownership, and simplicity.

### **2. Open Source / Documentation:**

Involves providing open access to Canvas' source code on [GitHub](#), offering a free-to-use hosted version of [Canvas](#), and extensively documenting application programming interfaces ([APIs](#)).

### **3. Facilitating openness of content / access to content and courses:**

Includes features like [Canvas Commons](#) for easy and managed sharing of educational content and providing customers open access to their data for personalised reporting and analysis.

### **4. Open Standards:**

Highlights Instructure's commitment to open standards through its membership in 1EdTech (a standards body) and active participation in the IMS Global community. It also supports an extensive Learning Tools Interoperability (LTI) ecosystem.

### **5. Data, Privacy, and Security:**

Directs attention to Instructure's [Trust Center](#) and product [privacy policies](#), underscoring the company's dedication to maintaining high standards in data handling, privacy, and security.

### **6. Open participation and Community:**



Involves an active [online community](#), engaged groups, and topic hubs. Additionally, it features shared customer-developed tools hosted on GitHub, showcasing the collaborative strength of the community with over two million members.

Examples of shared customer developed tools:

- <https://github.com/orgs/KTH/repositories>
- <https://www.kau.se/rethink/resurser/working-in-a-group>
- <https://obl.ku.dk/ku-absalon/my-study-group/>

## 7. Key current and future drivers:

Highlights factors driving Instructure's current and future initiatives, including the focus on Open Educational Resources (OER) related topics. Examples include credentials to support flexible and lifelong learning, as well as recent acquisitions of companies aligning with similar educational standards.

### Summary

Instructure since its inception in 2008, holding around 3% of the global market in educational technology. The company's primary offering, Canvas VLE, underscores its commitment to delivering dynamic learning experiences. With a diverse portfolio encompassing additional products and various value-added services, Instructure serves a global customer base of over 7,000. Operating on a software as a service (SaaS) model, the company achieved \$520 million in revenue in 2023. Instructure's strategic pillars of openness, covering aspects like an open culture, source code accessibility, and active community participation, underscore its commitment to transparency and collaboration. As Instructure progresses, its focus on key drivers, including Open Educational Resources (OER) and strategic acquisitions, positions the company for sustained success in the continually evolving landscape of educational technology.



# Catalyst IT

## Background and context

[Catalyst](#) is an education technology company which specialises in providing open-source service fully managed elearning solutions. Catalyst was founded in 1997 in New Zealand as a for profit IT consultancy (Weston, 2022).

## Business focus and value proposition

Catalyst collaborates with various institutions and organisations, offering fully managed e-learning solutions tailored to meet the specific learning initiatives and goals of their individual customers. The company provides three main services: a fully managed virtual learning environment, a talent experience platform, and consulting services (Catalyst, n.d.)

## Customers

Catalyst operates primarily in key markets, spanning Australia, New Zealand, Europe, and Canada, with a specific focus on the higher education sector. The company also extends its training services to various sectors, including Australian government departments, the farming sector, pharmaceutical industry, and New Zealand's tourism sector. Noteworthy among its clientele are non-governmental organisations (NGOs).

With a portfolio that includes collaboration with over 50 higher education institutions and organisations globally, Catalyst specialises in providing cutting-edge e-learning solutions. As an active participant in several industry bodies, the company supports millions of users on a daily basis.

## Business model and Revenue Generation

Catalyst's revenue model centres around institutional subscriptions, reflecting its business model as a solution provider. Operating as a full-service provider, Catalyst offers comprehensive coverage of products and services within a specific domain, all managed through a single point of contact. This approach enhances customer efficiency and performance by providing specialised expertise. By offering a full suite of services, Catalyst not only prevents potential revenue losses but also gains valuable insights into customer habits and needs through close interaction. This customer-centric approach enables continuous improvement of products and services. The primary source of revenue for Catalyst is derived from customer subscriptions.



## Openness and Strategy

Catalyst epitomises openness through its commitment to open-source principles, fostering an open community, and embracing an open ethos and philosophy. Positioned as both a user and creator of open-source solutions, Catalyst traces its roots to the early days of the internet, embodying a culture of freedom and innovation.

A noteworthy initiative is the Open-Source Academy, a Catalyst program dedicated to providing training and work experience for young technologists in New Zealand. The Academy conducts a two-week Open-Source Academy in January each year and a three-day Arduino Academy during the July holidays.

Demonstrating a steadfast commitment to free and open standards and technologies, Catalyst has a commendable track record in delivering, hosting, and maintaining large-scale systems globally. The company actively contributes to various open source projects, including Moodle, Drupal, Perl, Kannel, Lucene, PostgreSQL, Koha, Debian, PHP, and Git (Catalyst, n.d.) Catalyst's involvement extends to hosting the New Zealand Linux Kernel and Debian mirrors, holding affiliate memberships in the Debian and Ubuntu projects, and exclusively focusing its research and development and product development on open source technologies. Catalyst further supports the open-source community by hosting local user groups and organising the New Zealand Open Source Awards.

In the domain of open-source consulting, Catalyst provides guidance on the implementation of free and open source technologies for projects. The company offers advice on selecting top-tier products, integrating them with established systems, and formulating strategies for successful implementation and maintenance.

Catalyst collaborates globally with a diverse range of organisations, functioning as an industry partner to deliver expert open-source services and solutions.

## Summary

In summary, Catalyst stands out for its commitment to providing fully managed e-learning solutions through open-source services. With a broad focus on collaboration, Catalyst tailors its services to diverse institutions, primarily in Australia, New Zealand, Europe, and Canada, with a significant presence in the higher education sector. Operating on a subscription-based revenue model, Catalyst offers a comprehensive suite of services, including a fully managed virtual learning environment, a talent experience platform, and consulting services. Embracing openness, Catalyst actively



contributes to various open-source projects, hosts training programs like the Open Source Academy, and supports the community through hosting local user groups and organising the New Zealand Open Source Awards.



# Study Central

## Background and context

[Study Central](#) is an education technology company which specialises in the provision of a virtual learning environment. Study Central is a relatively new for-profit business in the start-up phase and was founded in 2020 and is based in Germany.

## Business focus and Value Proposition

Study Central's business focuses on creating community focused and engaging learning experiences in a one-stop shop environment. The main product in their portfolio is their Study Central virtual learning environment (VLE).

StudyCentral's value proposition is through intuitive program and community management tools, enables educational institutions to directly support and communicate with students globally and creates a barrier-free communication space for students and community managers. Emphasising cohort control and content management, StudyCentral offers greater flexibility compared to well-established VLEs addressing a significant challenge with traditional VLEs where there is extensive setup required for course implementation, making collaboration with other universities a cumbersome process.

## Customers

Study Central's main customer base is higher education institutions based mainly in Germany, but they are expanding into the wider European market.

## Business model and Revenue Generation

Study Central has a Platform as a Service (PaaS) business model, revenue for the platform is generated through customer subscriptions tied to active users. Additionally, initial start up funding is sourced from the European Union and the City of Berlin.

## Openness and Strategy

Openness in Study Central's strategy includes facilitating the creation of open communities. This involves employing an open-source framework, providing free account options, and enabling users to establish free communities. Furthermore, the company is dedicated to developing an open Application Programming Interface (API).



## Summary

In summary, Study Central is carving its niche in the virtual learning environment landscape. With a keen focus on community-centric and engaging learning experiences, their flagship product, the Study Central virtual learning environment (VLE), stands out in their portfolio. The company's value proposition lies in providing intuitive program and community management tools, fostering direct global communication between educational institutions and students. Study Central's commitment to openness, demonstrated through open-source initiatives and free account options, sets them apart. Operating on a Platform as a Service (PaaS) model, the company generates revenue through customer subscriptions while receiving initial support from the European Union and the City of Berlin. As Study Central expands its customer base from higher education institutions in Germany to the broader European market, it continues to prioritise flexibility, addressing challenges faced by traditional VLEs and emphasising the importance of community in the digital learning space. With a sustainable business model and strategic vision, Study Central aims to contribute significantly to the evolution of virtual learning experiences.



# Lumen Learning

## Background and context

[Lumen Learning](#) is an educational technology company which focuses on the provision of courseware and teaching tools to the educational and training sectors. Lumen Learning was founded in 2013 and is based in the United States (Made with CC, 2017).

## Business focus and Value Proposition

Lumen Learning's business focuses on providing courseware to the higher education sector in the United States. They offer four core products: Lumen One courseware, Lumen Online Homework Manager, Waymaker courseware, and Lumen Circles Faculty Development.

The company's value proposition centres on facilitating inclusive and deeper learning experiences and has a strong equity and inclusion focus. Lumen's offering focuses on supporting higher education institutions to lower costs for students and supporting student success through their four core offerings (Made with CC, 2017).

Lumen's courseware is created using Open Educational Resources (OER). All Lumen-supported course materials are publicly available. Anyone can access and use this content freely. In fact, many faculty members replace traditional textbooks by simply linking to our website. In 2018, over 43 million people from 240 countries accessed Lumen's free OER (Lumen, 2023).

## Customers

Lumen supported digital courseware has gained widespread adoption in higher education across the United States, encompassing Community Colleges and State Universities. With a presence in over 500 institutions, these resources are utilised in diverse learning environments, including in-person, online, and blended courses (PR Newswire, 2022).

## Business model and Revenue Generation

Lumen Learning's [business model](#) has evolved over the years, in the earlier years of the company it adopted a value added services model which has evolved into a solution provider business model.

Lumen Learning's revenue model involves charging for customised services and value-added offerings through a subscription model, supplemented by grant funding



from entities like the Gates Foundation. The income is generated by offering value-added tools and services on top of the free courses, with a fee of approximately \$35 per student per course.

Lumen Learning operates using a two-part sustainability approach:

1. One time grant funding is used to pay for large infrastructure and R&D projects like new platform development.
2. Revenue from institutional subscriptions is used to pay for running costs.

(Wiley, 2020).

### **Openness and Strategy**

At Lumen Learning openness is a central business value and is evident in the following ways:

- **Openness as a company value**

At Lumen openness is part of the [company values](#), along with commitment, creativity, generosity, and belonging.

- **Commitment to Creative Commons Licensing**

Lumen uses CC BY, the most permissive of the Creative Commons licences, for all the materials it creates.

- **Open Educational Resources (OER)**

All [Lumen](#) supported course materials are publicly available. Anyone can access and use this content freely.

- **Contributing to the Higher Education Community**

Lumen Learning supports the higher education community through hosting community OER courses and promoting access to education. Here are some examples of Lumen's work in this space:

- [Boundless OER Course Archive](#)
- [Achieving the Dream OER Degree Initiative Catalog](#)
- [Community Course Catalog](#)

### **Summary**

With openness at its core values, Lumen actively contributes to the educational community by licensing materials under Creative Commons, engaging in OER initiatives,



and supporting various community-driven projects. Lumen Learning's strategic commitment to openness and innovative solutions positions it as a pivotal player in reshaping the educational technology landscape.



# Cogbooks

## Background and context

[Cogbooks](#) is an educational technology company which focuses on the provision of adaptive courseware to the education sector. Cogbooks started in 2005 as a start up which pioneered the use of adaptive learning in the education sector in the United States. In 2021, Cogbooks was acquired by Cambridge University Press (Cogbooks, 2021). The acquisition by Cambridge University Press marks an interesting change in the market. A traditional academic publisher moving into the edtech sector and accelerating their digitalisation through the acquisition of Cogbooks.

## Business focus and Value Proposition

Cogbooks offers personalised adaptive courseware characterised as an all-in-one textbook alternative, encompassing instruction, homework, and assessment components. Leveraging open educational resources (OER), Cogbooks develops its courseware content. Since 2009, the company has established partnerships with institutions and instructors globally, collaborating to design and deliver impactful curriculum and customizable adaptive courseware, which aims to significantly enhance student engagement, preparedness for class, and overall success in course outcomes.

## Customers

Cogbooks targets the higher education and K12 markets in the USA and Europe, with a specific emphasis on general education. Its user base spans 200,000 students enrolled in diverse institutions, including community colleges, historically Black colleges and universities, elite universities, and land grant universities.

## Business model and Revenue Generation

The fundamental business model operated on a software-as-a-service (SaaS) framework, initially supported by a startup grant from the Gates Foundation. The revenue structure involved a fee of \$39.95 per course per student, utilising an institutional subscription model where both institutions and students made payments. It's worth noting that, in the U.S., a course material is deemed affordable if its cost remains under \$40.

## Openness and Strategy

Cogbooks incorporated Open Educational Resources (OER), primarily relying on OpenStax and content from partner institutions as the basis for its courseware. The end product, while initially closed and institution-owned, granted Cogbooks a reselling



licence. Since being acquired by Cambridge, the company's strategic direction is steering away from OER, indicating a likely pivot towards utilising content owned by Cambridge in future endeavours.

## Summary

In summary, Cogbooks, an edtech pioneer since 2005, underwent a transformative shift in 2021 through its acquisition by Cambridge University Press, signalling the traditional academic publisher's entry into the digital education realm. Cogbooks specialises in personalised adaptive courseware, leveraging Open Educational Resources (OER). With a user base of 200,000 students across various institutions, it targets higher education and K12 markets in the USA and Europe. Operating on a SaaS model with a \$39.95 per course per student fee, Cogbooks aligns with the U.S. affordability standard for course materials. The post-acquisition strategy hints at a move away from OER towards leveraging Cambridge-owned content. This evolution underscores Cogbooks' dynamic role at the intersection of education, technology, and strategic partnerships.



# Merlot

## Background and context

MERLOT is a non-profit collaborative organisation dedicated to creating, hosting, and sharing Open Educational Resources (OER). The MERLOT system facilitates access to curated online learning materials, support resources, and content creation tools. This initiative is driven by a global community of educators, learners, and researchers.

MERLOT was founded in 1997 and was initially funded by the California State University, and over time has been supported by a large number of state university systems in the United States.

## Business focus and Value Proposition

The focus of MERLOT is to give access to affordable learning materials to enhance teaching and learning experiences. MERLOT's value proposition is access to curated online learning and support materials and content creation tools, led by an international community of educators, learners and researchers. Access to the MERLOT platform and resources is free, Institutions can then avail of value-added services such as customised repositories and portals, professional learning opportunities, consulting services, and courseware (Merlot, 2024).

MERLOT provides a variety of customised community services:

- For Academic Disciplines:  
<https://www.merlot.org/merlot/communities.htm?type=0&fromAdvancedSearch=true>
- For Academic Support Services  
<https://www.merlot.org/merlot/communities.htm?type=1&fromAdvancedSearch=true>
- For Academic organizations:  
<https://www.merlot.org/merlot/communities.htm?type=2&fromAdvancedSearch=true>
- See Utah Tech as an example of an institutional service:  
<http://oer.utahtech.edu/index.html>
- For Industry partners:  
<https://www.merlot.org/merlot/communities.htm?type=3&fromAdvancedSearch=true>



## Customers

As an integral part of the MERLOT community, this organisation has cultivated a very large community with over 200,000 members, see figure 1 below. Its primary focus lies in higher education, with a particular emphasis on state universities in the USA, while also actively contributing to the training sector. Partnering with 4,446 member institutions, it serves as a cornerstone within the MERLOT community, showcasing its extensive involvement and impact across diverse educational landscapes. MERLOT also works with industry partners to provide customised training.

## MERLOT Metrics

### Summary of Recent Activity

Click on a type name in the leftmost column to see recent items of that type.

Collection Type	New in the last 30 days	Totals
Members	663	206,789
Materials	302	104,110
Editors Reviews	465	17,656
Peer Reviews	10	6,481
Bookmark Collections	136	28,522
Course ePortfolios	4	1,037
Comments	13	13,535
Learning Exercises	5	1,655
VSB Guest Experts	5	610

Figure 1. Merlot Metrics as of February 2024

## Business model and Revenue Generation

MERLOT operates on a membership model where joining is free for individuals. The revenue generation strategy involves offering value-added services on top of the basic membership. This value-added service business model allows MERLOT to generate revenue by providing additional services to its members. Additionally, MERLOT secures grant funding from State Universities, contributing to its financial sustainability and supporting the organisation's mission and initiatives.

## Openness and Strategy

Openness is the foundational principle of the MERLOT community. As a non-profit collaborative organisation, MERLOT is committed to the development, hosting, and dissemination of Open Educational Resources (OER). The MERLOT system plays a crucial role in providing access to thoughtfully curated online learning materials, support resources, and content creation tools. Additionally, the system actively advocates for the use of Creative Commons licensing, emphasising its dedication to fostering open and accessible educational content.



## Summary

MERLOT, a non-profit organization founded in 1997, is dedicated to advancing open education through the creation, hosting, and sharing of Open Educational Resources (OER). With over 200,000 members, it primarily serves higher education, focusing on state universities in the USA. MERLOT provides free access to curated online learning materials and content creation tools, offering optional value-added services for institutions. Operating on a membership model, individual access is free, supplemented by grant funding from State Universities for financial sustainability. Emphasizing openness, MERLOT actively promotes Creative Commons licensing, highlighting its commitment to accessible education.



# Pressbooks

## Background and context

[Pressbooks](#) is a Canadian educational technology company which focuses on the provision of open publishing solutions to the education sector. Pressbooks was founded in 2011 by Hugh McGuire.

## Business focus and Value Proposition

Pressbooks serves as an open-source book publishing tool designed for the creation of professionally formatted books and e-books. Positioned at the convergence of literature and web technology, Pressbooks focuses on supporting novel approaches to book publishing, driven by principles of open source, open content, open knowledge, and open education. Emerging as a preferred platform for open educational publishing initiatives, Pressbooks responded to the demand for a straightforward solution to generate educational content ethically and transparently. The platform offers educators and instructional designers a user-friendly environment enriched with built-in accessibility features. This functionality enables the adaptation of existing open educational resources (OER) or the creation of new materials, incorporating multimedia elements like videos, audio, accessible maths notation, web annotation, and interactive learning activities, including quizzes and various assessment formats.

## Customers

Pressbooks is extensively used in higher education, with over 600 institutions, particularly in the USA and Canada. It prioritises student success and engagement, encouraging collaboration among institutions. Its initiatives encompass addressing textbook affordability, providing culturally-relevant instruction, promoting open pedagogy, ensuring the accessibility of digital learning materials, and developing localised curriculum.

## Business model and Revenue Generation

Pressbooks operates under a Software as a Service (SaaS) business model, offering a subscription-based revenue structure with four distinct options: enterprise, team, individual, and a free trial. The inclusion of a free trial reflects a partial Freemium model, providing users with a taste of the platform's capabilities before committing to a subscription. The company has established notable partnerships with BC Campus and SUNY, engaging in large government-funded Open Educational Resources (OER) initiatives. Additionally, Pressbooks has secured grants through collaborations with



eCampus Ontario in Canada and initiatives in the USA, further bolstering its commitment to advancing open education.

### **Openness and Strategy**

Pressbooks are strong advocates for openness including open source, open content, open knowledge, open education, and the intersection of books and the web. Over the past decade, they have assisted numerous organisations in publishing thousands of free and openly licensed educational books. The entirety of these books is available in the [Pressbooks Directory](#), an index encompassing over 5,000 free books and other open educational resources.

### **Summary**

Pressbooks focuses on open source, content, knowledge, and education. Widely used in higher education, with over 600 institutions, especially in the USA and Canada, it emphasises student success and collaboration. Operating on a Software as a Service (SaaS) model, Pressbooks offers subscription-based options, including a free trial, reflecting a partial Freemium model. Notable partnerships with BC Campus, SUNY, and collaborations with eCampus Ontario demonstrate its commitment to advancing open education. Pressbooks' advocacy for openness is evident in its decade-long support for organisations in publishing thousands of free educational books and resources, showcased in the Pressbooks Directory.



## 4. Analysis from Case studies

All seven case studies operate in the education and training sector, with a diverse focus and scale. The primary motivation for selection was the incorporation of openness into their business strategies. This section delves into the examination of mixed business models, ethical considerations, and the practicality of openness as a business strategy.

### **Mixed Business Model Approach**

The Merlot case study emerges as a balanced model, utilising a mixture of grant funding and commercial aspects. The report explores the sustainability of such an approach and its potential to uphold values associated with openness.

### **Commercialization and Openness**

The report raises critical questions about the compromise of open values in commercialization and evaluates the sustainability of freemium models. It probes whether openness can be a viable and successful business strategy.

### **Ethics of Leveraging OER for Commercial Purposes**

The ethical considerations of leveraging Open Educational Resources (OER) for commercial purposes, as exemplified by Cogbooks, are discussed. The report examines whether such practices are pragmatic and the need for a more pragmatic approach in sustaining OER initiatives.

### **For-Profit vs. Non-Profit**

An analysis of the distinction between for-profit and nonprofit entities in the sector is provided. Notably, the majority of the case studies are for-profit, with Merlot being an exception.

### **Maturity, Scale, and Level of Openness**

The report introduces a maturity model framework, considering factors such as the maturity of businesses (start-up vs. mature), scale of operations, and the level of openness.



The table below summarises the commonalities and distinctions among the seven education technology companies in terms of various aspects of their business models, strategies, and focus.

Aspect	Similarities Across Case Studies	Differences Across Case Studies
<b>Business Focus on EdTech</b>	All focus on education technology solutions.	Varied product offerings and business models, catering to different aspects of the education sector.
<b>Global Presence</b>	All have a global presence or are expanding globally.	Varying degrees of regional focus or dominance (e.g., Instructure in the USA).
<b>Diverse Customer Base</b>	Cater to diverse customers, including higher ed, K12, and corporate.	Different target markets, customer types, and sectors served (e.g., Catalyst in NGOs, Instructure in various education sectors).
<b>Revenue Generation</b>	Primary revenue from subscriptions, supplemented by services/grants.	Different revenue models, including SaaS, PaaS, and solution provider models.
<b>Commitment to OER</b>	Common commitment to Open Educational Resources (OER).	Different revenue structures, financial strategies, and ownership types (e.g., for-profit like Cogbooks and non-profit like MERLOT).
<b>Partnerships and Collaborations</b>	Establish partnerships with educational institutions and others.	Varying degrees of emphasis on partnerships, from supporting initiatives to active collaboration (e.g., Catalyst with global organisations, Instructure with IMS Global).
<b>Business Models</b>	Diverse business models including SaaS, PaaS, and solution provider.	Different revenue structures, financial strategies, and ownership types (e.g., for-profit like Cogbooks and non-profit like MERLOT).



<b>Product Offerings</b>	Varied products and services, such as VLEs, e-learning solutions.	Differentiated product offerings like Canvas VLE, fully managed e-learning solutions, adaptive courseware, and open publishing tools.
<b>Financial Structure</b>	Revenue from subscriptions, value-added services, and grants.	Varies in terms of primary revenue sources, such as customer subscriptions, grants, or a combination of both.
<b>Ownership Structure</b>	Diverse ownership structures, including public, for-profit, non-profit.	Varies from publicly listed companies (Instructure) to for-profit (Cogbooks, Study Central) and non-profit collaborative organisations (MERLOT).
<b>Evolution of Business Models</b>	Lumen and Cogbooks experienced shifts in business models.	Some companies have maintained a consistent business model (e.g., MERLOT), while others have undergone significant changes over time.
<b>Acquisitions and Partnerships</b>	Examples include Cogbooks' acquisition by Cambridge University Press.	Highlights partnerships with educational institutions and initiatives (e.g., Pressbooks with BC Campus, SUNY).



## 5. Conclusions

In conclusion, the analysis of the seven case studies within the education and training sector reveals a nuanced landscape shaped by varying approaches to openness in business strategies. The mixed business model approach, exemplified by Merlot, highlights the potential sustainability of combining grant funding and commercial aspects. However, questions arise about the balance between commercialization and the preservation of open values, prompting a critical evaluation of freemium models. The ethical considerations surrounding the use of Open Educational Resources (OER) for commercial purposes, as seen in the Cogbooks case, underscore the need for pragmatic approaches to sustain OER initiatives. The distinction between for-profit and nonprofit entities in the sector is noteworthy, with Merlot standing out as a non-profit among predominantly for-profit case studies. The maturity model framework introduced in the report, considering factors like business maturity, scale of operations, and the level of openness, provides a comprehensive perspective on the diverse strategies employed. The summary table emphasises both commonalities and distinctions among the case studies, highlighting trends in business focus, global presence, customer base, revenue generation, commitment to OER, partnerships, business models, product offerings, financial structures, ownership structures, and the evolution of business models. Ultimately, the conclusions drawn from these case studies contribute valuable insights into the complex interplay of factors influencing openness as a business strategy in the education technology sector.

## Recommendations

This comprehensive set of recommendations aims to guide stakeholders in fostering a dynamic, open, and sustainable landscape within the educational technology sector, with a particular focus on the promotion and ethical stewardship of Open Educational Resources (OER).

1. **Strategic Openness:** Advocate for educational technology companies to adopt strategic openness, aligning business goals with a steadfast commitment to open principles.
2. **Ethical Guidelines:** Develop industry-wide ethical guidelines for leveraging Open Educational Resources (OER) for commercial purposes, ensuring a balance between pragmatism and unwavering ethical considerations.



3. **Promote OER Collaboration:** Encourage collaborative initiatives to create and share Open Educational Resources (OER) within the industry, fostering a culture of openness and knowledge exchange.
4. **Diversity in Business Models:** Promote diversity in business models, recognizing the viability of mixed models that seamlessly combine grant funding and commercial aspects.
5. **Long-Term Viability of OER:** Evaluate the long-term viability of freemium models, considering sustainability and potential compromises to open values, especially in the context of Open Educational Resources (OER).
6. **Collaborative Initiatives:** Encourage collaborative initiatives between for-profit and nonprofit entities to enhance the accessibility and quality of education technology solutions.
7. **Continuous Adaptation:** Emphasise the importance of continuous adaptation to market needs, acknowledging that successful companies may undergo shifts in their business models.



# References

Cronin, C. (2017). Openness and Praxis: Exploring the Use of Open Educational Practices in Higher Education. *The International Review of Research in Open and Distributed Learning*, 18(5). <https://doi.org/10.19173/irrodL.v18i5.3096>

Darwish, H., (2019) Open educational resources (OER) Edupreneurship business models for different stakeholders. *Educ Inf Technol*, 24, 3855–3886.  
<https://doi.org/10.1007/s10639-019-09962-8>

Farrell, O., O'Regan, M., Whyte, A., Aceto, S., Brown, M., & Brunton, J. (2022). *Strategic support for OER value proposition*. Encore+ Policy and Strategy Report (1). Doi: 10.5281/zenodo.6720310

Financial Times (2023) [Instructure Company Profile](#).

Osterwalder, Pigneur, Y., Clark, T., & Pijl, P. van der. (2010). Business model generation a handbook for visionaries, game changers, and challengers. Wiley: New Jersey.

Made with CC (2017). Lumen Learning. Medium  
<https://medium.com/made-with-creative-commons/lumen-learning-2a90318b03e5>

PR Wire (2022) Lumen Learning Awarded Prestigious Grant to Improve Educational Outcomes for Underserved Students.  
<https://www.prnewswire.com/news-releases/lumen-learning-awarded-prestigious-grant-to-improve-educational-outcomes-for-underserved-students-301524504.html>

Weston, C., (2022) 25 years of Catalyst.  
<https://www.catalyst.net.nz/blog/25-years-of-catalyst>

Wiley, D. (2020) ZTC Thinking" and the Hybrid OER Sustainability Model  
<https://opencontent.org/blog/archives/6430>

