



# Demystifying Alternative Credentials and Providers

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



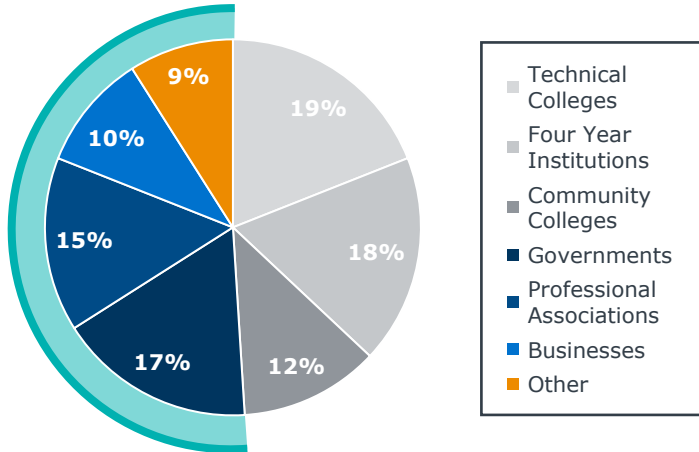
# A Fragmented Provider Landscape

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.

# 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

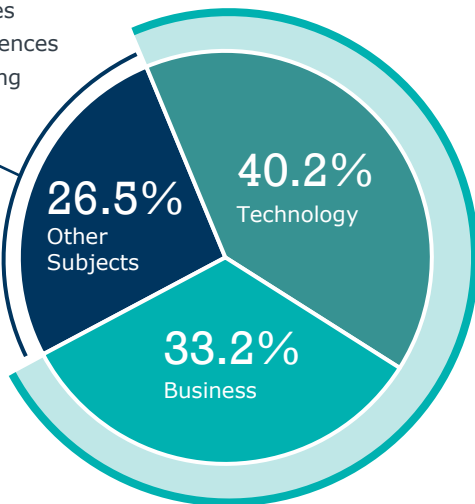
# An Asymmetric Market Opportunity

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 Subject<sup>1</sup>*

- 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)

Source: Class Central, [Massive List of MOOC-based Microcredentials](#); LinkedIn, [The Top Skills Companies Need Most in 2020—And How to Learn Them](#); EAB interviews and analysis.

1) Data from Class Central July 2021.

# Carving Out the Higher Ed Niche

