



Eduke.me: Reaching out for new sources of growth

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ABSTRACT

Title - Eduke.me: Reaching out for new sources of growth.

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The Thesis presented in the form of a Case Study focuses on the challenges and opportunities a Portuguese educational technology startup, Eduke.me, faces upon choosing a path for further growth in the future. By addressing several topics such as market potential, vertical integration, partnerships, capabilities, diversification, innovation and growth constraints, students can apply strategic frameworks and other theories to the analysis of this case. The Thesis is divided into three parts: Case Study, Literature Review and Teaching Note.

The thesis intends to be a practical means for students to develop their critical thinking, as well as information processing, with imperfect and scattered data. It allows students to grasp the possible constraints a company may face, and what alternatives exist to overcome them.

RESUMO

Título - Eduke.me: À procura de novas fontes de crescimento.

Autor: Farai George Shava

A tese apresentada sob a forma de um Estudo de Caso centra-se sobre os desafios e oportunidades que uma startup de tecnologia educacional portuguesa, Eduke.me; enfrenta as escolhas um caminho de crescimento futuro. Ao abordar vários temas, tais como potencial de mercado, integração vertical, as parcerias, os recursos, a diversificação, inovação e as restrições ao crescimento; os alunos poderão aplicar modelos estratégicos e outras teorias para analisar este caso. O trabalho está dividido em três partes: Estudo de Caso, Revisão Literária e Nota de Aula.

A tese pretende ser um meio prático para que os alunos possam desenvolver o seu espírito crítico, bem como o processamento de informações, com dados imperfeitos e dispersos. Isto permite que os alunos compreendam as possíveis restrições que uma empresa pode enfrentar, e que alternativas existem para superá-las.

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INTRODUCTION

Founded in May 2013, Eduke.me is an educational technology startup based in Lisbon Portugal. The company was interested in scaling and growing its operations. However Eduke.me's management had varied insights, pros and cons on each of the firms' growth opportunities. The three growth opportunities were: the online training platform, online video academies and video production consultancy.

My interest in developing a thesis study on Eduke.me was raised after a two month stint at the firm as a Consulting & Strategy Intern. My task was to help the CEO, Paulo Gaudencio draft an online video academy strategy for organizations. I discovered that Eduke.me faced a dilemma on how to grow and expand its operations.

This case study includes the company overview, industry overview, growth strategy and pros and cons of growth opportunities. Themes such as vertical integration, diversification, and partnerships are topics which are addressed in the literature review with the aid of some relevant models. The literature review also includes a section on the e-learning industry. The analysis in the teaching note section focuses mainly on the development of potential solutions to Eduke.me's current problems.

CASE STUDY

On the 16th of July 2015, Paulo Gaudencio the CEO of Eduke.me jetted back into Lisbon from London, where he had been involved in discussions with companies that were strongly interested in the company's education technology. Eduke.me had been operational for 26 months and its expertise was primarily in the provision of an online training platform for professionals, but recently the company had built online video academies for a few Portuguese organizations. In addition, Eduke.me was pondering on whether to undertake video production consultancy services. Perhaps Eduke.me could explore more growth opportunities by working with both local and international organizations.

Back at his Lisbon offices, Paulo Gaudencio called for Pedro Afonso, Eduke.me's Head of Marketing and Ecommerce. "So where do we go from here?" asked Paulo Gaudencio. As Eduke.me's senior management had anticipated, growing and scaling a business brought a wide variety of challenges. The global e-learning market had experienced phenomenal growth rising to a US\$107 billion market¹ hence Eduke.me had to decide which direction to take.

Pedro Afonso paused and said "We need to have a direction on how to grow the business. Are we going to continue with our online training platform? Are we going to become online video academy builders? .Are we going to focus on video production consultancy? " Eduke.me was at the crossroads.

COMPANY OVERVIEW

Eduke.me

Formed in May 2013 and located in Lisbon Portugal, Eduke.me was an online training platform in the Portuguese market which helped professionals and students acquire specific skills through courses in a video format ,reducing the time and cost of training. (See **Exhibit 1** for Eduke.me platform) The company transformed presentations and lectures into professional educational videos .With a main focus on digital issues, the company was distinguished both by the courses available and the quality of trainers. They all had extensive industry experience and knowledge in the fields they taught. Between free and paid courses were Digital Marketing and Communication courses, Management of Social Networks, Introduction to Email Marketing and Google AdWords', among many others.(See **Exhibit 2** for courses offered and price list). The Eduke.me course platform had 35 courses, 450 videos, 10 000 registered users and 7 000 paying users.

Revenues

In (August 2015), Eduke.me's revenues (for the year) stood at 95 000€ with the company having 10 000 professionals enrolled on its platform. Revenues for the year ended as at 31 Dec 2015 were expected to be 150 000€ with Eduke.me expected to have 2 new distribution channels (Cofina & SAPO) and 72 000 professionals on its platform.

Human Resources

Eduke.me had a team of 8 employees with industry experience and execution track record. The team was very strong in Sales & Business Development, Product & Content Development and Operations Scaling. The team was led by Paulo Gaudencio the Co-founder and CEO, a digital marketer with over 18 years' experience. In addition to the CEO, Eduke.me had a Head of Marketing and Ecommerce, a Content Manager, 2 video producers and 3 web developers. Eduke.me also had a Board of Advisors consisting of 4 well respected business executives from the Portuguese corporate sector. It was made up of Pedro Janela the CEO of WY Group, Antonio Faria CEO of Fabrica Startups, Miguel Mira Silva Professor at IST & entrepreneur and lastly Luis Martins the CEO of Zaask.

Video Production

Eduke.me's video production unit undertook activities like the filming of corporate training or room screen recordings and post production with the inclusion of motion graphics. Eduke.me helped companies, universities and instructors communicate their impact through promotional and video training productions. The training videos were distributed through the company's web and mobile video training platform.

Technology –Web and Mobile Video Training Platform

Eduke.me's technology was a web and mobile platform built by 4 main blocks

- 1. Video Content Base:** The video content database, stored all the video modules from the courses, with several categories, allowing users to search and consume content on-demand.
- 2. Learning Management System:** the learning management system was where the courses were structured and content like video, text and image was gathered with quizzes, grading and certifications so as to create a great learning experience to the student or employee. The system took 30 to 80 minutes video training courses and divided them into small high quality video lessons that ranged from 3 to 10 minutes each.

- 3. Ecommerce Solution:** The e-commerce solution allowed users to choose, pay and train with the video courses. It was built using the best practices in the e-commerce industry with marketing automation, customer segmentation and events triggers that launched activities like email marketing campaigns.
- 4. Gamification system:** The gamification system was based on a set of rules matched with performance variables that could trigger interaction events with the user like the progress bar, supporting emails, milestones celebration, among others. (See **Exhibit 3** for Eduke.me gamification techniques) The students could learn at their own pace, with video lessons in HD when available, summaries of topics, quizzes and assessments.

Capabilities

Eduke.me's statistics showed a 90 % conclusion rate on all paid courses started. That meant a new skill was learnt in hours not days or months. The company had an estimated 90% training retention, powered by its gamification technology and multiple content interaction methodology. The ability of the company to engage with the consumer was significant.

Competition

Eduke.me's main competitor was SABE online. Founded in 2014, Sabe online was a Portuguese & Spanish publisher, producer and distributor of online learning content. SABE online's focus was on the permanent professional and personal development needs of the working age population. SABE Online offered interactive and modular online courses at affordable prices, while working with top-quality and experienced authors. Course offerings were spread into 4 main areas, management, behavioral skills, wellness and new tools. The company provided an integrated solution that allowed organizations to produce top-quality digital knowledge and to distribute it internally and externally. As of 2015, SABE Online operated across Iberia and had clients spanning the corporate space, including 6 of the largest organizations in Portugal.

On the 7th of July 2015, SABE Online was selected as a top 20 EdTech companies in Europe. SABE online was funded to the tune of US\$1M.

INDUSTRY OVERVIEW

The E-Learning Industry was divided into four main sectors: content, management systems, distribution and customers.

Content was the production of information used in a learning environment. Key factors that affected the content industry were regulatory /curriculum, corporate and consumer requirements. Main players in content creation were publishers, content media and open source.

Management systems were software platforms used to manage the learning process. Three main factors that affected management systems were scale, complexity and efficiency. Types of business with management systems included software platform, tools and smart technology.

Distribution involved the channels that linked content and management systems to customers. Distribution methods were: online, free, paid, one-to-one and one to many. Types of e-learning distribution companies were immersive learning, e-books, serious gaming, e-books, massive open online courses (MOOCs) and learning portals.

Customers were the end-users of e-learning products and services. Key factors that affected customer segments were cost, level of qualification and flexibility.

Trends in E- Learning Industry

Massive Online Open Courses (MOOCs) -Massive open online courses represented a recent trend in online education, with many universities offering their top caliber courses through platforms such as Coursera, edX, Udemy & Udacity. Most of the MOOCs operated on a business model that provided courses for free, but also a system of testing, grading, peer-to-peer learning and certificates for completion that opened up higher education many while charging students for certification or credit showing completion of courses. The MOOC business model also operated on the basis that students who took free courses, might, at a later date sign up for paid courses or enroll at a given university .Students had the opportunity of having lessons from some of the world's best universities. University pioneers in MOOCs included Stanford, Harvard, MIT, the University of Pennsylvania, CalTech, the University of Texas at Austin, the University of California at Berkeley, San Jose State University². (See **Exhibit 4** and **5** for major MOCC players)

Gamification- Gamification techniques were used in online learning to aid learning and information retention, illustrate progress, increase engagement, create challenges and instill a sense of accomplishment among many other uses. Examples of gamification techniques used

included competition with friends, scores, avatars, virtual currencies & gifts, real-time performance feedbacks and activity feeds.

Corporate Learning - The corporate e-learning market was expected to increase about 13 percent annually until 2017³. 77% of USA companies in 2015 offered online corporate training to improve the professional development of their employees³. Online corporate learning allowed employees to experience the power of customized training, 24/7, on any device. Unlike with classroom-based training, learners could train on their own time using customized formats. To solve the skills shortage problem online learning companies like Plurasight, Coursera and Udacity were leading the way in creating partnerships with companies to create competency based programs. The top drivers representing the shift by companies to e-learning were general budget constraints, time constraints, reduced travel costs and training costs per employee and comparable ROI for corporate accountability

Education Technology Funding- There was an increase in the equity and venture funding of educational technology companies. Global educational technology funding in 2014 reached \$1.75 billion jumping 55% from 2013 **(Exhibit 6)**. The 2014 funding total was 110% higher than 2012's tally.⁴ Between January and June 2015, investors poured \$2.5 billion into ed-tech companies, eclipsing the record high \$1.75 billion invested in all of 2014 the first time investments broke the \$2 billion barrier.⁵ More ed-tech companies were getting funded outside the USA and in continents like Asia and South America. For example 20 Chinese companies accounted for \$798.6 million of the total dollars invested during the first half of 2015 while companies in India and Brazil invested \$137 million and \$97 million during the same period respectively**(Exhibit 7)**. Most of the funds in Brazil, India and China went to suppliers selling digital language learning products, online exam prep, and consumer-facing academic content (primarily for younger children). In addition to funding, Educational technology companies were experiencing a rise in company valuations reaching the US\$1 billion dollar mark **.(Exhibit 8)**

GROWTH OPPORTUNITIES

Eduke.me started making inroads in the online video academy builders market in the year 2015. Eduke.me's first project was with ISCTE-University Institute of Lisbon. Eduke.me created a blended learning academy for campus students (free) and companies (paid). The

online platform allowed students to access on any device, lectures on video, exercises and also included a private community for interaction between lecturer and student. The platform had 5000 active students with the number expected to rise to 1500 students by Dec 2015.

(Exhibit 9) Eduke.me's second client was Santander Bank. Eduke.me developed a fast video training academy for the bank commercial and client teams. The platform had 5000 employees enrolled in training programs. **(Exhibit 10)** Eduke.me's third client was SAPO. The project involved the development of a video training academy on the SAPO platform for small to medium businesses and end users with a freemium (free and paid) business model. The SAPO / Eduke.me partnership created an offer for the business market based on marketing training content produced by Eduke.me. The platform had 1000 users which were expected to rise to 5000 paying clients by Dec 2015. **(Exhibit 11)**

As Paulo Gaudencio and Pedro Afonso thought about scaling Eduke.me they recognized that the organization had already shifted from its initial focus of providing online courses for professionals. Paulo Gaudencio chipped in, "Perhaps we can assess the degree to which our capabilities and resources can match the needs of organizations. It's a very different proposition than making online and easily accessible content for professionals.

Strategic Fit

Eduke.me assessed whether its capabilities like the Web and Mobile training platform could be used by organizations. Eduke.me could provide two solutions. The first solution could allow organizations to quickly create and manage their online video academy for employees, partners, customers or students. Businesses could import videos to create bite size lessons, use in-built gamification with multiple content interactions while making use of multi-device access and marketing automation solutions. Secondly organizations could benefit from on-demand access to an affordable library of curated content trainings from the best instructors and ISCTE University that Eduke.me could offer.

Value proposition for organizations

Eduke.me decided that the value proposition for its target market was going to be: online training that engages and retains. Eduke.me's solution could allow organizations to save time, save money and generate more revenues by selling their own training material. Eduke.me's 3 point value proposition for online video academies was:

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1. **Save time**-Fast and easy deployment of video training programs for employees, partners or clients, any place, any time, on any device.
2. **Save money**-Spend a fraction of traditional e-learning systems, while achieving high engagement and retention rates from learners.
3. **More revenue**-Spend a fraction of traditional e-learning systems, while achieving high engagement and retention rates from learners.

Growth Strategy

Eduke.me's growth strategy had two components, partnerships and content.

Partnerships-Eduke.me intended to have partnerships with big portals in different countries for content and platform distribution. The company would look to build its presence in 4 markets, Portugal, Spain, UK and Germany. This could be a high value proposition to big traffic portals as they could benefit from a new revenue stream (for none or low monetized audience) ,offer trendy and relevant content while exploring consumer education advertising opportunities. For Eduke.me this was risk mitigation since the partnerships could reduce to a minimum paid media to acquire clients. Moreover Paulo Gaudencio talked about how the partnerships could offer instantaneous access to huge audiences in the local countries and a faster selling process, due to the already established local brands. Eduke.me had just recently closed partnerships in Portugal with SAPO and Cofina media portals. SAPO had 70 million monthly views and Cofina media had 50 million monthly views.

Content-Eduke.me planned to use its curated video training content already produced by the instructors in each idiom so as to benefit from the huge traffic on the portals.

Revenue Streams

The company would have 2 revenue streams.

1. Recurring revenues with plans from 9.90€ to 499€ per month based on the number of users.
2. One time services – platform setups, video shooting, content production and consultancy.

Recurring revenues made up 28% of Eduke.me's current revenues while one time services made up 72% of current revenues. Paulo Gaudencio indicated that the company would expect

an inversion of Eduke.me revenues with recurring revenues making up 70% of total revenues by December 2017 as it was more scalable.

Eduke.me's distribution partners (big traffic portals, media publishers, and new sites) would keep up to 50% in a revenue share with the company. Eduke.me's content partners (online teachers, video studios, universities, training companies) would keep a fixed 20 % in a revenue share agreement with the company. For every estimated 100€ sale, Eduke.me stood to make a minimum of 40€ in revenues.

Existing Competition Space

The online learning space was very competitive. **(Exhibit 12)** There were skill marketplaces generic MOOCs, niche training sites and academy builders where Eduke.me wanted to position itself. Skill marketplaces included companies Udemy, Skillshare and Tutellos. General MOOCs included Khan Academy, Coursera and EDX. Niche training sites included Lynda, General Assembly, Groovo and Udacity.

The last subject, academy builders included companies SchoolKeep, Fedora and Skilljar.

Skilljar- Skilljar's cloud learning management system (LMS) enabled businesses to scale their customer and partner training programs (extended enterprise). Skilljar's video course platform made it easy to create and deliver online training with no developer or technical knowledge needed, as well as sync data with hundreds of business applications. It's supported language was English, with supported countries being Australia, Canada, Europe, United Kingdom and the United States. Skilljar had a free-trial and subscription based model with pricing that started from US\$500 per month. Skilljar was funded to the tune of 1.2M€ dollars.

Schoolkeep- SchoolKeep was a cloud-based, white-label learning platform that brought together the best of online course creation, user management, e-commerce, reporting tools and more. SchoolKeep helped businesses to build branded training programs for their employees, customers and channel partners. It's supported languages were English, Spanish and Swedish and supporting countries were Australia, Canada, United Kingdom and United States. Schoolkeep had a free-trial and subscription based model with pricing that started from US\$95 per month. Schoolkeep was funded and the amount of investment was privately known.

Fedora-Fedora was a cloud-based, white-labeled course platform for high-volume organizations and individuals (mainly teachers) that wanted to sell online courses, train

employees or teach online. Fedora allowed for unlimited students, unrestricted bandwidth and multiple schools. There were no transaction costs beyond credit card processing fees. Organizations received immediate direct payout through stripe or PayPal. Fedora enabled a multiple languages solution. Organizations were given a dedicated account manager as a point person to ensure success with their platforms. Fedora had a subscription model and pricing starting from US\$999 per month for organizations. For individuals that wanted to set-up and sell their online courses on Fedora, 4 monthly pricing options were free, basic \$29, professional \$99 and high volume \$249-\$749. Fedora was funded to the tune of 2M€.

Differentiation

Eduke.me's top competitors' were going to be Fedora, SchoolKeep and Skilljar. Eduke.me would have a wider reaching distribution channel as compared to its competitors because of its distribution and partnerships approach, access of curated content from its platform and its proven content methodology. **(Exhibit 13)** On the other hand Eduke.me's competitors had all been funded and they could grow much faster.

Money

To become a fully-fledged online video academy builder, Eduke.me needed funding of 600 000€ for the next 18 months.

1. **Scaling and Growth** -150 000€ was needed to set-up in Germany, Spain and England. The amount would also be used to hire local business & development personnel for expansion.
2. **Sales and Marketing**-300 000€ was needed to close 8 distribution partnerships in London, Berlin & Madrid and to hire sales and marketing people to support international growth. The amount would also be used for the localization and production of content. Eduke.me estimated that it would reach 1 000 000€ in sales by the end of 2017.
3. **Product Development**-150 000€ was needed for infrastructure ,applications and outsourcing in addition to the hiring of developer and product personnel to support international growth.

Video Production

Eduke.me's video production unit had been primarily used to support its Web and Mobile platform through the provision of videos out of a slide deck for distribution. Eduke.me was

currently working on the production of video advertising materials for Talkdesk. The videos included steps and information on how customers could set-up Talkdesk and Shopify accounts. This Eduke.me solution was an example of video production consulting. In addition, Eduke.me was also currently locked in video production negotiations with Turismo de Portugal. Turismo de Portugal wanted Eduke.me to produce videos for its 16 Hospitality and Tourism Schools all over the country. The purpose of the videos would be to showcase the know-how and experience of these schools. According to ongoing negotiations, Eduke.me was expected to receive 60 000€ in revenue with the project expected to take a maximum of 10 months.

According to Sergio Ferreira, an Eduke.me video producer, the video production consultancy process had 4 main steps. The first step involved establishing contact with a client, obtaining project requirements and preparing a checklist and scripts. The second step was video shooting. Afterwards video producers synchronized image with sound and exported the information to video editing premier software. The third step was the editing of all elements like graphics, design, sound and color correction. The last step was to export the finished product to the clients for inspection.

Eduke.me was beginning to receive many offers of video production from the local Portuguese market. Paulo Gaudencio added,

“Video production consulting represents a readily available way for Eduke.me to diversify and generate additional revenue. However we have had to turn down a number of requests due to the fact the video production is not very scalable; it is time consuming since we spend a lot of time shooting client videos. It is difficult to replicate this process in other markets to grow exponentially”.

GROWTH OPPORTUNITIES: PROS & CONS

Eduke.me management had varied insights, pros and cons on each of the firms' growth opportunities. The three growth opportunities were: the online training platform, online video academies and video production consultancy.

Online Course platform: The firm could expand its course offerings from the current digital content to skills based courses ranging from subjects like database design to photography. This could help drive more professionals to its training platform. The training platform currently had 10 000 users. With more traffic Eduke.me could introduce an option for

instructors to set-up and sell their own courses on the platform. This would be an automatic function unlike the current option of video shooting lecture presentations. But firstly Eduke.me would have to drive more traffic to the platform to guarantee a huge pool of students for the instructors. The company was also actively looking at partnering with instructors that had good content. This would enable the company to scale by curating/aggregating content instead of producing it. Eduke.me had already done successful tests with two instructors. The online course platform provided an outlet for Eduke.me to maximize its revenues by providing on-demand access of content produced for external clients. Having the online training platform guaranteed Eduke.me of direct access with its consumers, with the firm being able to engage in direct marketing and email automation funnels.

On the other hand expansion of Eduke.me's online course platform posed many challenges. Firstly the company faced stiff competition from the rising number of free online courses particularly through massive open online courses, social networks like YouTube, online platforms and marketplaces. This could adversely affect Eduke.me as similar content was readily available on the internet for free. Currently the online training platform was sustainable but in the long term it could be difficult. Eduke.me had to manually shoot video courses to be uploaded on the training platform. With more courses and professionals it would be too time consuming and difficult to scale. In the event that Eduke.me could offer online courses in additional languages to Portuguese, the firm would have to establish contact with instructors and undertake video production in the respective markets. However if Eduke.me found good content available in other languages it could aggregate it instead. The issue at stake was to ensure quality at the expense of content scale.

Online video academies: Becoming academy builders would grow Eduke.me because organizations and traffic portals had existing clients, customers and partners, hence it would provide Eduke.me with the much needed traction and traffic. The more users enrolled in an academy the more revenues for Eduke.me due to the revenue model. In addition Eduke.me would not have to pay any money to acquire customers hence limiting the risk by dealing with established brands. The partnerships with traffic portals could enable Eduke.me to enter unchartered markets. Building online academies involved fast, automatic and easy deployment of training videos enabling Eduke.me to serve as many organizations as possible. According to management it was easier to generate business from building academies than attracting professionals to its training platform.

On the other hand growing the academy builders function would mean the company would need to find €600 000 to finance growth. In addition, closing partnerships with high traffic portals was a long and difficult process as Eduke.me had just experienced with Cofina Media and SAPO in Portugal. Becoming an academy builder in new markets like Germany, Spain, UK and having new content partners (Online Teachers, Video Studios, Universities, and Training companies) was a market risk for Eduke.me.

Video Production consultancy: Eduke.me had a reputation for producing good quality videos and market opportunities in the local Portuguese market were abound. The video production unit was used to support the online training platform but growth opportunities would allow it to diversify revenues. Eduke.me could target and negotiate with some of its video production clients to set-up platforms and online academies hence offering a bundle of services. For example Eduke.me was currently in negotiations with Turismo de Portugal on whether to build an online video academy in addition to the requested video training materials.

On the other hand, if Eduke.me would pursue video production consulting opportunities it could put a strain on its core business, the online course platform. This was because the team would become focused on one client, video shooting and building some specific platform features. The video shooting and editing processes took a long time and it would be difficult to scale and serve many clients. However Eduke.me management was mulling on whether to start taking up the consultancy offers on the market but outsourcing the video shooting and concentrating on video editing and ultimately quality assurance.

THE FUTURE

Eduke.me was interested in scaling and growing its operations. However Paulo Gaudencio and his team had many alternatives or opportunities to consider before charting the direction of company.

Eduke.me could decide to tackle all three, two or one of the growth opportunities. Eduke.me was at the crossroads.

EXHIBITS

Exhibit 1: Eduke.me Platform



EXHIBIT 2: Eduke.me courses offered and price list

COURSE LIST	MODULES	PRICE LIST €	TIME (minutes)	NO OF STUDENTS
Criar Campanhas em Google Adwords	6	Free	32	1243
Google Adwords Essencial	13	19.90	59	320
Introdução ao Mobile Marketing	8	Free	79	414
Introdução às Redes Sociais	6	Free	49	2024
Introdução ao Email Marketing	7	Free	54	2048
Como Fazer Publicidade no Facebook	12	19.90	79	139
Comunicação Digital	6	Free	76	2702
Search Engine Optimization	9	19.90	59	276
Estratégia e Meios Digitais	14	19.90	94	851
Content Marketing, os 11 fatores	14	19.90	82	220
Criação de Sites em WordPress	10	19.90	52	613
Google Analytics Essencial	11	19.90	97	303
User Experience UX	8	14.90	59	613
Email Marketing que Vende!	5	Free	51	964
Landing Pages que convertem!	7	14.90	77	613
E-commerce Essencial	9	19.90	54	255
Os 5 passos para inspirares a tua vida	5	Free	64	286
Medir Negócios Digitais com Google Analytics	21	Free	141	152
startups de serviços digitais	12	19.90	106	67
O perfil de um Empreendedor	4	Free	38	418
Facebook Marketing Essencial	13	19.90	99	786
Facebook Estatísticas e Separadores	12	19.90	101	433
Google Adwords	7	19.90	35	222

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Remarketing				
Introdução ao Google Adwords	5	Free	37	1854
Introdução ao SEO	6	Free	37	644
SEO Link Building	11	19.90	83	167
Programar o Google Analytics	15	Free	51	195
Email Marketing Essencial	13	19.90	84	222
LinkedIn Empresas	9	19.90	70	643
Cloud para Startups	3	Free	25	1547

Exhibit 3: Gamification

Completou 4 de 4 módulos no total CONTINUAR CURSO > CERTIFICADO

100%

Completou 6 de 13 módulos no total CONTINUAR CURSO > CERTIFICADO

46%



The Top 10

User Name	Badges	Points
Jonathan	5	6375
BradW	3	300
Brian	1	100
T. more	0	50



✓ PARABÉNS! Passou neste quiz com 75% de nota final.

Exhibit 4: Major MOCC players

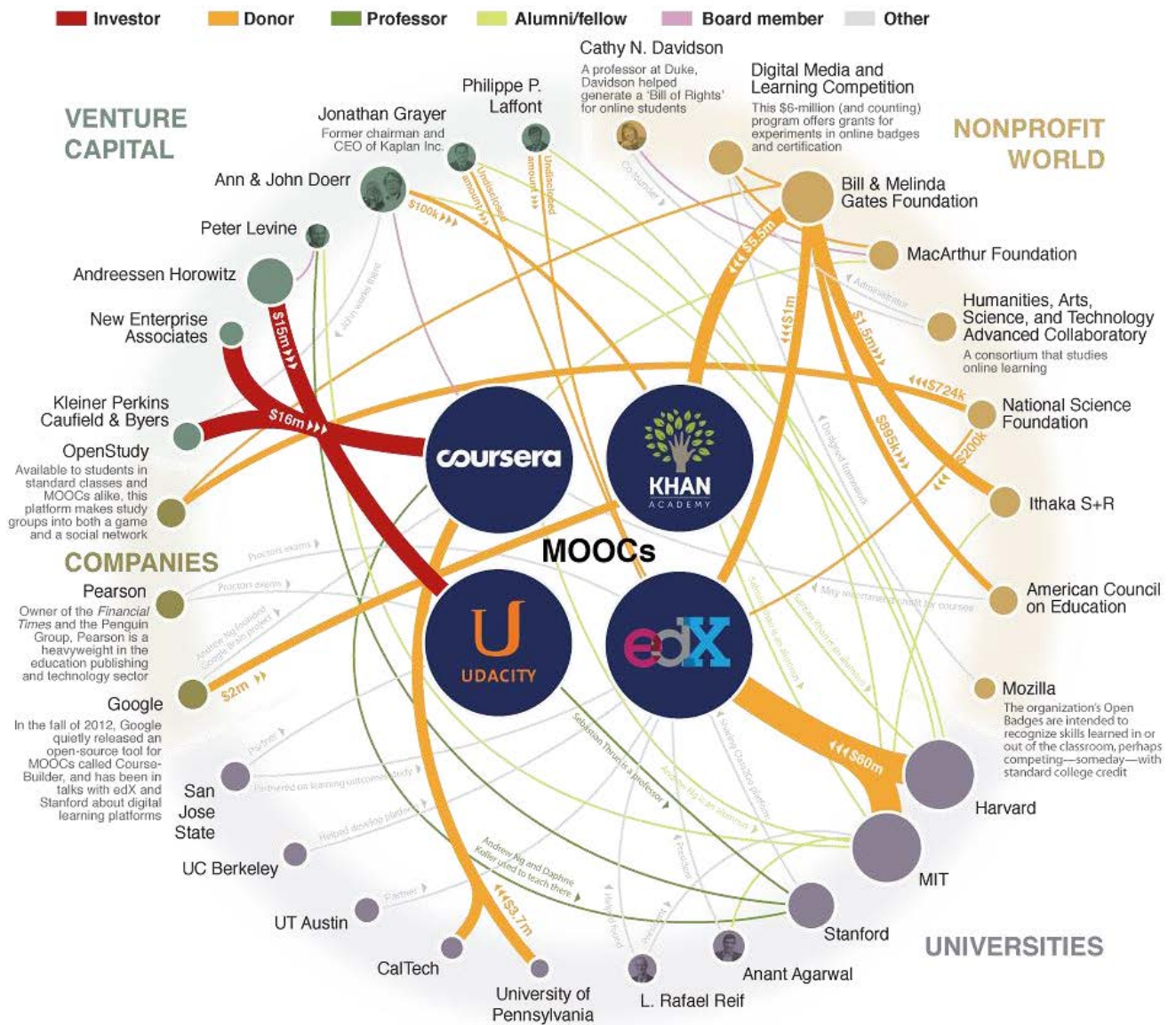
Initiatives	For profit	Free to access	Certification fee	Institutional credits
eDX	x	✓	✓	x
Coursera	✓	✓	✓	x ✓
Udacity	✓	✓	✓	x ✓
Udemy	✓	x ✓	✓	x ✓
P2PU	x	✓	x	x

Key

- x Not a feature
- ✓ Feature present
- x ✓ Features partially present

Source <http://publications.cetis.org.uk/2013/667>

EXHIBIT 5: Major MOOC players



Source : XARISSA HOLDAWAY

<http://chronicle.com/article/The-Major-Players-in-the-MOOC/138817/#id=overview>

EXHIBIT 6: Global Ed-tech funding

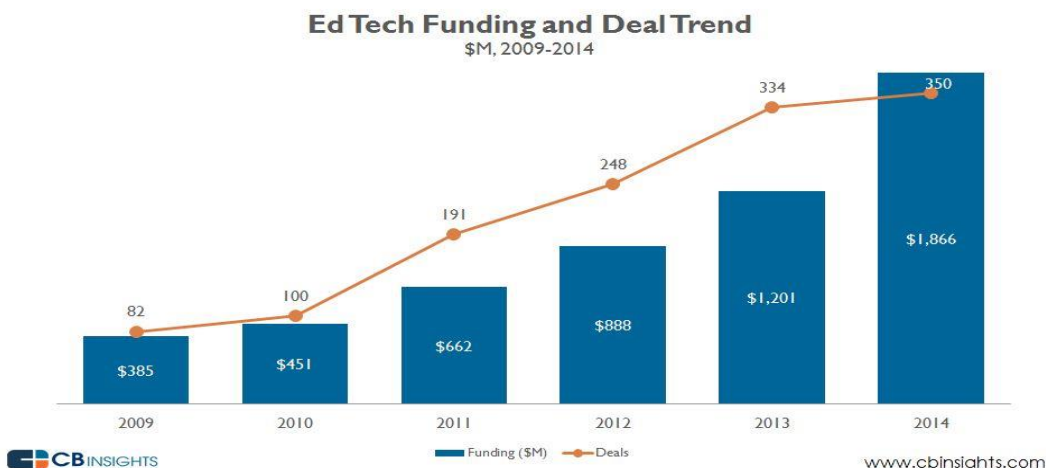


EXHIBIT 7: Learning Technology Companies that Obtained \$50 Million or More in Funding in the First Three Quarters of 2015 (in US\$)

Company Name	Funding	Date of Funding	Product Type	Country
Genshuixue	\$ 50 000 000	March 2015	Collaboration based learning	China
Xuebajun	\$ 50 000 000	March 2015	Digital Reference ware	China
NetDragon's Best Education Assistant	\$ 52 500 000	January 2015	Mobile learning	China
MapBox	\$ 52 550 000	June 2015	Digital Referenceware	USA
Affero Labs	\$ 55 000 000	June 2015	Self paced elearning	Brazil
Yuan Tiku	\$ 60 000 000	March 2015	Mobile elearning	China
Gaosi Education	\$ 63 000 000	August 2015	Collaboration based learning	China
Udemy	\$ 65 000 000	June 2015	Self paced elearning	USA
TAL Education	\$ 70 000 000	June 2015	Collaboration based learning	China
Virgin Pulse	\$ 92 000 000	May 2015	Cognitive learning	USA
HuJiang.com	\$ 100 000 000	February 2015	Self paced elearning	China
Lamabang	\$ 100 000 000	March 2015	Digital Referenceware	China
Changingedu (Qingqing Tutoring)	\$ 100 000 000	June 2015	Mobile learning	China
17zuoye	\$ 120 000 000	February 2015	Self paced elearning	China
Lynda.com	\$ 186 000 000	January 2015	Self paced elearning	USA

Source : Ambient Insight Research <http://www.ambientinsight.com/Reports/eLearning.aspx>

Exhibit8 : Edtech Companys Valuation

Company	Description	Investors	Valuation
Lynda.com	Online video training &tutorials	Accel Partners, Meritech Capital Partners, Spectrum Equity, TPG	\$1000M
NetDragon Education	Mobile education product	IDG Capital Partners, Vertex Venture, Alpha Animation	\$477.5M
Pluralsight	Online developer and IT training	Insight Venture Partners,	\$1000M

Eduke.me: Reaching out for new sources of growth

		Sorenson Capital, Iconiq Capital	
Open English	Online English language learning	Flybridge Capital Partners, Kaszek Ventures, Insight Venture Partners, TCV	\$350M
Declara	Personalised learning tools	Founders Fund, GSV Capital, Data Collective, EDBI, Linden Venture Capital	\$100M

Source : <https://www.cbinsights.com/blog/ed-tech-funding-record-2014/>

EXHIBIT 9 : ISCTE blended learning Academy



EXHIBIT 10 : Santander Video Training Academy



EXHIBIT 11: SAPO Online Video Training

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- Introdução às **Redes Sociais**
- Introdução ao **E-mail Marketing**
- Comunicação **Digital**
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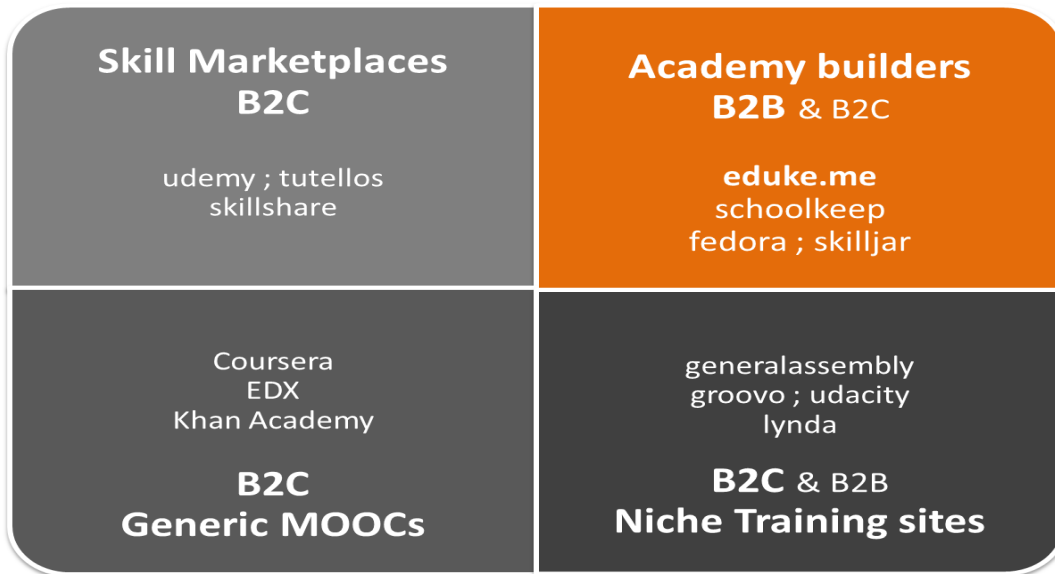
Ponha a Academia Sapo a trabalhar para o seu negócio hoje.

[Experimente Grátis!](#)

ACADEMIA SAPO

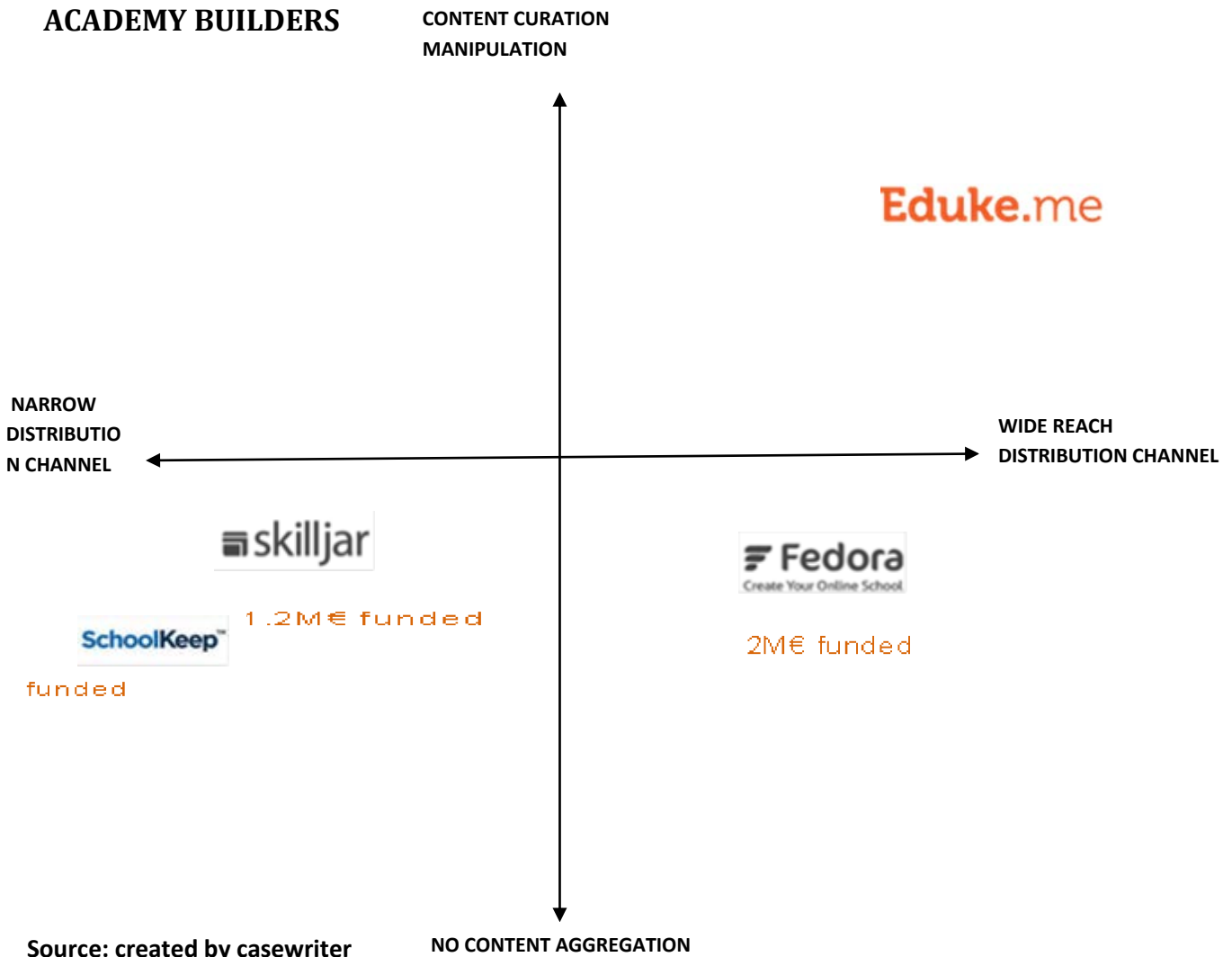


EXHIBIT 12 : Online learning Competitive Space



Source : created by casewrite

**EXHIBIT 13 :
ACADEMY BUILDERS**



Source: created by casewriter

LITERATURE REVIEW

INDUSTRY OVERVIEW

Online Learning and Distance education

Online learning is described as a more recent and improved version of distance learning which improves access to educational opportunities for learners described as both nontraditional and disenfranchised (Benson & Conrad, 2002). Online learning is also defined as access to some learning experiences via the use of some technology (Benson, 2002; Carliner, 2004; Conrad, 2002). Due to the globalization and the growing technological advancement of Internet, the way our society interacts and communicates is changing. In light of this, worldwide universities are taking advantage of internet for teaching with new online methods which make this a major trend in the world as students are looking for more online courses (Cohen, 2012).

There has been a lot of discussing about distance learning. Some authors argue in favor and other against. The National Survey of Students Engagement (NSSE) found that “online learners reported deeper approaches to learning than classroom-based learners and experienced better use of higher order thinking skills, integrative thinking, and reflective learning (Simonson, 2003). Also, according to Russell there “is no significant difference between distance learning and traditional classroom learning” (Simonson, 2003). In other words, distance learning is considered to be as effective as the traditional face-to-face learning (Simonson, 2003). On the other hand, some authors consider that distance education is simply “more work but the same pay for the Faculty” (Pachnowski & Jurczyk, 2003). The authors argue that Faculties that teach through distance learning are spending “more time preparing the course and teaching it than their face-to-face counterparts, but receive the same pay and benefits” (Pachnowski & Jurczyk, 2003)

Although the opinions about distance education differs from author to author, online learning is growing at a “fast-paced and substantially” because of the economic downturn, the increased number of adult student population and the growing belief among “academic leaders that it is as good, or better, than face-to-face learning” (Research on the Effectiveness of Online Learning: A Compilation of Research on Online Learning, 2011). Moreover, “two-thirds of all schools (in the US) believe that online learning is critical to their long term

strategy and a majority believe that the learning outcomes in online education are the same or somewhat superior to face-to-face education.” (Allen & Seaman, 2003).

The online student

As expected, younger students and students who work part-time are more motivated to complete traditional degrees, but as students complete several online courses, they become less interested in traditional degree programs, which may account for the growing interest in online degree programs. (Stewart, Bachman & Johnson, 2010). Students with online experience were more interested in online degrees, which are consistent with (Dutton, Dutton & Perry, 2002) A possible explanation for these findings is that students who worked between 21 and 40 hours a week preferred online courses and were motivated to complete online degrees because they recognized that their home and work responsibilities necessitated a flexible school schedule. In addition, parents were more motivated to complete online degree programs due to time constraints caused by home and work responsibilities than were students who did not have children (Stewart, Bachman & Johnson, 2010).

Going against the norm that older students would have a preference for online courses, a study at Applied Learning Technologies Institute, Arizona University found that younger students have a stronger tendency to take online classes. An explanation could be that younger students might be more technically oriented and likely to take online classes (Ho Yu, Digangi, Jannasch- Pennell & Kaprolet, 2008).

Online learners must be responsible enough to work independently, no face to face interaction and body language communication from instructors and other students. They must also be extremely comfortable with technology and computers. Online learners must have disciplined study habits and be motivated to complete online course material on their own (Kearsley, 1999).

Blended Learning

Blended learning combines both offline and online forms of learning, the online learning usually means “over the Internet or intranet,” and offline learning happens in a more traditional classroom setting (Singh & Reed, 2001). While students and instructors can experience great success and satisfaction in a fully online environment, many students and instructors complain about less face-to-face contact. Blended learning retains the face-to-face contact, bringing together both online and traditional learning and leading to increased

convenience, flexibility and student learning outcomes. In addition, blended learning can be a step to online learning for instructors and students not yet comfortable with online learning (Dzuiban, Hartman & Moskal, 2004). Blended learning also benefits institutions' by improving classroom efficiency use and reducing on campus traffic and instructional delivery costs. (Dzuiban et al)

Blended learning improves retention and increases learner support by using a virtual learning system to deliver learning content and support learners using a distance learning model. Online tracking can also be used to target slow-paced learners. A research done to improve retention compared a blended module with proactive tutor support to a similar classroom-only module where there was no focus on learner support. The result was an improved coursework submission rate, attributed to learner motivation as a result of peer and tutor support. However the tutor needs to be skilled & knowledgeable in online learning (Hughes, 2007)

Gamification in online learning

Gamification is the use of game design elements and game mechanics in non-game contexts. It is used as a tool in online learning to increase student engagement and motivation (Domínguez et al 2013). It does not imply to creating a game but it makes education more fun and enjoyable without undermining its credibility. There is an increase in online learning gamification because game elements like time, accuracy, point systems encourage users to achieve their objectives (Kapp, 2001).

Recognition, social influence, network exposure and reciprocal benefits positively influence the attitude towards the use of gamification. The larger the network, the more possible it is to receive recognition, get exposed to more social influence, and receive more reciprocal benefits from its use (Hamari & Koivisto, 2013). In addition, receiving recognition creates reciprocal behavior and increases the perceived benefits received from the use of the service (Cialdini, Green & Rush, 1992).

STRATEGY FRAMEWORKS

Vertical Integration

According to the traditional economic definition, vertical integration is the combination, under a single ownership, of two or more stages of production or distribution (or both) that are usually separate.

Vertical integration moves sometimes involve big commitments of resources and can make or break the fortunes of even a large corporation. Small businesses also have make or buy decisions (Buzzell, 1983).

The key to the successful use of vertical integration is recognizing when and where to offer significant competitive advantages and forging the necessary vertical linkages without excessive risks. Firms that commit early to vertical integration, investing in a particular technology, risk being wrong, and the cost could be substantial. If vertical integration is done well it can establish industry standards, and reduce operational costs substantially (Harigan, 1984). To support this, vertical integration leads to: reduced of transaction costs, supply assurance, improved coordination technological capabilities and higher entry barriers. If a company's management can carry out a strategy of increasing integration without greater investment intensity, this strategy usually leads to higher profitability. (Buzzell, 1983).

Large businesses should more often be able to use vertical integration strategies than their smaller competitors because large companies are more likely to be able to operate at efficient scales at each level of activity. A PIMS database study showed that integration is more likely to pay off for firms with much large market shares. Many small firms experience fierce competition and trading partners show no loyalty, they lack the know-how to make long-term financial and operational decisions (Johnson & Lawrence, 1983).

Vertical Integration versus Partnership alliances

Long-term contracts and long-term relationships with suppliers can achieve many of the same cost benefits as backward integration without calling into question a company's ability to innovate or respond to innovation (Johnson & Lawrence, 1983). Firms can form vertical joint ventures to obtain the distribution skills and resources they lack, they can purchase marketing contracts, or otherwise avoid risking too many assets in businesses whose product demand is highly uncertain (Buzzell, 1983). Partnerships and vertical agreements provide proper coordination for quick stock replenishment with firms such as Walmart and Kmart having achieved these benefits. These firms and their suppliers have invested in the necessary

information technology for information exchange and stock replenishment control (Richardson, 1996). A market study was done on the organization and responsiveness of fashion apparel makers. The findings indicated that close coordination, rapid information interchange and risk sharing between marketing and retailing are essential for responsiveness and innovation in fast hanging markets. However the extent and degree of integration depends on the firm and industry (Richardson, 1996). Especially if the degree of competition is high, integration is affected negatively by the frequency of technological change; the optimal level of integration depends negatively on the degree of competition in the industry (Wernerfelt & Balakrishnan, 1986).

Porter's five forces

The awareness of the five forces can allow a company stake out a position in its industry that is less vulnerable to attack. The state of competition in an industry depends on the five forces.

The degree of competition in an industry hinges on five forces: the threat of new entrants, the bargaining power of customers, the bargaining power of suppliers, the threat of substitute products or services (where applicable) and the jockeying among the current contestants. However the configuration of the five forces differs by industry (Porter, 2008).

The Ansoff Matrix

The Ansoff Matrix was built as a tool to understand the risks and rewards of four growth strategies. The four growth options are; market penetration, product development, market development and diversification (Ansoff, 1987).

Market penetration: It is the safest of the four options. This strategy corresponds to an increase in sales volume by supplying the company's current products in the market segments that it already serves.

Product development: Product development is slightly more risky, because you're introducing a new product into your existing market.

Market development: A company extends its current product portfolio to new market segments. Moreover, these new market segments may correspond to new geographic markets.

Diversification: Diversification is the riskiest of the four options, because you're introducing a new, unproven product/service into an entirely new market.

TEACHING NOTE

SYNOPSIS

Eduke.me, an online course platform based in Lisbon Portugal, had been operational for 26 months. The company was interested in scaling and growing its operations. However Eduke.me's management team had many alternatives or opportunities to consider before charting the direction of the company.

In face of a tough competitive environment, Eduke.me had three main opportunities of growth. Firstly the company could focus on growing and developing its online course platform ultimately increasing its students and revenue. Secondly Eduke.me could focus on becoming an online video academy builder although the company had to evaluate its growth strategy, analyze existing competition and source funding for the expansion. The third option of growth for Eduke.me was its video production consulting. Eduke.me had a readily available market and competencies for video production. Eduke.me could decide to tackle all three, two or one of the growth opportunities. Eduke.me was at the crossroads.

LEARNING OBJECTIVES

The case presented provides instructors the opportunity to discuss several topics and allows students to apply their knowledge in the resolution of a real-life business challenge. The case study focuses on the challenges and opportunities a Portuguese educational technology startup, Eduke.me, faces upon choosing a path for further growth in the future. By addressing several topics such as market potential, partnerships, capabilities and growth constraints, students can apply strategic frameworks and other theories to the resolution of this case. The Ansoff Matrix or the Porter's five forces are just some of the tools that students should use when discussing the proposed questions.

Therefore, during the analysis of the case, the following points should be understood by the students:

- The importance of partnerships and joint ventures in terms of market knowledge and establishing a reputation for the company that enters a new market.
- What are the main advantages and opportunities in the new market that led that specific market to be chosen?
- How an educational technology company can create value and be competitive.

Eduke.me: Reaching out for new sources of growth

- The importance of understanding the business and industry environment.
- Outlining the major sources of threats and opportunities as well as the company's strengths and weaknesses.
- The several factors that have to be taken into account when incurring on an expansion project, such as analyzing the potential markets' opportunities (demand, strategic fit, competencies) and threats (differences at technical& financial environment).

SUGGESTED ASSIGNMENT QUESTIONS

A - Describe the strategy followed by Eduke.me.

B - What are Eduke.me's main challenges?

C - What are your recommendations to the company?

CLASS PLAN

1. Analyze the e-learning industry.
2. What is your assessment of Eduke.me's competitive position in comparison with key rivals?
b) Describe the strategy followed by Eduke.me
3. Analyze the strategic fit of the company.
4. What were Eduke.me's main advantages of vertical integration? And what were the advantages for its clients?
5. Analyze Eduke.me's decision of entering the academy builder business and the influence of synergies in such decision.
6. What is your assessment of the final alternatives described in the case?
7. What are your recommendations for the company?

ANALYSIS

1. Analyze the e-learning industry.

Porters' five forces will be used to analyze the e-learning industry.

Barriers to entry (Moderate) -The e-learning industry requires investments in intellectual property and technology. The investments provide strong and durable barriers .Technology and infrastructure are key factors in the supply-side. The industry is undergoing a number of innovations and new business models. However the market has a large number of strategic players and venture capital investors to enable entry.

Competitive rivalry (High)- The Global E-Learning market in 2014 was \$ 165.36 billion and is poised to grow at a CAGR of 5.08% to reach \$243.8 billion by 2022 ⁶. In Europe alone they were 3 000 e-learning companies in 2014 ⁷.There are a large number of firms in the industry engaging in product differentiation and innovation. Types of businesses are content producers, publishers, open source, software platforms, tools, smart technology, immersion learning, moocs and learning platforms.(TN Exhibit 2) On the basis of Product, the market is segregated into academic e-learning and corporate e-Learning. With low switching costs and moderate barriers of entry in the e-learning industry, strong competition exists.

Substitutes (Low)- Substitutes of e-learning exist in the form of traditional classes, extended campus offerings of major universities, and learning through traditional CD content offerings. However these alternatives do not offer the same benefits of e-learning like increased retention, self-pace, gamification, cost efficiency and global learning. The likelihood of buyers turning to these alternative sources of learning is low.

Buyer Power (High) - Buyers of e-learning products are divided into academic e-learning and corporate e-learning. Companies require specialized training and skilled programs, which can be expensive. E-learning provides more efficient tailored solutions. Consumers need education materials to be available at affordable prices, to address skills requirements and meet the recognized quality standards. Due to the larger number of players in the e-learning industry, buyers can easily switch providers according to price flexibility but also considering the quality of e-learning services and products provided.

Supplier Power (Moderate) - The players involved in the production of content includes publishers, authoring tools, developers, content aggregators & repositories and open source. Other inputs include the hardware, technology (servers, routers, computers, disks) necessary

to develop e-learning solutions ⁸. There is a readily available market pool of these players, with skilled people in programming & software development being in scarce supply at times.

The e-learning industry is a moderately attractive industry buoyed by a growing market, increasing number of players, innovation, moderate barriers, product differentiation and profit potential. The availability of finance and strategic partnerships is expected to increase the number of players and competitiveness of the industry in the long-run.

2. What is your assessment of Eduke.me’s competitive position in comparison with key rivals?

Figure 1: Strengths and Weaknesses

STRENGTHS	WEAKNESSES
experienced team	funding constraints
Web & Mobile Training platform	small video production team
gamification techniques	lack of quality content available for aggregation
90% course completion rate	grueling & difficult partnership negotiations
consumer engagement	non-scalable revenue structure
content production	strategic dilemma
good video production reputation in Portugal	strong competition from well-established rivals (SABE online, Skilljar, Fedora & SkoolKeep)
content & distribution partnerships	lack of operational experience in foreign markets
digital content specialization	manually video shooting process
consumer engagement	

Figure 2: Opportunities & Threats

OPPORTUNITIES	THREATS
video production consultancy opportunities in Portugal	competitive e-learning market
corporate e-learning market	free methods of online learning (moccs, social media ,online platforms and marketplaces)
educational technology funding boom	market risk of global expansion/growth
growing global e -learning market	
expansion into international markets	

A number of Eduke.me’s strengths like its Web and Mobile training platform, 90% course completion rate and content and distribution partnerships can enable the company to take advantage of opportunities in the growing e-learning market. However the firm faces financial constraints and stiff competition from well-established rivals. With access to funding the firm can scale its operations while improving its internal business processes for increased efficiency.

Eduke.me’s core focus is its online course platform. Its main competitor is SABE online, a funded company which had recently expanded into the corporate e-learning market and made inroads in the Iberian region. Eduke.me plans to enter the online academy builder market. The academy builder market has well established players that are Skilljar, Fedora and SkoolKeep. All these companies are funded and will grow faster than Eduke.me. However Eduke.me would have a wider reaching distribution channel as compared to its competitors because of its distribution and partnerships approach, access of curated content from its platform and its proven content methodology. The company also has much favorable pricing terms. (TN Exhibit1)

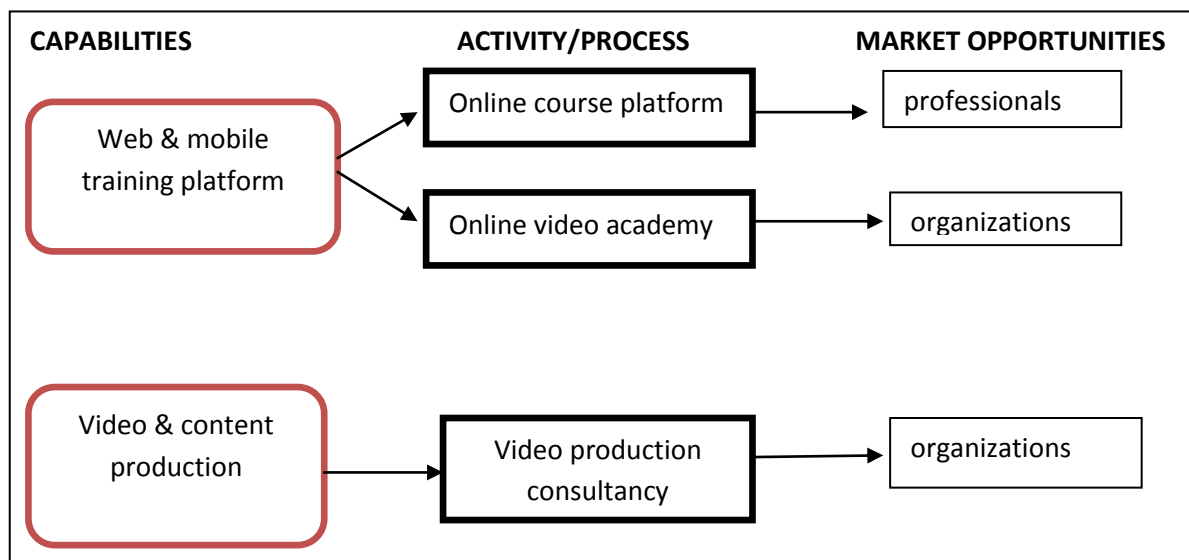
4. Analyze the strategic fit of the company.

Strategic fit refers to the degree to which a firm is matching its resources and capabilities with the opportunities in the external environment. In addition strategic fit also establishes the resource base of an organization and explores how they can be utilized to achieve maximum benefit.

Eduke.me uses its capabilities like the Web and Mobile training platform, content and video production to meet market opportunities. Eduke.me’s capabilities provide solutions for organizations and professionals. The first solution allows organizations to quickly create and manage their online video academy for employees, partners, customers or students.

Businesses import videos to create bite size lessons, use in-built gamification with multiple content interactions while making use of multi-device access and marketing automation solutions. Secondly organizations could benefit from on-demand access to an affordable library of curated content trainings from the best instructors and ISCTE University that Eduke.me could offer. The company is also using its video and content production capabilities to meet video production consultancy opportunities in the local Portuguese market.

Figure 3: Strategic Fit



5. What were Eduke.me’s main advantages of vertical integration? And what were the advantages for its clients?

Vertical integration (VI) is a strategy that many companies use to gain control over their industry’s value chain.

Figure 4: Eduke.me’s initial value chain



The company was initially focused on producing online learning materials for professionals. Eduke.me engaged in forward vertical integration by building online video academies for organizations and the company’s value chain was increased. Forward vertical integration is a business strategy that involves a form of vertical integration whereby activities are expanded to include control of the direct distribution of its products. The strategy benefited Eduke.me through direct access with organizations.

Figure 5: Eduke.me’s current value chain



Advantages for the company

- **Differentiation from competitors:** Eduke.me is able to differentiate itself by producing content, having a management system, web and mobile training platform, online course platform, online video academy and direct access with consumers and organizations.
- **Control of value chain:** The company has direct control over all activities in its value chain; hence operations are assured of no uncertainty. However Eduke.me has

partnerships with content partners (Online Teachers, Video Studios, Universities, and Training companies) and distribution channels (big traffic portals, media publishers, and new sites).

- **Lead to expansion of core competencies:** Eduke.me has used its web and mobile training platform to build online video academies. The web and mobile training platform has been remodeled into a fast video training format for use by organizations. In addition, its video and content production function also offers video production consulting services.
- **Revenue diversification:** Vertical integration has diversified Eduke.me's revenue structure. The company revenues are now made up of recurring and one time service revenues.

Advantages for clients

- **Bundling of services/products-** Since Eduke.me controls all activities under its value chain, clients can get a range of services that they might need from Eduke.me. For example Turismo de Portugal is interested in video production consulting and pondering on whether to add online video academies to the list of its requests. The client can benefit from a discounted price through the bundling of services /products offered by Eduke.me.
- **Enhanced product quality-** By controlling all stages of its value chain, Eduke.me assures the quality of its services from the video shooting of instructor tutorials to the distribution of courses on its online course platform. Therefore, all value-add steps are conducted and overseen by Eduke.me, which ultimately guarantees that quality standards are met in each step of the value chain, with minimum costs and high efficiency.

6. Analyze Eduke.me's decision of entering the academy builder business and the influence of synergies in such decision.

The Ansoff Matrix will be used to analyze this question

Eduke.me: Reaching out for new sources of growth

The decision for Eduke.me to become an online academy builder was raised after the firm had built academies for three organizations; University Institute of Lisbon, SAPO & Santander Bank.

Eduke.me used its web and mobile training platform, one of its competencies and modified it to a fast video training academy for easy deployment of video training programs for employees, partners or clients, any place, any time, on any device.

Previously Eduke.me had an online course platform which targeted professionals but now the company had introduced the online video academy, a new product which targeted organizations. According to the Ansoff matrix this was a diversification strategy. The Ansoff matrix states that diversification is the most risky of the four growth strategies since it requires both product and market development and may be outside of the core competencies of the firm. For Eduke.me the diversification strategy is less risky since both product and market development are from the firms core competencies.

Figure 6: Ansoff Matrix

	Existing Products	New Products
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

← Eduke.me

Eduke.me has entered into partnerships with traffic portals for content and platform distribution. Both parties are expected to benefit from this arrangement. This is a high value proposition to big traffic portals as they can benefit from a new revenue stream (for none or low monetized audience), offer trendy and relevant content while exploring consumer education advertising opportunities. For Eduke.me this is risk mitigation since the partnerships reduce to a minimum paid media to acquire clients.

7. What is your assessment of the final alternatives described in the case?

Eduke.me faces three growth opportunities; the online training platform, online video academies and video production consultancy.

Figure 7: Growth opportunity - online training platform

THE ONLINE TRAINING PLATFORM	Option	Function/Activity
	The firm can expand its course offerings from the current digital content to skills based courses.	<ol style="list-style-type: none"> 1. Video and content production. 2. Instructors for skills based courses. 3. Web and mobile training platform
	An automatic option for instructors to set-up and sell their own courses on the platform.	<ol style="list-style-type: none"> 1. Drive more traffic to the platform. 2. Web and mobile training platform.
	Scaling by aggregating good quality content.	<ol style="list-style-type: none"> 1. Partnerships with instructors that have good content. 2. Web & mobile training platform.

Eduke.me can use its internal core competencies (video& content production and web and mobile training platform) to grow and improve its online training platform. Instructors for skills based courses are moderately available on the market. To aggregate good quality content Eduke.me will have to search the market for good content. It will be a rigorous exercise since a lot of content is readily available. Driving more traffic to the platform for instructors to create their own content is likely to be a long term option that will need financial investment supported by extensive partnerships to boost traction. Improving its online training platform grants Eduke.me with revenue generating potential from increased access to professionals.

Figure 8: Growth opportunity - Online video academy



I believe the online video academy represents a fast and profitable way for Eduke.me to scale, because building online academies involves fast, automatic and easy deployment of training

videos enabling Eduke.me to serve as many organizations as possible. In addition organizations and traffic portals have existing clients, customers and partners; hence it would provide Eduke.me with the much needed traction and traffic. Partnerships with traffic portals will allow Eduke.me to undertake international expansion. The online academy function has a profitable pricing and revenue structure with the availability of finance being the only challenge.

Video production consultancy- Eduke.me can use its content and video production capabilities to undertake video production consultancy. By undertaking video production consultancy, Eduke.me is merely meeting the opportunities that are in the market. Currently, Eduke.me has a good video production reputation and it makes sense to ride on it and seize market opportunities. Undertaking video production consultancy monetizes Eduke.me's video production unit, diversify its revenues and increase the firms' value chain. Eduke.me faces no additional costs to undertake video production consultancy. However if the firm scales too fast it faces a challenge since the video shooting process is manual.

8. What are your recommendations for the company?

Eduke.me should focus on two growth opportunities; the online training platform and the online video academy. Both the online training platform and online video academy use the same internal core competencies (web and mobile training platform). This enables the firm to develop technical economies and ultimately a competitive advantage. Embarking on video production consultancy might strain Eduke.me's video and production unit since it primarily supports the company's web and mobile training platform. Developing new competencies may compromise existing competencies. In addition, scaling internationally through video production consulting is a challenge due to the manual video shooting process and time spent per client.

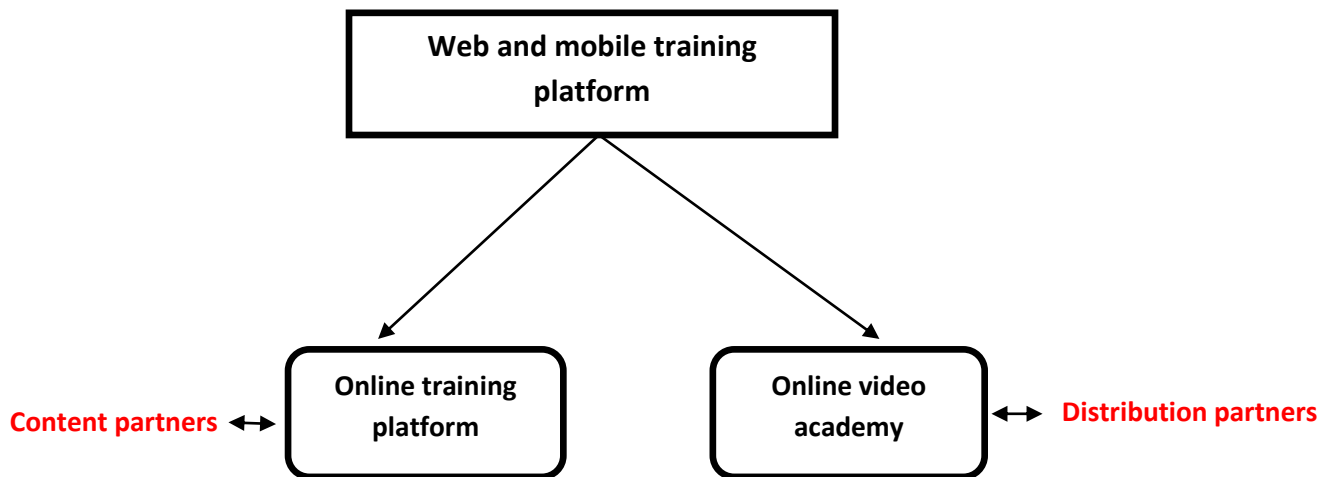
The use of distribution partners (big traffic portals, media publishers, and new sites) and content partners (online teachers, video studios, universities, training companies) will enable both Eduke.me's online training platform and online video academies to grow and benefit from synergies.

Eduke.me: Reaching out for new sources of growth

Eduke.me's online training platform faces the growing threat of free methods of online learning. But with the continued production of good quality content and the use of gamification and consumer engagement techniques, the firm can face the competition.

To enter the online academy builders market, Eduke.me needs funding to the tune of €600 000. Due to the firms' efficient web and mobile technology, distribution approach, profitable revenue and pricing structure and educational technology funding boom, Eduke.me has increasing chances of accessing finance.

Figure 9: company recommendation



TEACHING NOTE EXHIBITS

TN EXHIBIT 1: Academy builders pricing

	Eduke.me	SkoolKeep	Fedora	Skilljar
Pricing model	Free and subscription	Free and subscription	Subscription	Free and subscription
Pricing	from 9.90€ to 499€ per month	from US\$95 per month	from US\$999 per month	from US\$ 500 per month

Source: created by the case writer

TN EXHIBIT 2: e-learning industry structure

	Content	Management Systems	Distribution	Customers
Key affecting factors	1.Regulatory/curriculum 2. Corporate requirements 3. Consumer requirements	1.Scale 2.Complexity 3.Efficiency	1. Online 2. Free/paid 3. One to one 4.One to many	1. Cost 2. Level of qualification 3. Flexibility
Types of Business	1.Content 2.Publishers 3.Open Source	1.Software Platform 2.Tools 3.Smart Technology	1.Immersive Learning 2.MOOCs 3.Learning Portal	

Source: Global e-learning investment review : <http://docplayer.net/491667-Global-e-learning-investment-review.html>

CONCLUSION

Eduke.me decided to focus on all three growth opportunities (online training platform, online video academy& video production consulting) in the short-term before concentrating fulltime on the online video academy and online training platform. The company will stop focusing on all three growth opportunities when it accesses capital for its online video academy project. Negotiations for capital investment are currently on-going.

Working on this thesis has given me great insights and knowledge about the fast growing e-learning industry. I was able to get an overview of the challenges and opportunities that exist in the industry. It was interesting to have a full picture of the internal processes, innovation management, growth process and capabilities in an educational technology startup. I had the opportunity to understand how Eduke.me positions itself for growth. Organizations must work together as it is important to develop partnerships and alliances when internal capabilities are non-existent. It was exciting to experience the positive vibe in the exciting Portuguese startup scene. I have developed greater appreciation for entrepreneurship.

With education undergoing seismic transformation due to innovative technologies exciting times are ahead for Eduke.me and opportunities will continue to exist in edtech and e-learning.

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