A Look at the Learning-Verse with Dhawal Shah

Leading Learning Podcast
Transcript for Episode 455

Celisa Steele: [00:00:03] If you want to grow the reach, revenue, and impact of your learning business, you're in the right place. I'm Celisa Steele.

Jeff Cobb: [00:00:10] I'm Jeff Cobb, and this is the Leading Learning Podcast.

Celisa Steele: [00:00:17] Hello and welcome to this episode, number 455, which features a conversation with Dhawal Shah, founder and CEO of Class Central, which Dhawal describes as a Tripadvisor for online education.

Celisa Steele: [00:00:31] Class Central aggregates reviews of hundreds of thousands of courses from platforms all over the world, bringing together the learning-verse in a single searchable, discoverable interface. Jeff, tell us a bit about what you and Dhawal talk about.

Jeff Cobb: [00:00:47] Dhawal started Class Central as a side project in 2011, and he found himself in the right place at the right time as massive open online courses (MOOCs) took off in 2012. Dhawal has paid close attention to this industry ever since, and I think his take on the industry and his analysis of the offerings and, increasingly, the business side of Big Learning is incredibly valuable to learning businesses because Udemy, Coursera, edX, and the like are part of the competitive landscape. Your learners might well be weighing your catalog against the catalogs of those Big Learning providers.

Celisa Steele: [00:01:26] You cover quite a bit of ground with Dhawal, talking about community in the context of online courses, business models (including pricing and the relevant benefits of business-to-business models versus business-to-consumer), and the importance of partnerships. So, without further ado, let's roll the conversation with Dhawal Shah.

Jeff Cobb: [00:01:51] 2012, right after you started, was the year of the MOOC. I can remember back then that MOOCs started with a lot of hype. MOOCs were going to save the world—a lot of enthusiasm. Looking back on that early enthusiasm, what did people get right, and what did they get wrong about where online learning was headed?

Dhawal Shah: [00:02:12] I always approach it from a learner perspective. I was not in an industry. I was just a student. I just built it for my own needs. To me, what MOOCs, as a learner experience, got right was it was a real university course. There was a difficulty level there. It had some hard deadlines. There were graded assignments, which you had to finish. There was a TED Talk by Daphne Koller, one of the co-founders of Coursera back then, where they

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showed the engagement went up on the weekends because people were completing assignments. We would be on the forums helping each other out. Any questions I had, somebody had already asked and answered.

Dhawal Shah: [00:02:53] I think what the original MOOCs accidentally got it right was the community, the shared experience. Because there were so few courses and so much media attention, a lot of people were funneled into fewer courses, but they didn't have a business model back then. And, as they started trying to monetize it, scale it, they launched more courses. The sessions became more readily available, but the community slowly diluted and got thinner and thinner. Eventually, I don't think, outside of some outlier courses, the Coursera-, edX-style community is pretty much non-existent.

Dhawal Shah: [00:03:35] And since they went the VC-funded route and all that, they were selling the hype. Coursera and Udacity also and edX had also started a side project. They just launched something and did really well. Then they tried to build the narrative—we'll know through data how learners learn, and everything could be solved because of that. But that never really panned out. Data allows you to figure out if your course is really bad, but how to make a good course is still a difficult challenge. It requires a bit of art and science. There is some sort of non-tangible feeling when there's a video, if you can connect with an instructor.

Dhawal Shah: [00:04:21] One of the things that I remember from the MOOC era was the courses were produced as we were taking the course. You had a feedback loop because you're taking week one. Then the instructor is shooting week two. So they're taking your feedback and comments and applying them in week two. It became a vast shared experience, and I think that was just accidental. When they started trying to make it more professional, make these organizations more revenue-driven and sustainable, and get VC return scale, then the community got lost.

Jeff Cobb: [00:05:00] That is an interesting comment because I can remember, even before the Courseras and the edXs came along (MOOCs pre-existed that), I can remember people like Stephen Downes and George Siemens were doing early versions of MOOC, and they were big on that whole concept of the community informing the course to develop in the right way and to really serve the learner needs in that way. And it feels like, yes, a lot of that has been lost along the way. Is that your perspective?

Dhawal Shah: [00:05:27] Yes, especially for scale platforms. There are always smaller platforms that are trying, like Discord, other ways to do community. But for platforms that truly target scale, they have to somehow remove the human out of the equation, whether it be the instructors or even the students. Nowadays, a course on Udemy or Coursera doesn't get better the more students it has. But, before, the community actually made the courses better, and the courses used to be even more difficult because there was community support, which is not the same as asking ChatGPT. The community support is like a social contract.

Jeff Cobb: [00:06:06] Right. That's obviously a strategic and an operational decision on the part of those big providers to evolve in that way—understandable for achieving scale. What other

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kinds of strategic decisions do you think those big providers have made along the way that other types of potentially smaller continuing education providers should take note of?

Dhawal Shah: [00:06:27] Someone like Coursera or Udemy, there's probably a lot to learn from their interfaces because they probably spend on A/B testing. Overall, I think they're more of a marketing partnerships company. Coursera relies on their partnerships and building great landing pages and marketing. I think the platform itself hasn't evolved that much. I'm not sure what a small business can learn because they have to grow every year for the sake of growth. I think that's the onus on them now. They're a public company. Something else is driving their decisions, and it's not purely the learning experience. Small players have the liberty—if you're a small, bootstrapped, profitable one like Class Central is—to focus on just the things that matter to the learners.

Dhawal Shah: [00:07:25] The other learnings that I have seen then are monetization and pricing. They focus a lot on intro courses, so you can know what an intro course charges. There's also how they evolve from completely free. Day one, there were completely free certificates. Then, after a while, they put the free certificates behind the paywall. And then, eventually, they put the graded assignments behind the paywall. That shows the priority of learners—what they are most willing to pay for is the certificate and the graded assignments, and the content comes next. Udemy has a paywall on content, but for Coursera the majority is still a freemium platform, where you can audit a course, but you pay for additional features. So far. I can't predict the future.

Jeff Cobb: [00:08:20] That is interesting that you can look at what they're doing and read between the lines. And smaller providers should look at those companies that have to scale, that have to potentially satisfy shareholders or investors. For a smaller organization, you may be able to do some things differently because you don't have to do that, and that's an important point for listeners to keep in mind. These large providers—the Udemys and the Courseras—obviously have to attract a lot of students. They have to get a lot of enrollments. Is there anything to learn from that? Is there anything that you see them do particularly well to pull students to them?

Dhawal Shah: [00:08:55] For Coursera, it's the partnerships. Their formula is generally a brand name, like a university or a tech company, a hot topic, and a certificate—those are the three elements for Coursera. For Udemy, generally it's the content. They're focusing on in-demand content. Coursera might do data analytics, design, or user interface. Because of certification, they go higher up in the learning journey, more around conceptual, while Udemy focuses more on tools.

Dhawal Shah: [00:09:41] You can learn design at Coursera and Figma on Udemy, and then that informs the pricing. Udemy has to charge somewhere between $10 to $15, but Coursera can charge $50 to $60 a month. Coursera, because of the brand name, is a premium platform. It's not premium compared to a lot of boutique, small…like the live session. In the on-demand world, that's how they have divided their lines. The subscription for Udemy is now $20 or something

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like that, while Coursera is $50 to $60 a month—Coursera Plus. So that's clear. Even though Udemy has a significantly bigger catalog, it shows the premium on the brand.

Jeff Cobb: [00:10:29] There has been more of a shift over time, seemingly from B2C to B2B in this world. It's a varying degree somewhere—the degree to which, say, Udemy is focusing on B2B might be different from the degree to which Coursera is. Do you think that's where all of these companies are headed? How do you see that enterprise opportunity versus the direct-to-learner, more B2C, opportunity?

Dhawal Shah: [00:10:55] The challenge is, with B2C, you have to make that sale again and again, at a Coursera scale or a Udemy scale. Udemy has a number they share in their earnings report, which is the monthly average buyers, and the monthly average buyers is about a million people. So it's a lot of small money that you're collecting from a million people every month. You're impacted by market trends, change in currency rates because you're a global company, B2C. They have also done a lot of deals over the years, like coupon codes and all that. And they have created an audience who is addicted to buying stuff for cheap—they wait for these deals and discounts. They have pulled back on all that.

Dhawal Shah: [00:11:45] There is an upper limit to how many people are willing to buy a course in today's world, and Udemy has not scaled in the last…. Udemy's revenue peaked in 2020—the consumer revenue—and has been declining since then. That's why, for them, the enterprise has grown tremendously in the last four years. I have a theory that the B2C pricing needs to be much cheaper, but, because of the enterprise play here, they cannot actually reduce the B2C price, or companies will be like, "Hey, go to your employees, and just buy it cheaper." I think that pushes the B2C price, and it creates a tension where they can't grow B2C without hurting B2B—especially, I feel like that's true for Udemy. Coursera is already premium, and the challenge they face is one of the earnings calls, the CEO or the CFO said they don't sell company-wide licenses. They sell to a small team because it's more expensive, while Udemy generally sells more….

Jeff Cobb: [00:12:53] Right.

Dhawal Shah: [00:12:54] And even from B2B, they're going to enterprise. Udemy has their strategies to go bigger and bigger—bigger and bigger companies—and they're ready to remove the focus from small business. In a way, to me, it feels more like an addiction of revenue—that they have the numbers; they have to grow. I think it's natural for them to go to one person and get a few million dollars multiyear, and instead of going to get the same amount, you have to go to 10,000 people, and people are fickle. They do have a great marketing engine, so the profit margins on B2C are less. For a Udemy subscription, they will eventually keep 85 percent of their revenue, but, for B2C, they keep maybe 50 to 60 percent of the revenue. Overall, everything for them works for enterprise, and the same is true for Coursera to a certain extent, but their marketing, branding, and certification are much stronger in B2C. They do much better in B2C than B2B.

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Jeff Cobb: [00:14:05] How important in that B2B or broader enterprise market are the credentials and the certificates, or is it mainly just about the content there?

Dhawal Shah: [00:14:18] I have this analysis I wrote "Content vs Credential," where Coursera is a credential company while Udemy is content. That's why Coursera does so well in B2C while Udemy does so well in B2B because Udemy is selling content. For companies, their employees are maybe more concerned about content over credential. They want the skills. Unless you're in some sort of very specific…you need it for compliance. But, if you just want somebody to know Figma or some of your people to know Excel, Udemy is a much better platform, much better license to give to your employees.

Dhawal Shah: [00:14:56] Coursera is a lot of intro content, which is tied to a credential, which is for job-/career-seekers, career-changers. So you do a Google certificate on Coursera for your next job, not for your current job, while you might do a certain specific course, Excel or something, for your current job from Udemy. That's how I place them. The credential is much stronger in B2C, and that's why they've been able to grow their quarterly B2C revenue across more than 100 million while Udemy has struggled in the 70 to 80 range for a long time.

Jeff Cobb: [00:15:36] That's an interesting difference in analysis, and I remember reading that analysis of yours. We'll see if we can link to that in the show notes because I think listeners should see it. You mentioned all of these large online providers now are global companies. They're attracting a lot of registrations/users from outside the U.S. How has that global growth gone? Have you seen them hit pitfalls in doing that? Or are they automatically a magnet for people who want to participate in the content and the credentials that they're offering?

Dhawal Shah: [00:16:10] I think globally there is a lot more demand but maybe less appetite to pay. I looked into your 10Ks, or annual reports, of Coursera, Udemy, and Duolingo, and basically Coursera's U.S. revenue is 54 percent, Duolingo is around 41-42, and Udemy is 36 percent. One of the interesting things, they all say no other country accounted for more than 10 percent of their revenue, except Udemy. In 2024, they mentioned Japan accounted for more than 10 percent of their revenue, but I think that's an outlier. I think they have an on-ground partnership that helps that. But you can make up to 60 percent of your revenue outside.

Dhawal Shah: [00:16:55] At a country level, it's a small revenue, and you have to price it. I just came from India after three months, and Udemy prices are significantly cheaper there. You can get a course for $3 to $4, maybe a bit more. The same course in the U.S. will be about $10. Overall, they have to drastically cut the price to be more competitive in India and other places. Coursera is doing the same. You have to do geo-pricing, but you have to sell it for a lot less, and then you have to sell it to a lot more people, and the appetite to pay is even less there. So I think it's a challenge. They have been able to grow a lot, but the most important market for each of them is the U.S.

Jeff Cobb: [00:17:44] You mentioned Duolingo in the mix there a minute ago. When I think about companies that are innovating with their platform or have an innovative platform, particularly at scale, Duolingo is one that tends to come to mind for me first. They've always

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used it. They've always had a lot of machine learning under the hood. I assume they're making a lot of use of AI at this point. How do you see AI impacting these large providers? I'm sure they're using it in their marketing, but are they using it in meaningful ways around shaping the learning experience, evolving their platforms?

Dhawal Shah: [00:18:20] Yes. The reason gen AI works specifically for Duolingo is because they are more of a platform company, and they have been able to scale their content, and they have been able to add features. With Duolingo, you're not going there to just watch a video; it plays video then quiz. Why Udemy and Coursera have that problem is because they are a content company, and they like to syndicate content from other places, make it feel easy. So their platforms then became more and more like YouTube with a few extra steps. That's how I define it. They made the platform more and more simple, and their content, so far, requires people attach to it or a brand attaches to it.

Dhawal Shah: [00:19:04] I think they've added a support coach, a Coursera coach—or Udemy has. All of them are adding those features. It hasn't really impacted their bottom line. I don't see people saying, "Wow, this is really helpful." A chatbot is a chatbot, and I would rather talk with ChatGPT than the chatbot inside of…. It's the same context. ChatGPT has probably injected way more data, or they're using the same APIs. In a way, they are not able to build meaningful experiences because they have pulled back on the platform, making specialized courses for a certain platform.

Dhawal Shah: [00:19:42] What I've recently seen—not experienced—is companies are trying to do role-play. They're trying to implement role-play. Udemy mentioned that they just launched the feature, and 1,000 role-plays were created by creators and all that. Certainly, time will tell if this is a valuable enough feature that learners will pay for it. Honestly, I can just use the audio mode in ChatGPT and do the role-play myself. What value can you add on top of the existing technology? Because existing technology does so much heavy lifting. And then what value can you add on top of it that people will pay for? Because it's expensive—those APIs.

Jeff Cobb: [00:20:34] Yes.

Dhawal Shah: [00:20:34] If you sell a course for $10 and then add role-play to it, it's cutting into your margin then. That's what happened in Duolingo. A quarter ago, their stocks fell because of the margins, and then they posted record growth, and everything was fine. But Duolingo Max—I think they call it Super Max, but the one which has a video call and all other features— it's eating into their margins and making each user less profitable. But Duolingo is an extremely efficient marketing engine, which is profitable. It's still profitable. For Coursera and Udemy, they probably don't have those margins. Their growth is stalled.

Dhawal Shah: [00:21:16] Udemy makes 800 million or something a year, and their market cap is a billion. For them, it's the gen AI. It's been two years—2023 was when ChatGPT went viral. So these companies haven't meaningfully implemented anything that a user will say, "Let me go. I need to," and they have the resources. Coursera has 700 or 800 million in the bank. Udemy has 300, 400 million in the bank. So the Udemy CTO came back or CEO/founder—one of the

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founders came back as a CTO—and he announced that he's working on a bunch of features, and they're trying to get back to product innovation. All these companies, except Duolingo, have changed their CEOs too, so I think there might be a lag. They're focused on making content, helping with the syllabus and other kinds of features they've added. But, for a pure learner, is there something that's worth watching? I personally believe I haven't seen that.

Jeff Cobb: [00:22:30] Where are these companies going to go? Maybe leaving Duolingo aside. When I look at Udemy or Coursera or edX or any of them, it feels like they just plateaued. You know what to expect when you go to that type of platform. It hasn't really changed in a while now—at least from my perspective. You're much closer to this than I am. It's not clear to me how they would change to necessarily create more value in a way that's going to be viable for them from a business perspective. But what do you think? Is there a way past what strikes me as a plateau right now?

Dhawal Shah: [00:23:03] The numbers tell. Udemy said one percent or negative growth for this year. Coursera has 5-percent growth. In a way the numbers have plateaued, but I think these platforms are pretty efficient and profitable. They're unprofitable on paper because they're investing in other things, but they really want to be profitable. They have plateaued in terms of revenues. Because they're a public company, it's a bigger issue. But, if they were a private company, they would be a very healthy, sustainable business. They would have to at least reduce staff and other kinds of things, but I've been waiting for two years. I think they owe their growth not to products but more to marketing.

Dhawal Shah: [00:23:48] For Coursera, it's the marketing and partnerships. They used that university brand so they could build a strong brand, and then they took that brand and started partnerships with tech companies. I personally believe, at this point, Coursera makes more money, more revenue—at least in B2C—from their company certificates or professional certificates than from their university. That's been their growth engine for the last few years. They might have plateaued even before the pandemic, and the pandemic gave them a boost and increased the height of the plateau. For Udemy, they made sure they reached the plateau very quickly in B2C but took a while to get into B2B. So I'm also waiting for them to launch the next big feature.

Dhawal Shah: [00:24:38] With Udemy, there's still, hey, if I want to learn something that was announced last week or a few weeks ago, Udemy is the cutting edge. And Coursera is like UI/UX or some sort of data analytics. Some are like, "I want to spend six months on something, three to six months on it." That's where I would go for Coursera. And they keep launching new certificates and new partnerships. But the rate of launching these new professional certificates…then the older ones expire in a way because they might be less relevant, older. So it's not fast enough for them to grow their revenue because it still takes a while to get Microsoft or Google to create. Even if Coursera is funding it to a certain extent, it still takes a while to create a three- to six-month certificate. They can't really scale that quickly.

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Jeff Cobb: [00:25:31] If you were advising a smaller provider of online education, or maybe somebody wants to start up an online education business, and Udemy or Coursera are out there and overlapping, semi-competitive in their space can potentially take away some of their prospective learners, what would you advise them to do to stand out, differentiate themselves, be able to compete in that environment?

Dhawal Shah: [00:25:56] Do not compete head-on with pricing and say that you're on-demand platforms. Their on-demand content would definitely be a much cheaper scaled platform. Definitely do not compete head-on with them. I feel like there are plenty of opportunities. If you can get your marketing and can have a steady stream of traffic and people coming to you, there are plenty of opportunities for small providers/small platforms to create—and create a more comprehensive program. Because all of these layers sometimes give you a lot of videos, but they're very simple, and they don't have a community.

Dhawal Shah: [00:26:38] Communities can be a big differentiator and support. They tend to be very isolating platforms. They don't have Webinars. They don't have places to connect with other learners, other humans. They are very agnostic. The professors that chair, they put the course on instructors, and they're not involved at all. Smaller platforms still have the ability to interact, get people through a much longer commitment. At this point, it's still difficult for a learner to do a six-month course. The most motivated people do. But doing six months of self-paced, on-demand learning on their own—having some other ways to keep them engaged. It doesn't have to be technology; it can be human. Domain expertise always matters. These are very agnostic platforms.

Jeff Cobb: [00:27:35] Right. Very generic.

Dhawal Shah: [00:27:39] Yes, they will release a course and keep it for years and years. But, if you are in small, in the industry, and all that, you can provide the learners with updates and be like, "Hey, this is what's happening in the industry, and I can show your expertise, not just through teaching but also through the knowledge of the industry." That's what I do to a certain extent too. It's like, "Hey, we have a catalog, but here is some analysis of what we know because we built this catalog. Keep an eye on the platform."

Dhawal Shah: [00:28:07] And, for us, it's been a very successful strategy because that's how people know about us (Class Central), and the brand becomes stronger. A catalog is very passive—you keep putting courses; people come and search. But the report where we do analysis and other kinds of articles is an active entity. It's a way for us to engage with the world. I've seen multiple companies over the years who spend so much time building the catalog, but then, once they launch it, they're like, "There's nothing to share, nothing to say." There are ways to keep the engagement going, build the community. The big players would never want to do that.

Jeff Cobb: [00:28:47] We're switching gears a bit to wrap up. We have a tradition of asking guests on Leading Learning about their own approaches to lifelong learning, so I would love to hear about some of your habits and practices, maybe some of the resources you look to. Do you

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spend much of your time in these Udemy or Coursera courses, or are you going for other ways of supporting your own learning?

Dhawal Shah: [00:29:10] It's all goals and phases. What I like about Udemy and Coursera is they're structured—generally Coursera more. I always like the academia way of teaching and pointing to research papers and all that. It feels pretty cool to me. We used to run a community inside of Class Central, where we did courses together, like a study group, and we also did some products—we called it "cohorts" because everybody was into cohorts a few years ago—where we took a course online, we put a start date, and then discussed it as a community. So that's when I finished a lot of courses, with the community. At this point, you do what you need to do. If I need to do a Google Sheet formula or something, with ChatGPT, I can just ask it.

Dhawal Shah: [00:30:04] We have to figure out how do you keep learning? It's easy to do now, but that doesn't mean you know the topic, and you might be stuck at a beginner level in everything because you're just asking questions to a chatbot, and it gives you the answer. That's something I'm trying to figure out. Where should I invest so that I know? Usually, what I've known from myself is the more I know about the topic, the better I can use gen AI for it. I can use it in coding in the languages that I use, but, if I try to do an experiment and start something in a different language and build an app from scratch, it really doesn't work. It doesn't work for me. The writing we do, we try to push for human-written content as much as possible. I still believe in human expertise. It doesn't scale, but, being a small business, it allows me the freedom to be more creative and talk about the things and do the things that I enjoy.

Celisa Steele: [00:31:10] We're not done quite yet—keep listening for our recap.

Jeff Cobb: [00:31:14] At leadinglearning.com/episode455, you'll find show notes, a transcript, options for subscribing to the podcast, and links to the Class Central Web site and Dhawal on LinkedIn.

Celisa Steele: [00:31:27] And, if you enjoy the Leading Learning Podcast, we'd love for you to share an episode with a colleague or two who you think would benefit from listening.

Jeff Cobb: [00:31:35] Celisa, when you think about the conversation with Dhawal, what are you taking away?

Celisa Steele: [00:31:39] I think his take on the value of community as part of learning is something I can wholeheartedly endorse, and I appreciate his perspective on community as a potential differentiator when learners might be comparing a Big Learning option to something offered by a learning business.

Jeff Cobb: [00:31:57] I also think the "content versus credential" lens is potentially useful to learning businesses in looking at their offerings and assessing where they're putting the emphasis for individual products and their portfolio overall.

Celisa Steele: [00:32:11] Yes, and then also Dhawal's comments about the addiction of revenue—that pressure that Big Learning providers feel to grow and grow revenue—also reinforces for

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me the emphasis that we put on reach, revenue, and impact. Truly successful learning businesses are going to focus on all three and not give undue weight to anyone—even that important revenue one.

Jeff Cobb: [00:32:33] So that's it for this episode. Thanks again for listening, and see you next time on the Leading Learning Podcast.

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