

Coursera, Inc. NYSE:COUR

Analyst/Investor Day

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Call Participants

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Presentation

Cam Carey

Head of Investor Relations

Hello, everyone, and welcome to Coursera's 2023 Investor Day. I'm Cam Carey, Head of Investor Relations. And on behalf of the entire team, I want to thank you all for joining us in person. It's great to see so many faces.

You're going to be hearing this morning from several of our executive leadership team, starting with a strategic overview by Jeff. Shravan is going to come out and talk about how we strategy in the reality through our platform. And then Leah is going to cover how we are growing across our customers, our paid enterprises, our institutions, our learners and of course, our degree students. And Ken is going to wrap up the formal presentation with a better understanding of how our historical performance is going to translate into the road map for the future.

And so before we start, I must let you know we'll be making forward statements in today's presentation. Any statements that refers to expectations, projections, outlook or any sort of forward commentary is a forward-looking statement based on today's assumptions. With that being said, actual results may differ materially, do a number of risks and uncertainties in our SEC filings, you can find them.

And with that being said, let's welcome Jeff to the stage and get started.

Jeffrey Nacey Maggioncalda

CEO, President & Director

Thank you, Cam. Thanks. I was not expecting analysts to be applauding when I get on the stage. Thank you all for coming. It's a good day in my life when I get to talk about Coursera. My wife will tell you that, somewhat disparingly. My colleagues will tell that. My daughters will tell you that. Any time I have an audience who is interested in Coursera, I'm happy to talk about Coursera. And I think you're going to like what we have to say. I'm really excited about where we are and what we're looking forward to hear. I'm going to start, as Cam said, to talk a little bit about strategy, and then Shravan will talk about the product technology, the platform. Leah will talk about growth opportunities. Ken, one of your best friends will talk about financial models and kind of how we're thinking this might model out in the coming future.

So I'd like to start my presentation with this. These are the 15 UN sustainable development goals, and they were put -- the 17, they were put together in 2015 to basically kind of align countries on what it will take to create human prosperity and to protect the planet. And I'm kind of biased and maybe you are too, but I think that one of these is more important than the rest because education has been historically and continues to be the path towards human prosperity. Education is the thing that helps to reduce inequality, reduce gender bias, create more equal opportunities for people. Of course, education offers an awful lot of opportunity, knowledge and skills, economic opportunity, the ability to create better circumstances for more and more people. Education is also the way that we understand how our climate works, how to produce in a more sustainable way, how to consume in a more sustainable way, how to build strong institutions that can better serve the human population and also address the other sustainable development goals as well.

So I'd like to think that from education, like all good things come. And to be at Coursera and not only to be a platform that helps educate but to work with educators is really a thrilling privilege for me. Now where this started is a couple of professors, probably not surprising. Andrew Ng and Daphne Koller. They were both at Stanford in 2012 when they were teaching computer science and data science courses. Andrew had a very popular course on machine learning, oversubscribed to Stanford. So they started putting the videos up on the Internet, hundreds of thousands of people came. They said, we should start a company dedicated to making this kind of high-quality education available to everybody. And so that really was the genesis of Coursera.

And when I think about this, I think my job and the job of the exec team is to basically be the stewards of this mission and to build a valuable company for our shareholders. But it really is both of those things. And I think what really motivates us is the mission. And the world is changing really fast. It's a hard job. It's a hard sector to be in sometimes. But this kind of, I think, passion really provides a lot of energy and purpose to all of our team members and certainly to me to try to honor what these founders have created.

It started with Stanford, but pretty quickly grew to a lot of universities who started putting courses on Coursera. That was sort of the [moop] revolution back in the day. And what this did is it attracted a lot of individuals. The individuals, they came for University of Illinois and Michigan and Penn and Princeton and Stanford. And now they are universes all around the world. And when the learners all came, a lot of industry partners started saying, we'd like to provide some education to people as well, especially the tech platforms who realize that the value of their platform is heavily dependent on a developer community who knows how to develop value on their platforms.

And the ability to certify that so that their customers, the customers of Salesforce and the customers of Google and Microsoft and AWS could say, this person is certified to be a cybersecurity analyst or to be a software architect on this platform. And so as platforms have relied on developer communities, the tech players who build the platforms have gotten into the education and it's not just the skills, it's the credentials that really matter because it's hard to know who knows what. And so credentials are a really important way of showing employers and showing other institutions that this person knows something at a level of quality that's required. So the industry players come on and now we serve over 100 million learners all around the world, 80% of whom are outside the U.S. And we're still growing at a good clip today, and Leah will talk to you more about that as we go forward.

As I backed up and say, well, okay, that's a really sort of inspiring a noble mission. But what is the fundamental predicate of the investment thesis? Like why should Coursera exist? And why should it do well? A lot of it has to do with fundamental forces that are driving the need for education, skilling and upskilling. This is a great chart based on some data from Oxford that talks about, I think, the kind of the prime mover, of Coursera here, which is a change, change. The world changing creates threats and opportunities that require humans to learn new skills and develop human capital. What the chart shows is jobs that are most vulnerable to technology and automation.

These are generally jobs that are predictable and repeatable. Predictable can generally be done by machine learning. Repeatable can generally be done by robotics. These are low-wage jobs held by people with no formal education. These are waiters, cashiers, retail sales, freight movers, personal carriages, et cetera., whose jobs are at risk of being automated. This compares to those blue bubbles people with college degrees making high wages, doing knowledge jobs, which are generally at least until recently, thought to have been far less vulnerable to technology and automation. And so a lot of what we need to do is to help upskill and reskill all these people whose jobs are going to be automated so that they can take advantage of the new job opportunities being created by technology.

Now the big, what about, is generative AI. I've been absolutely obsessed with ChatGPT probably most of you have as well. My view is, this is a fundamental game changer. Like I don't even know what society is going to be like in 18, 36 months. When every major software platform builds that ChatGPT and other generative AI technologies into their software, it's going to show up before people even know what to do with it. So I don't know if generative AI is going to take a lot of these knowledge jobs and make them more vulnerable as well.

But in any case, the rate of change driven by technology and globalization is creating major change in the way that people do jobs, the way that businesses run and the skills and the knowledge and the credentials that people need to effectively add value to these companies. So as Bain said, in 2022, this is more true now than ever. The big challenge for all of us is trying to figure out how to transition workers from declining occupation to jobs of the future, especially in a world where a job of the future that we thought like 6 months ago might be now declining occupation. I mean it is changing so fast, it's mind-blowing.

Our developers are using GitHub with Copilot. They're like this completely changes the way I code. My daughter, she's 25 years old. She graduated from Duke, Computer Science degree. She works at Duolingo. She's using Copilot. She's like, dad, this is totally, totally different. I'm glad she's a computer scientist

now because I don't know what the future is going to be for entry-level computer scientists and software engineers. The world is changing really, really rapidly.

Now what this is going to really impact is, of course, the whole -- almost the whole global population, but especially young people. So this is a chart we just put together recently that I kind of like. Cam, nice job putting this together. What this shows is in different regions, what is the number of people in the region who are between 0 and 14 years old, okay? That's the big number here. 67 million young people in North America, 155 million in Latin America, 0.5 billion in Africa. 42% of Africa's population is younger than 15 years old, okay? 26% of India's population is younger than 15 years old, 364 million people.

These bubbles are the gross enrollment ratio. What percent of people today start post secondary education? So here you have Africa, 0.5 billion young people, only 10% of them today go to college. If that number goes to 50% which is the goal, by the way, that India set out in their new education policy, you're going to be seeing tens and hundreds of millions of people around the world trying to get access to good, high-quality, credentialized higher education.

So there's a lot of focus on what's happening in North America. That's fine. It's important. There's a lot of money being spent on higher ed. This is a global challenge that deserves, we think, a global platform opportunity. So how well equipped is higher education to deal with this? This [indiscernible] one, it's hard. So here is a survey from HolonIQ. This is a global survey of higher education. This is among universities. Last year, this was the survey results in 2021. In 2022, university said the #1 challenge for their university is dealing with digital adoption. So you might have thought, oh, during the pandemic, it was really hard to deal with digital adoption.

The problem is getting more severe, not less as the world changes faster and now universities realize. It's a hybrid world, and that's really, really complicated. Number 2 is budgets and funding cuts and number 3 is changing workforce needs, right? This is a world in change, putting a lot of pressure on one of the biggest industries in the world unaccustomed to being able to adapt very rapidly to change. So we think that this is a really big opportunity. The society needs to be addressed, and we think we and our partners are in a good position to address it.

Now it's not just threats that technology creates. When I look at what's happening, and I've been traveling all over. In the last 5 months, I have worked in 34 countries. And since January, I have been to 20 cities. And I talked to the businesses there. I talked to the governments there. I talked to the campuses there. And sometimes they meet with the students at the schools who are using Coursera. One of things everybody is like, oh, the pandemic drove people online for online learning. What I think is underappreciated is what the pandemic has done for remote work and globalization -- what we call the globalization of talent.

So when I was at Financial Engines 20 years ago, we had an office in India. But here's how we had to do it. We're like, we need to hire a bigger labor pool, where should we go? Where should we open an office, Oh, let's do it in Noida is where we had our office. And then we opened up an office in Noida, we hired people in Noida who could get to the office with them like 45 minutes by a car, which is very difficult because there's a lot of bad traffic in Noida. But that was the old model, like where do we open an office.

Here's the new model. where I have digital jobs like data science, computer science that could be done remotely, where is the best talent at the most affordable price. Coursera has moved to a work from anywhere policy. We hire people everywhere. I was in Kerala, the other day, meeting with some government officials. I didn't even know that they're trying to create a remote work environment for people in Kerala, India. And I said, hey, does anybody of Coursera live in Kerala? Two people said, yes, I live in Kerala. I said, come down, and I want to interview you in front of the ministers. I didn't even know we had an employee in Kerala. And here we had someone who is an enrollment counselor came down and talked about his life story and how with a single mom, not going to college, he took courses on Coursera, learned skills, got hired by Coursera and now he's speaking to the ministers who are trying to create a vision for the state that is basically his life story.

The big difference is that any company can now post jobs to anyone in the world. And when I was down in Lima, Peru, at [indiscernible] talking to the students, the students know that these jobs are now available.

They don't have to go through the career services center. They're like, if I learn English and I learn data science, I'm going to get job opportunities, not just in Lima, not just in Peru, not just in LatAm, I'll get jobs the U.S., I'll get jobs in Europe. I can get jobs all over the world. This globalization of talent, I think, is a massive opportunity for lots of folks. It's definitely an opportunity for people in emerging markets to develop skills and more dramatically rise their ability to gain economically from technological change. It's a great opportunity for businesses to play for a global talent pool. But it's also a great opportunity for Coursera because the value of learning is way higher when there's a lot of job opportunities that are available to you that are beyond your local place that you live.

You can now get skilled from anywhere at any time. And increasingly, you can get job opportunities that are no longer place dependent. And if this continues, then I think the value of coming to Coursera and earning a credential is going to be bigger and bigger. So we're very excited about the globalization of talent. So let's talk a little bit about Coursera and like how are we playing into some of these trends. As I mentioned, it started with Andrew and Daphne educators, they put on some courses, it drew a lot of learners. Like this is the beginning of a 2-sided platform. That attracted a lot of university partners that attracted a lot of industry partners. So it was really the fact that a lot of learners came for the brands that helped us get this platform started in the first place.

Then in about 2016, we started offering Coursera for business. Businesses started saying, don't just offer these courses to individuals, offer them to us. We have to upskill our people. We're moving to the cloud. We're trying to do machine learning. We're trying to do agile project management and leadership through change. And you have a lot of great courses. And so we started offering Coursera for Business. And then a year later, we offered Coursera for Government. Originally, this was to upscale public sector workers. During the pandemic, we saw a big shift. Governments started saying, I don't have to just upscale my public sector workers, I need to upscale my citizens because youth unemployment is destabilizing for governments and for societies.

And so now what we're seeing is governments are recognizing that online courses with credentials can help scale people at much lower cost, prepare them not only for jobs that are available in the country. But importantly, especially for any -- like if you want to see a list of what I'm talking about, go to the list of all the countries that offer digital Nomad Visa programs. Those are generally nice climates where they have a lot of tourism. They're trying to get people to come and work and stay there. One of the things I say to all the heads of state of those countries is, why don't you train your own people to stay here instead of leaving whenever someone gets -- wants to go find job opportunities? The ability to train citizens with great online programs is something that's becoming more and more clear to governments.

And then the final thing that we launched in October of 2019 is Coursera for Campus. So it turns out 4 months before a global pandemic closed basically every school in the whole world. We offered a solution that helps universities and colleges integrate online courses into their college curriculum. And so this is really what we call our Enterprise segment, Coursera for Business, Coursera for Government, Coursera for Campus. A lot of people think about just Coursera for Business when they think about Enterprise, but it really is all 3. Basically, it's the same solution but a pretty different set of buyers and a very different competitive landscape when we think about who's playing in each of those verticals.

And then the final side of this triangle, which you're all probably like well, what about that? It's, how do we connect learners to jobs? If we're saying that there's a demand for skills that has been unprecedented and people who have those skills can now work remotely in other geographic regions, wouldn't it be really valuable to help learners who have skills, find job opportunities and help employers who are looking for talented low-cost employees in emerging talent pools get connected to the learners who have those skills. And so this is kind of where we're going to be focusing for the next 3 years or so is connecting these learners to job opportunities.

Now since the IPO, we've grown a number of these things pretty nicely, 40 million -- about 40 million registered learners, about 100 new educator partners and about 750-ish new paying Enterprise customers. Now the question like, well, what do we really offer and how is it different? Because content could become a commodity. And with generative AI, I think there's going to be a lot more content. So anything that is not distinguished, I think has a risk of becoming more commoditized. How do you

distinguish things? Well, we think that the catalog of content and credentials on Coursera is very unique and valuable. We have been growing it over the years, and it's not just courses. We have lots of different formats now. So we have formats to go from a 5-minute clip, 200,000 of these clips that are embedded in these courses. And these are clips of like expert lectures and industries experts in the courses, but you could take them. We just launched this in May of last year, a 5-minute clip all the way to a 4-year bachelors degree in computer science.

And then there are other things we'll talk more about hands-on projects, these professional certificates that are really appealing to job career starters and career switchers are also seeing good traction. And it's not just the content, it's the credentials. It's the idea that I could start with the 5-minute video, it's part of a 10-hour course. If I finish that course, I get a certificate. That course is part of a professional certificate. If I finish the professional certificate, I'm more qualified to have an entry-level digital job. And by the way, built in the certificates are these hands-on projects. And I've built these 10 projects, which now become a portfolio I can show to an employer. And if I want to, these professional certificates can count towards a college degree. We call this stackability, the idea that one piece of learning and credential can turn into a bigger piece of learning and credential, each credential becoming more valuable in the advancement of somebody's career.

All right. So what does this look like in terms of execution? If you want to think about our strategy in the most simple way, it looks like this, try to find every career starter and switcher in the world, go to consumers, go to campuses world, the students are going to be starting when they graduate and go to governments who are trying to upskill their citizens, go to businesses who are trying to figure out how to skill up and reskill their employees. Then offer the best catalog of world-class content and credentials in a stackable format. In the Career Academy where professional certificates is turning out to be a really foundational piece of our catalog. I'll talk more about that in a second. Then with the content and skills that have been developed and with the credentials and projects that are evidence of knowledge and skills, help people get jobs.

We call this career pathways and help people get degrees. We call these Degree pathways. We're doing a lot of work with ACE. This is the American Council on Education, to do credit recommendations where they sort of certify these professional certificates and recommend the universities to issue college credit degree for any of these professional certificates that have been completed on Coursera. It opens up a vast new array of opportunities for someone to come in start in a flexible, affordable way and have that via pathway to a job and a pathway to a degree. I'll talk about that more in a moment, but a number of our degree programs, except as credit work that was done in these open courses and these professional certificates. That's what we call Degree pathways.

All right. So let me talk a little bit about how we've made some progress on our -- the content and credential catalog. We have brought on 35 new university partners since the IPO. A lot of these are in non-U.S. markets. The key thing about our university partners is, number one, these are trusted institutions. Number two, they have the most valuable learning credential in the world, that's called a college degree. And yes, some people say that college degrees are broken. I think that they're going to be fixed. We'll give you some idea of what that might look like. But they're valuable, and they're trusted by employers. So even though there are micro credentials, employers still say that the #1 credential that they want to see as a college degree, like that's the best signal that they have in hiring a new employee. They are also good, these universities are teaching durable skills in creating community and collaboration in the way that they teach, but the brand, the credibility and the credential are incredibly important.

Now on the industry side, we've been making a lot of progress, 65 new industry partners since the IPO. These are trusted institutions. These institutions have branded industry credentials. It's not a degree, but these are industry certifications. These certifications are recognized by employers. And you can get the theme here, right? Institutions offer credentials that employers are looking for to figure out who has, which knowledge and skills to do the job. They are a little bit more job relevant and understand what kinds of skills and tools and knowledge needs to be taught to do a job, and they also are really good at the tool-based training that you see in the projects that are on Coursera.

So what we have is a wide array, not just of content, but of credentials and not just degree credentials or professional certificates. But stackable credentials can start small and can get bigger and bigger, bigger over the course of someone's career and lifelong journey. What we want to be is the single place that any learner in the world can go to get access to the most relevant trusted, branded, credentialed learning to help advance their careers. When the world would change the number of career opportunities that will be threatened and the number of career opportunities that will be created, we think is getting bigger and bigger as technology progresses.

All right. Let's go to Coursera Plus. This is on the Consumer segment, a very quick update here. As many of you know, we've been pushing more and more to move to a pricing model and a service model where learners can actually subscribe to 7,000 courses, projects and other job certificate programs on Coursera. We're making good progress. In 2022, we had over \$100 million in Consumer revenue coming from Coursera Plus, and we're making -- continue to see pretty good progress in making this more of a subscription-based segment.

Now on to entry-level professional certificates. We've been talking about this ever since January of 2018 when we launched our first Google IT certificate with Google. Before I talk about the certificates, I just want to give you some survey results. And we had the full reports if you're interested. We've commissioned this huge global study of industry micro credentials, where we basically asked 3,300 students and 1,600 employers in 11 different countries for their perception of industry micro credentials and how they might fit into university and other college degree programs. What we found is that students said, I really like these, and I really want these. I want to get a professional certificate as part of my college degree experience. 90% of students said that they thought if they graduate both a degree and a certificate, they would stand out in the hiring process. and 76% said they'd be more likely to join a degree program that offer professional certificates as part of the degree.

So remember that statistic because we're going to show you what we think is going to be a good design for working adults in terms of what is the future of the degree look like. Leah is going to be talking about that in a little bit more detail. So this is what students think. Well, what do employers think? What employers said, and again, across 11 countries, 88% of employers said, yes, if there were 2 candidates and 1 had a college degree and 1 had a college degree plus a professional certificate that would really favor the person with the professional certificate.

I'd rather have 2 credentials than 1. And I would be 70 -- they said, I would 72% more likely to hire someone who had both a degree and a certificate. Do we have evidence that they do higher? No, not yet, not in any substantial way. But clearly, employers are looking for something to distinguish graduates more than just a college degree. And so I think it's really going to be more of a hybrid credential that most students are trying to earn and most employers are going to be looking for when they're thinking about who to hire in these attractive positions.

Now how we've built these professional certificates over time. I mentioned in January of 2018, we launched the Google IT certificate with Google and the IBM Data Science certificate with IBM. Since then, each of the circles represents a new certificate and the logo is the company that issued it, but we basically now have 31 live entry-level professional certificates. These are job training programs for high-demand jobs that pay well, do not require a college degree, do not require prior work experience, and you can learn the skills online. Those are the 4 basic criteria that we look for when we actually decide which professional certificates do we want to build and with whom do we want to build them.

Today, we have almost 6 million cumulative enrollments in these professional certificates. And when you think about our degree segment, and remember that number because these will increasingly be part of degree programs all over the world. That's our prediction and that's what we are working to make happen on a global basis. It's a hybridization of the college degree. We expect to have 50 professional certificates live by the end of 2023. We've already announced these brands here. Today, I'm announcing the Epic Games, Zoho, Fractal, Keller Williams, which is a real estate firm, is going to be putting the other professional certificates, and they're not just going to be in IT. These are going to be for any entry-level job in high demand that does not require a college degree, does not require prior work experience, and you can learn the skills online.

So how do we actually sort of merchandise these professional certificates? We wrap them in something that we call Career Academy. On Coursera, Career Academy is branded Coursera. When you go to Hawaii Pacific University, Career Academy is branded Hawaii Pacific University. If you go to Kazakhstan, Career Academy is going to be branded with every university in Kazakhstan. I'll talk about this in a second. It's like a turnkey academy that could be branded by any institution that wants to upskill or reskill people in these entry-level jobs. So the basic idea is work with an institution who is trying to help a career starter or career switcher, provide professional certificates in these job aligned training programs with hands-on projects that could be shown to employers and have great industry brands and then help train them for specific high-demand entry-level digital jobs.

So these are a selection of the certificates that are available right now. And the dotted line is coming soon. The non-dotted line is there. The ACE or those certificates that currently have American Council for Education credit recommendations, which makes it much easier for these to be integrated into college degree programs. But you could see a wide range of IT roles. These are job roles. This is a cybersecurity analyst, an iOS developer, an IT support professional, a data warehouse developer, a bookkeeper, a digital marketer. And of course, we work with brands who are truly expert in the field and who have a brand that a consumer would say, I don't know what cybersecurity is, but IBM probably does. So like maybe I'll take the IBM security -- cybersecurity certificate or Microsoft. I don't know exactly what a developer does, but Microsoft probably does. So the fact that the brand not only conveys the domain expertise, but also really is a good signal to the individual learner that this is valuable, is important.

Also, these brands, when we go to colleges and universities and say, add these as what we call career electives to your degree program for credit. It really helps that we have ACE credit recommendations. That's about duration, rigor, assessments and also the quality standards that ACE basically checks for, but the universities also want to have good brands. They don't want to be giving their students certificates and degree credit for random content from random sources. They really -- they say that the brands matter, and the learners say that the brands matter as well.

All right. On to Enterprise vertical. I just want to show you one example. I mentioned it briefly. This is Kazakhstan, a couple of months ago here in New York at the United Nations meeting, I met with the President of Kazakhstan. The Minister of Education from Kazakhstan came out to California, met our team, and we have announced a big relationship with the country, particularly the Ministry of Higher Education, who I won't read the quote. But basically, what they're doing is they're recognizing that to really move -- remember that bubble chart, to really move knowledge, skills and credentials at scale and help the whole system of higher education adapt to a changing world, buying Coursera for 20,000 students and putting this into 25 public universities all at the same time is a way to up-level entire education systems. I would argue that you couldn't really do that without the quality of the brands, the quality of the credentials, the ACE credit recommendations and of course, the domain and particular skills that they're looking to teach.

Machine learning translation is going to help us become even a lot more effective in being relevant to primarily non-English-speaking populations, but we're really excited about this. And it was in one of our earnings calls a couple of quarters ago. The University of Texas system did something almost identical except it's not Kazakhstan, it's Texas. But basically, governments are looking to say whether it's at the state level or whether it's at the country level, how can I uplevel my entire education system to deal with the pressure that's on those institutions, serve in the individuals and also help employers find talent in my country.

And then finally, I'll give you sort of a sneak peek, and Leah will go into more detail about Degrees. Our Degree growth was not good last year. I mean -- and I -- none of us were happy about how we failed to continue to the growth that we saw during COVID in Degrees in 2022. We did notice though something kind of interesting as certain degree programs were performing pretty well. And some weren't. And so we started to talk to a bunch of customers who are in the degree programs that perform well. We say like, what is it that makes this work. And then we're sort of talking to a lot of learners who are looking for a degree, but they haven't enrolled in one. And what we heard them say is, I'd like to get a college degree, but for working adults, I don't want to waste my money. These things degrees generally are expensive, and it's not always clear that you're going to get a good return on that. And that's all over the news, right?

You go into a lot of debt, and you don't get the income off and to pay for it. I don't want to waste my time. So it's not just money. I'm busy. I have a family. I have a job I don't -- I can't afford to waste time getting a degree that's not going to be valuable to me. I don't want to spend my time trying to get letters recommendation, try to get my GPAs and all this other stuff. And then I put all that time in and that maybe don't even get into the program. If I get into the program, I'm worried, I won't finish because I have kids, I have a job if I get busy, I have to be able to pause. I have to be able to kind of learn at whatever pace I want. And then even if I do finish, am I really going to get a job that's worth it. I mean, after all that time and money I spent -- if you look at the equation at least for U.S. degrees for a lot of U.S. degrees and a lot of working U.S. employees, the equation just doesn't quite add up enough for most people. They're like it's too expensive, too inconvenient and too uncertain that there's going to be a payoff.

So what's the answer? We don't know for sure, but this is the kind of pattern that is really resonating with working adults. This is the master of science and data science from Colorado University Boulder. We launched it in 2021, but we've been actually refining the characteristics of this with CU Boulder. And you can see Jane Wall is the Faculty Director of this program. The fact that it is in data science, a lot of jobs in data science that pay well. By the way, those jobs are also really flexible, remote work. I mean kind of a lot of people want to be data scientists now. It's affordable. We brought the price down to \$15,750. You can start any time for \$49 a month. Like how can you start a degree at any time for \$49 a month. Start with open courses on Coursera. You can do a course on Coursera any time you want.

Well, if you start taking some of these courses, which are available just as courses and specialization on Coursera, that can count as credit if you decide to go into the degree program. So this really makes it a lot easier to say, I'm just going to get started. I don't have to do an application. I don't have to pay a lot of money. I don't have to take out debt. I don't even know if I'm going to like the program. I'll just start \$49 a month. I can get started and see how it goes. Then once you get started, you have -- we have sessions that they do 6 session starts per year. Once you get into the actual cohort-based part of the program, they do 6 starts per year, you can scale back and you can start whenever you want. So you can flex the number of credits as you go. There's not an application. You earn admissions to the degree program by your performance in the courses is performance-based admissions.

So especially if you're in a different country, you don't have all the resumes and all that other stuff. You just perform well. And if you perform well, you're in the program. And then they're building in content from IBM into the curriculum. So now I'm in a program that's not only teaching the data science, but it's also teaching me tools from IBM with IBM instructors almost as guest lecturers who cannot only teach me but help me build a portfolio that so when I graduate, I'm like, yes, I got a real degree from CU Boulder. I built all these projects from experts at IBM, and now I have all the certificates associated with completing the underlying courses, but also a masters degree in data science from CU Boulder, and it cost me \$15,000.

So we're really excited about this model of degrees. Sometimes we call them learner first degrees because this is what working employees seem to really want. So just to kind of summarize why I'm pretty excited about things. It's just a vast and important, I'll say, opportunity. It's one of the biggest challenges the world is facing. How do we help people keep up with how fast the world is changing. It's a big societal need, I think it's a really big business opportunity. I love Coursera's brand. I love the brands of our partners. I love not just the content, but the credentials that come and the ability to reach hundreds of millions of people and thousands of institutions.

Shravan will talk about the scale of the platform, but that's really what gives rise to unit economics and sustainable differentiated advantage. And then Ken will talk a little bit about the revenue growth, which comes from multiple segments, not just one. So I like where we're going. The world is changing rapidly. We're pivoting here and there, but we see the fundamental tailwinds looking more and more promising and our ability to differentiate looking better and better as we go as well.

All right. Thank you, and I'm going to now hand it over to Shravan.

Shravan K. Goli
Senior VP & COO

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There you go. I can dance for you guys, if you want. Thanks, Jeff. It's really hard to follow. I mean I -- sign me up for Coursera for another 5 years. That's exciting. So hello, everyone. I'm Shravan Goli, Chief Operating Officer. Before Coursera, I spent more than 20 years in product general management and operations at large technology companies. And over the past 5 years, I've also helped scale our Consumer revenue segment here at Coursera. So today, I lead talented teams across Coursera in product, engineering, data science, design and services to make our vision and strategy that Jeff laid out be a reality for learners worldwide.

Now the Coursera ecosystem includes individual learners, institutions and educators all served through a single unified platform. And my team asked ourselves every day 2 key questions. First, how do we drive more growth? And second, how do we get better leverage out of our assets. So our data, content, technology, services, and marketing system are leveraged across this unified platform to create great efficiency, scale and competitive advantages. Now these core capabilities are deployed across all of our key 3 segments. So for today's discussion, I want to focus on 3 of these assets. First, our growing data; second, our accelerating content engine; and third, our products and technology that are distinct and that bring our strategy to life.

So let's start with data. Now data fuels our platform, and it's a core differentiator for our business and consumer experiences. So we're able to use data broadly to make learning and skills development more accessible and relevant and to allow institutions to understand the impact of the learning on their investments and then also to enable educators to teach and support students at a massive scale. Now all of this starts with Coursera skills graph. Our founders were professors. And they understood the learning measurement actually requires assessment embedded in structured content. So their decision over a decade ago, allowed us to build our proprietary skill graph, which really leverages the data from over 180 million learners and 500,000 embedded assessment questions in all of those courses and then 200 million assessments taken to date. Now we use this data to power our skilled solutions, not only from mapping our content to skills and job roles, but also to provide content recommendations and sourcing priorities. Now this is the foundation of how we're going to link skills-based learning to skills-based hiring.

Now as we focus on driving stronger outcomes, both for learners, as well as for better ROI for enterprises. I want to highlight several key data powered products that we have created. First is SkillSets. So today, we offer more than 300 SkillSets for in-demand jobs. Now this allows the institutions to set target proficiency levels by individual skill and job role. And then job roles are mapped to target skills and recommended content with the ability to track skills development in real time. Now we initially created this as a Coursera for business offering. And then later on, we extended it to universities using Coursera for Campus.

By using the same technology, level sets help learners understand where to begin. We have over 60 levels and assessments that span data, technology, marketing and finance and business. And then this is basically powered by the same in course assessment questions. So these 15- to 20-minute assessments are designed to help learners very quickly map their current proficiency level to a clear development path at the appropriate difficulty level. Now learners who take a level set are, in fact, 85% more likely to enroll in a course. And they also spend 50% more time learning on the platform, essentially speaking to the personalization that it's offering. Now when level set is completed, it generates skills data. And that can help businesses identify both their weaknesses and then also strengths. And so that can help establish clear learning ROI and then ultimately inform future talent investments.

Now this brings me to Skills Dashboards. Now these were created for talent managers and learning and development and leaders. Because of our data, Coursera is able to offer some of the best-in-class and most comprehensive in-depth skills reporting in the market. Dashboards help companies understand their employee skill proficiency across more than 100 skills. And this can also be tracked at an individual level over time in real time and then also can be benchmarked to choose an industry or peer group. Now for many companies, talent is often the biggest investment. So benchmarking allows them to not only be able to understand the -- and compare the skills of their own employees in their own company, but also to those of the learners across Coursera who're employed at their peer companies.

Now the next advantage I want to talk about is our content engine. Our catalog is unique, fighting content from over 300 of the world's best-known brands. And we believe that gives us 3 key benefits. First, there is strong organic search benefit. And second, learners benefit from and pay for the signaling value of these credentials. And third, long-form content actually takes time to develop and the efforts of these institutions to develop.

So let's discuss how we're actually producing high-quality learning at scale, starting with our flywheel effect. Now the Coursera's 3-sided ecosystem continues to reinforce our platform's advantages. First, our branded catalog attracts millions of learners each year with the vast majority of them acquired for free. This large global learner base attracts more educators who are looking to choose for work. And these partners earn the revenue share both from our Consumer and Enterprise segments. And in fact, they earned about \$135 million last year. Now this growing catalog ultimately attracts more individuals and institutions. So this, in turn, creates sort of this feedback cycle on the job relevant skills that are needed for today's digital careers. Ultimately, this allows us to track more than 300 skill sets today. Now our content strategy centers around a proven methodology to source high-quality learning at scale.

So first of all, it's based on the data that underpins our platform. We're able to identify those which are in-demand skills and those are most requested by both our learners and employers and then match the demand with the educators who have that expertise. Now these educators produce their own content, leveraging our self-service authoring tools and the ingestion tools. It allows existing content to very quickly be imported between their current learning management systems and Coursera. And we use on top of it machines to monitor the performance of these courses the quality of these courses, and that we're helping these educators to optimize and localize and improve our catalog for the international markets.

I want to make sure you understand the important strategy that underpins our approach. Jeff talked about ChatGPT. Now we believe that as machines are increasingly capable of producing content, our educators and the catalog will play an important role in trusted learning. And we see this technology as actually an important tool to further unlock the value of our catalog. So high-quality content will get further enhanced with our platform's capabilities.

Now I'd like to share a few examples of how this strategy is coming into play today. So first, we launched Clips. Clips last May, as Jeff mentioned, there are about 5,000 courses on Coursera today, and these courses are comprised of more than 200,000 individual video clips.

Now these are about 5 to 10 minutes long, and learners can very quickly directly access clips in a course without having to take the entire course. So our data shows that over 1/3 of learners that viewed clips for immediate needs have gone on to enroll in at least 1 course for deeper skills development. Now at launch, we started with 10,000 clips and very quickly expanded to over 200,000 by the end of the year. And most importantly, this was all possible and done through technology and leveraging our existing catalog.

Next, high-quality long-form credentials take time and expertise to create. And I would like to say we've become really good at it. There is value in more transformative learning as these credentials can unlock real career opportunities as we talked about earlier. So we've been focused on significantly reducing the average production time lines for 2 of our most valuable credentials. First is the entry level professional certificates. And then second is degrees. Now I'm also excited to share that we have a repeatable playbook here, and that comes out of leveraging our unified support model, best practice methodologies and technology like our ingestion solution, we've been able to scale the frequency of launches every year. I would say it's a win for our entire ecosystem. Individuals and institutions get access to the latest credentials sooner.

Educators are able to begin revenue faster and then we can sustainably grow our business. Now on the other hand, historically, one of the challenges with producing content at scale was language dependencies. Educators tend to produce in their local language, but learners are coming from all around the world. And they're seeking high-quality education and they deserve this opportunity to learn from these experts. However, human translation of a course today costs a lot, approximately \$13,000 on average. Now we can actually slightly reduce the cost through machine learning and post editing. But what's exciting to me is

the recent advancements in the quality of machine learning technology and translations are beginning to solve these barriers at a fraction of the marginal cost.

I'm also excited to share that our team is working on building a scalable translation engine for the Coursera catalog. For us, the goal is to rapidly expand the availability of fully translated courses. And what we mean by fully translated courses, a course consists of modules, which consists of lessons, which consists of items. An item can be a video, a lecture, a quiz or a project, an assessment, all kinds of things. So it takes a lot of effort to translate the course into -- fully into different languages. So our goal, we ended last year with about 900 fully translated courses. And this year, we're targeting to expand this to about 14,000 courses starting in about 7 key languages.

Now I want to share a few highlights for how we're delivering on our product and technology vision. Now Jeff earlier shared our pathway vision for the Coursera platform. And what I would like to show you is how 3 of the products and technology actually make it possible. First is Career Academy. Second is guided projects; and third is stackability into degrees. So I start with Career Academy. We announced Career Academy at our conference last year. It was possible because of this growing catalog of high-quality entry-level professional certificates and guided projects.

And Career Academy was essentially designed to equip learners who do not have any college degree or prior work experience with 2 most critical elements to help them in landing at good job. First is a branded credential that's created and endorsed by an industry leader and that provides employers that's signaling value. Second is the ability to kind of build a portfolio of these hands-on projects using the software applications and the very specific tools that are actually required to do that particular job. And the great thing about Career Academy is that it's constantly being enhanced with new entry-level professional certificates, as Jeff shared earlier.

So the next thing is career pathways through guided projects. Coursera today, we have over 3,400 Guided Projects, which kind of tripled over the last 2 years. For digital skills and software tools, hands-on learning can be most effective than just passively watching videos. So to interact with software, though, an enormous amount of time gets wasted in downloads, installations and configurations. This is why we acquired the Rhyme technology that powers Guided Projects several years ago.

In Guided Projects, learners get a virtual cloud desktop with the software and the data fully pre-installed. And most importantly, learners will have a tangible output at the end of these projects, including a downloadable portfolio, they can actually use to showcase and demonstrate their abilities to actually a potential employer. Now it's part of our vision for connecting skills-based learning to skills-based hiring, leveraging Coursera technology.

My last example is Degree Pathways, linking our open content discovery experiences to degrees. Last year, we started rolling out enhancements to our catalog search and discovery with credit-eligible filtering and badging. So what it allows us to learners for very quickly, identify content and credentials that count as credit towards a college degree. And additionally, our Degree description pages now include stackable credentials that allow learners to earn credit for the completion of a certificate. As an example, the Google IT support certificate stacks into 2 bachelor's programs on Coursera. One is from the University of London. And the other is from University of North Texas. So this allows learners to start with an industry micro credential and then our university of specialization and then get credit towards their degree when they're ultimately ready to take on that next step.

Now as much as I enjoy seeing our vision come to life through these products and technology, the most inspiring part of working at Coursera is the impact we have on learners around the world. Education for all this sake is wonderful. But education that creates opportunity is truly transformative. And I want to close my remarks today with something special. This spring, Coursera will publish our 2023 learner outcome report. And to date, we have collected nearly about 50,000 responses from learners in around 190 countries. And because our mission is so deeply ingrained in our business, I wanted to give you an early preview of what we're hearing from these learners.

First, 74% of all learners intend to continue learning through enrolling an another Coursera course or program. Second, 77% of all learners report that learning on Coursera has benefited their career. That

may have been a new job that may have been a promotion or completely upskill into another domain. And then 37% of these learners intend to continue their learning through enrolling in another online or in-person degree program. Now what I found most remarkable is that in every response, learners in emerging economies actually responded higher, underscoring the importance of our mission to learners around the world.

And with that, I'd like to invite Leah to the stage. Thank you all.

Leah F. Belsky

Senior VP & Chief Revenue Officer

All right. Thank you so much, Shravan, and I'm super excited to be here. So I've been at Coursera for the past 7 years. And during that time, I've seen this business expand into new verticals, into new segments, launching new products, and most importantly, impacting the lives of millions of learners around the world. Before assuming my roll as CRO, I led our Enterprise business and grew that business rapidly into many new channels and segments. And this morning, I'm going to tell you how we are going to grow in this next phase.

There are 4 key takeaways I want you to focus on in the next 15 minutes. First, one of the things I love about our model is its diversification. Jeff asked me the other night, Leah, do you like your new job as CRO? And I said, yes, and he said, why? And I said, because I have multiple levers of growth to drive this business to the next phase and that is enhanced by the underlying platform that Shravan just told you about. This is especially helpful in a moment like now where there are unpredictable effects of the economy, and we have to respond in different ways.

Second, our Consumer segment is vibrant and growing at scale, and I'm going to share more about that. Third, Enterprise is a massive opportunity, and we have unique assets that specifically cater to additional verticals. And lastly, our Degree segment is back on track. We care deeply about this segment. And as Jeff mentioned, we spent a significant portion of last year figuring out what our learners want and the types of partners that can help us accelerate growth.

So let's go into more detail on each. As you know, the Coursera platform has 3 segments. All of them have different revenue models and are each at different stages of maturity. Consumer, our B2C segment accounts for the majority of our revenue today, and it's increasingly sold on a subscription basis. Our Enterprise business serves 3 verticals, businesses, campuses and governments. This is a traditional enterprise software model, including our own direct sales force and multiyear contracts. And in Degrees, we earn revenue when learners take a program on our platform over a series of years from one of our partners, who in turn pay us in a percent of tuition.

Our ecosystem allows us to participate in several going -- growing markets, but also provides cost advantages in how we compete in each of these segments. Our growth starts with the top of the funnel. Traffic to Coursera has remained durable over the past 2 years as we've added an average of 5 million new learners each quarter. And the value of those learners extends not just to Consumer, but also to our Degree segment. At the time of our IPO, we shared that a large portion of our Enterprise leads and Degree leads, students come from our learner base. And I'm happy to report that those advantages have continued to scale with our business model as we've grown.

So let's dive into Consumer in detail. Our global learners are diverse. They come from all corners of the world, and we saw strong growth in the largest countries as well as fast growth in the emerging markets. We expect this to be an important part of our success as the demographic changes that Jeff described continue to take hold. Our survey results show the vast majority of learners come to Coursera seeking career outcomes specifically. That could be landing their first job, switching into a new field or advancing skills for upward mobility. And no matter their needs, we seek to serve learners at every stage of their career as they return to the platform. As Shravan shared, we're focused on driving outcomes. And we believe our branded credentials, our platform capabilities and now these growing pathways Jeff described, will better serve Coursera learners as they learned throughout their lives.

Our partners continue to rapidly expand our world-class catalog of content and credentials, which we offer at a range of price points. And as Shravan discussed, we start with the highest quality content and leverage technology to accelerate the expansion of this catalog. Our freemium model and catalog continue to allow us to have advantages with nearly 75% of our learners finding Coursera organically. And then once learners land on the platform, we use data-driven marketing to increase paid conversion. For example, paid learners are 10x more likely to convert into a degree student. And so that's why we've been focusing on driving more paid learners in our Consumers segment and then driving more linkages between our content and degrees. This strategy has driven our growth and resulted in a mix shift within Consumer over the past 2 years. And I'm happy to share that over 90% of revenue is now coming from monthly subscription offerings on the Consumer platform.

This includes Coursera Plus, entry-level professional certificate subscriptions, which can be subscribed to on a stand-alone basis, taken -- typically taken over the course of several months. It also includes specializations and advanced certificates. We're really proud of the strong performance on Consumer, and we believe that there are many more opportunities around pricing, around packaging, around subscription tiers that will play into the strength of our learner base and catalog. As you saw earlier, we have a large international base. And so we see that geo pricing in combination with local payment methods is one opportunity. And additionally, Coursera Plus is currently only offered at 1 monthly rate. So we expect there to be additional levers as we offer new subscription tiers that can drive new paid learner acquisition over time.

To recap, we believe the opportunity in Consumer has never been more attractive. The freemium model is scaling to serve many more new learners with unique advantages. Two, the catalog continues to grow at a rapid pace, particularly with professional certificates. And our subscription offerings have driven more paid conversion and better retention. Lastly, the international learner base allows us to continue serving some of the world's fastest-growing markets.

All right. Let's move over to Enterprise. As you know, the corporate learning market is large and growing. Companies are investing in their talent skills to remain competitive in a fast-changing. This trend has been underway for some time, and it's accelerating. As Jeff believe, we believe we are entering another wave of reskilling and upskilling, imperatives that will be driven by automation and enhancements in AI. Our Enterprise segment serves 3 verticals: businesses, campuses and governments. And as Shravan covered earlier, we get leverage across these markets by using our assets across our platform. One platform serves all 3.

But we also see synergies in our go-to-market practices as our sales force benefits from regional network effects. Coursera for Business is the first vertical we entered. When we started right there in the middle, that's where we focused. Our advanced content and technical domains provided deep skilling in business units or departments. Last year, we launched Clips and our catalog has expanded rapidly. And we now have produced products that enable company-wide transformation, allowing us to compete in this much larger portion of the market, specifically going after L&D buyers that are interested in better understanding, partnering and fueling much broader talent needs of their company.

One example of this is our Academies. We now have academy specific SKUs in domains like leadership, technology and data. And this allows us to land in an enterprise at a price point that enables high-quality training from all employees and then expand with other parts of the catalog offering. In addition to business, our government and campus verticals provide incremental levers for growth. And over the past several years, we've been able to define our land and expand motion in each of these verticals. Businesses can start with an academy and expand to a site-wide license as a talent benefit for their entire organization. Governments can upskill their public employees and then expand their programs to the workforce at large. And campus can start with career electives or through providing job relevant skills to their career academies and then expand our full catalog for 4 credit curriculum ratio.

Let me share a few examples now of what some of these customers look like today. Our relationship with PwC started as a global industry partner in 2016. And this past year, we expanded our relationship. PwC India is now a local partner, offering entry-level professional certificates. And they also use Coursera for Business to provide data skilling particular to drive data literacy in their workforce. I'm a proud resident of

New York, and so I'm excited about this next example. New York State lost nearly 2 million jobs during the pandemic. And at the same time, we launched our workforce recovery initiative that provides governments free access to skills training on Coursera. The New York State Department of Labor later converted to a paid customer and has expanded over time.

And we've learned -- logged over 600,000 enrollments and 1.3 million learning hours in the state of New York. Key to this partnership is a few unique things. One, industry credentials that signal trusted brands and skills to employers; two, ACE credit recommendations, which are particularly important to the local colleges and universities that want to these students, they provide pathways to students for future learning. And so this is really a prime example of the government can invest in the local economy through workforce development training but it has scale that is really unprecedented and at a low cost.

My final example is a curriculum integration use case with FPT. They are our largest -- FPT is the University in Vietnam. They're our largest campus customer. FPT needed an international partner that had high-quality content because they were looking to double the number of students at their university every year over the next period. And today, 20% of all academic credits are earned on Coursera. So students can develop critical emerging skills learning from international experts that help build their English proficiency.

So I hope this gives you a real feel of the business. Each of these use cases highlight the type of customers we're trying to bring on as we grow our Enterprise business. We have very unique capabilities across different verticals and land-and-expand motions. And our product innovation allows us to serve a broader section of the corporate learning market today than we did earlier. Governments and campuses provide additional growth levers that specifically aligned to our platform strength and our international opportunities continue to grow.

Finally, I'd like to expand on what Jeff launched and talk about the long-term opportunity in Degrees. We continue to believe that Degree is a massive opportunity. Today, online degrees and micro credentials are a small, but growing part of the overall addressable market. And while enrollment and our growth were challenged in 2022, this is a massive market that we are uniquely positioned to serve. Enrollment trends show growing demand for programs with strong job prospects. Specifically, business programs still account for a significant portion of online students and domains like computer science and data are significantly outpacing total enrollments due to the demand for these roles and skills in particular.

Today, our portfolio and revenue is largely concentrated in elite universities. That's been the focus of our strategy. prior to the past year. But there is a much broader opportunity for Coursera to address by working with universities that want to take full advantage of our platform capability. So as Jeff discussed, we spent much of last year really stepping back and digging into what kind of degrees do our learners on platform want and what sort of partners would be most willing to provide these type of degrees. And specifically, we were looking for partners that are aligned with these learner first priorities with the unique aspects of our platform and the partners that want to drive scale at a low cost.

So I'd like to share an example of this, example of a partner working today. The University of Colorado Boulder. They launched a masters in data science in 2021. This included a vision to use learner performance in a series of open courses on Coursera as admissions criteria. And the program also has a flexible schedule with 6 academic sessions each year. And they recently made 2 changes that we requested of them after doing this learner research. The first is to make their tuition more affordable. Boulder decided to cap tuition at \$16,000. And importantly, the program does not rely on student debt because learners pay as they proceed through the program nor does it rely on them using financial aids.

Second, they've integrated the IBM Gateway specifically applied data science professional certificate into the program, which means that students can now apply data science methods from a top industry teacher during their course of study. And most specifically, they can graduate with 2 credentials. They can graduate from a degree taught by university faculty and a professional certificate from a leading industry brand. So what's the impact of these changes? Well, since making these changes, we're super excited about their early indicators. First, new learners are converting at 70% higher than they were last year. And recruitment for the spring cohort for 2023 is up more than 50%. So big impact.

We believe it's increasingly clear that student demand exists for degree programs that have the right attributes specifically for working adults. And so that's really the focus forward. And so as you see, by partnering with universities like CU Boulder, we are able to use our stackable credentials, our technologies and our channel to scale their ambitions to reach students who want a degree that has tremendous ROI. I'm really looking forward to adding more partners just like Boulder in the years ahead.

We also continue to ramp our degree efforts in international markets. Last year, we announced 14 degrees with 10 coming from outside the U.S. In particular, we're excited about India, and I want to share some early details about the program from BITS Pilani that we launched earlier this year in the fall. India, as you know, has a large and growing population in need of technical talent and online degrees are really a critical way of opening up job prospects for that population.

BITS Pilani, in particular, is a globally acclaimed Institute in science, engineering and management. This fall, we launched a Bachelors in Computer Science with many of the attributes I've discussed through the presentation. It had affordable tuition for learners, capped at \$4,000 to \$6,000 depending on where learners are coming from, no entrance exam. So what was the result? Well, this fall, we recruited over 300 new students in just 9 weeks. It's a record for our platform in terms of both speed and rate of conversion. And our revenue -- and that -- yes, that was I trying to show.

So what does this look like going forward? Our revenue model for degrees takes time. But we expect this focused strategy and strong recent enrollment performance to accelerate our growth. We shared in February that we expect approximately 10% growth this year in degrees with a strong second half and today, we expect degrees to grow more than 25% in 2024 as we have the key changes I just discussed begin to translate into our financial performance.

So to summarize, we're focused on scaling our existing programs by leveraging our large learner base at a low acquisition cost. We're focused on sourcing high ROI programs for working adults. We're focusing on ramping up our international portfolio. And lastly, we're focused on creating much more seamless pathways from gateways and moves to degrees for learners from our consumer catalog.

So I'd like to now turn it over to Ken to tell you how this growth translates into our financials.

Kenneth R. Hahn

Senior VP, CFO & Treasurer

Thank you, Leah. Hi, I'm Ken Hahn, Coursera's Chief Financial Officer. I know you all know anyway. So that's not news. Before we get to Q&A with the whole team, I'm going to discuss a little bit historic financial results as well as Coursera's financial framework and share a little bit more data with you.

So with that, at a summary level, first, we're a growth company. As Leah covered in detail, we have multiple levers to navigate both the trends shaping the education landscape and the evolving macro environment. Second, we have with our premium model, our large learner base, our global reach, our multiple channels. We have significant cost advantages that allow us to compete uniquely. This includes organic consumer traffic, enterprise leads generated from the consumer learners, which you just heard about and low degree student acquisition cost.

As an example, degrees, student CAC, it's a critical part of what we've been talking of both Jeff and Leah having that lower student CAC allows us to open new markets, including lower-priced, affordable U.S. degrees as well as international degrees, which come at lower price points. And then third, we have an evolving mix of revenue amongst our segments as well as within our segments in the consumer segment, in particular, where we've expanded our subscription offerings. I'll talk a little bit about visibility in just a minute with some data. And finally, while making investments in our long-term strategy, we're committed to continued ongoing leverage. Again, I'll share a little bit more, including an announcement.

So let's start by talking about the historical financials. Sorry, our markets and the diversification of the business. So at the time of our IPO, we discussed the \$2 trillion education market generally. And there are specific examples. You've heard it crosses our different segments, areas like consumer, where we're breaking down the traditional units of learning with open content as well as Coursera for campus, which integrates the catalog directly into the universities.

Let's take a closer look at the specific markets. If we go to a consumer segment, it participates in the growing demand for online open courses with training that's affordable for the latest skills, especially in digital jobs. In enterprise, it's a training market that we believe is a long-term attractive space. Despite the near-term headwinds with corporate spend, the long-term skilling imperatives, we believe are -- have long legs. And finally, the online degrees represents a growing subset of their overall higher education TAM, and we expect that to accelerate again. As Leah just mentioned, we expect to see 25% plus with not given that kind of guidance before. In 2024, we hinted a little bit that we saw it getting better, but we're committing to it today. We can see that accelerating already, great visibility.

So we've delivered strong revenue growth over the past several years. Our diversified offerings and global distribution have exposed us to multiple tailwinds created by the need for these new skills. And our growth also reflects the ability to serve learners and grow with them throughout their studies and throughout their careers. At the end of the day, the product fosters human capital development for our learners. So that defines our value proposition with learning that can take place individually at the corporate level as part of the job or on campus.

Okay. If we go to each of our 3 segments here, there are different stages of maturity. Since the IPO, we've had a positive variance certainly on the consumer side, which had durability in demand despite macro ups and downs. As Jeff mentioned, we have 118 million registered learners today versus 77 million, when we went public, we've been very happy with that. It's a base for a lot of what we do.

Enterprise, again, we believe, continues to be attractive and though the corporate spend has been muted more recently, we've tripled the number of paid enterprise customers over the past couple of years. And there's been a specific move towards campus and towards government where the catalog plays particularly well given its attributes.

Degrees did not perform the way we wanted it to in 2022. Again, it's not for any lack of appreciation for that market. We think it's an exceptional, it's our largest market over time, and we're excited about the progress we've made recently. You've heard some of that innovation and again, we're committing to growth in 2024 at a level that we hope to increase as Leah just rolled out.

So with multiple levels of growth, including within the consumer business. This is a breakout we haven't shown before, and it shows the subscription portion. It breaks out consumer for the subscription portion of that business. You can see the onetime courses, if you go back to 2020, onetime enrollment was 11% versus 55%. That's a total Coursera revenue. That's the top of the bar is 100% of total Coursera revenue. And you've seen we've been growing that enterprise, the first blue bar, of course, are contracts that generally last from 1 to 3 years. And degrees are very -- the visibility around degrees is amazing.

So what you can see in this graph is increasing visibility and especially as degrees reaccelerates, we're going to have better and better visibility around our revenue and the quality of our revenue over time.

So in addition to segment diversification, we also benefit from exposure to global markets. You've seen a lot of this in the previous presentations. Today, roughly half of the business is outside the United States as we see growth internationally, and we expect to see growth internationally, particularly with the demographic trends that Jeff shared earlier, we think this next decade is going to see a fairly large expansion there where there's -- we expect quite a bit of opportunity.

So we continue to invest in these large and growing markets, but it's important that we demonstrate scale and leverage over time. And we've consistently improved our leverage. It's something we've talked about since the IPO. It's something we've been focused on since long before that. So at the start of the year, I'll remind you for a methodology, which we may be beat to death, but our methodology is at the beginning of the year, we do our plan, we set a target that we communicate around our adjusted EBITDA target margin for the year. And then depending on the results we work within that. So if you look historically, when we've had down to full years where we've exceeded top line, we've used that as an opportunity to invest more as we get to the same percentage of margin.

In other instances, like last year, when things slowed down, we pulled back the rate of our investments to still hit that target showing cost discipline. So it's all part of the commitment to demonstrating leverage.

So you should expect to see that from us. We'll continue to commit year-over-year, we will show more leverage.

And we've done that over the past couple of years. Let's move on here. I'm sorry, the framework. That's okay. Thank you.

To talk a little bit about our overall framework. So at the end of 2023, we expect to deliver more than 900 points of basis improvement while growing 34% CAGR. Longer term, this is where we expect that to go. So we'll shift that focus as we look at -- sorry, this is a little bit out of order on the capital allocation.

Do you want to go back? Yes. Sorry. Thank you. Sorry. My notes were out of order with the slides. So this will help a little bit.

So we want to talk a little bit about capital allocation. We looked at it -- as we look at it, and one of the important things to understand is it emphasizes our investments in organic growth, a lot of what you heard today from Shravan and Leah both comes from what we've been investing in from a technology standpoint. We've been able to scale our content engine because of that, and it lets us produce credentials at an increasing pace. The acceleration has been pretty amazing. A lot of that is because of our investment in the infrastructure.

We leverage investments like clips and the translation software we talked about before. And with those, we believe we can unlock additional value that builds on our existing assets and does across the portfolio.

The education industry is changing quickly, as I think you all know very well. And having the strategic flexibility to pursue additions to our platform, we believe is important and an important opportunity for us. So as Shravan described, the technology that powers our guided -- our guided projects comes from an acquisition we did several years ago, pre-public, of a company called Rhyme. It's a perfect example of an asset that has brought value to the entire business, particularly in how we help learners get hands-on skills needed for jobs.

So again, as it relates to our capital allocation, the way we think about it, we firmly believe in the value of a strong balance sheet and particularly in harder and more variable economic times, as well as considering our competitive assets in these large and early markets, we think that the strategic flexibility is of particular value to Coursera today.

So with that, we'll move on to the longer-term model and where we see more leverage to come. So at the start of the presentation, I mentioned that we're a growth company. We believe that our markets provide ample room for growth. On average, we expect to target 25% to 30% growth. Less than this coming year, as you know, we don't like that. You'll hear that we don't like that. We believe it's 25% to 30% growth, and that we have the opportunity to do that.

The long-term gross margins, we expect to continue to expand, these are some of the things before we had the outsized performance on consumer earlier that we talked about with a structural mix shift to higher-margin degrees in enterprise. And again, we're excited about degrees reaccelerating. It's our largest market over time, and the business model is outstanding.

When we take into effect the scaling opportunities within operating expenses, we think we get to a 15% to 20% EBITDA margin over time. So that's our long-term model, 15% to 20% EBITDA. We'll double-click there to do a little bit of a walk from where we are today.

As we discussed on the February call, we had \$25 million of excess costs in this current year related to the renegotiation of our largest industry partner. I want to emphasize that, that is onetime in nature, what we're seeing this year. So while we did show some pretty nice leverage with what we committed to for 2023, we could have shown yet more. But that doesn't affect the long-term trajectory of the model. We've had some questions from people around what might happen with our other partners? Will we see similar things? I wanted to share some more data to make that clear. 99% of the revenue for our consumer business that comes from our top 15 partners is essentially on target. It's the same as our standard rev share. So 99% of consumer revenue fits the standard model now that we've made that shift with the largest customer.

So we have a clear path, we believe, to that adjusted EBITDA target in 2024, we expect to be breakeven. We expect to show positive EBITDA in 2024, which is something we have also not committed to. So it's an important thing. And if and as we achieve it in 2024, we'll be very excited to tell you more about it, and we will be proud of it.

And lastly, to me, this is a chart we added the last minute. And it pretty much says everything I was just talking about, it summarizes it. So one, we're a growth company. We've had 34% compound annual growth rate; and two, we're getting increased revenue. We continue to deliver some years better than others, but we continue on this path as we talk about these markets and the 3-sided business model. This has been the result. We've done that while we've had a focus on creating a real business, one that scales. That's why the EBITDA is so important to us. It's not just about what we report to the Street quarter-by-quarter and year-to-year. It's because we're building a real business with scale that generates profits that we can reinvest.

So with that, we'll move to the summary.

And before, again, we're going to move right to Q&A. First and foremost, we're a growth company. We believe that the transformation in higher education is just beginning. We're a growth company. We're operating the company to win in these large markets. We believe it's a huge opportunity and that our investors will do best if we win in these markets. Our platform represents a unique set of assets, many of them coming with the founding of the company and others which we've developed over time. We think it's very hard to compete with us the larger we get, especially given the 3-sided business model. It allows us to compete differently and it allows attractive unit economics at the same time. So strategically, we love the position we're in, and we're doing everything we can to execute towards that vision and continue to evolve. It's how we plan to create a larger valuable company that, again, it will benefit our shareholders but also benefit society at large.

And with that, I'd like to have the team back up to answer any of your questions.
[Presentation]

Question and Answer

Cam Carey

Head of Investor Relations

[Operator Instructions] So let's go ahead and get started and maybe the first question from Rishi right here.

Rishi Nitya Jaluria

RBC Capital Markets, Research Division

Rishi Jaluria, RBC. Thanks so much for this. This has been super helpful. Appreciate all the detail. I'll try to keep it to 2 questions. First, I want to ask the big question that everyone was talking about, which is generative AI and ChatGPT, really just thinking through the puts and takes, right, in terms of -- what does this do to maybe accelerate automation and more job displacement, growing skills gap? Maybe you've seen an opportunity for yourself to not only benefit from that, but it maybe the amount of need for skills around generative AI and ChatGPT maybe an OpenAI Certification over time. Maybe you could just walk us through the puts and takes that would be really helpful, and I've got a follow-up again.

Jeffrey Nacey Maggioncalda

CEO, President & Director

Yes, I'll take -- Rishi, thanks for coming. I'll take the first stab at this. We've really been very, very focused on this. And it's hard to say, in my opinion, I don't know what the puts and takes are going to be. I mean I don't know how many of you might have your jobs deeply impacted. I think honestly, my job is being deeply impacted, you all -- your all jobs are being deeply impacted, and we're just seeing the beginning of it. I don't really know. It's exciting and terrifying at the same time to me.

I do think that leadership will be more important than ever, because the world -- we don't know where the world is exactly going. That uncertainty really can be paralyzing for an organization. They look to leaders to figure out where are we going and how do you get me there. I think it's good to bet on leadership. I would definitely be on leadership. I think everybody else, including leaders, you're all going to have to learn really, really fast because it's an overwhelming situation, I think, that we're facing here.

Okay. Anyway, with that preamble, I think it will fundamentally change the learning experience. When we look back and say, what was the nature of online learning back with YouTube? I'd call it passive learning. You watch a video, you sit back. Pretty good, better than nothing. When Coursera launched with 2 professors like they said, it can't just be passive. We need active learning. There's a lot of good pedagogies built in from day 1 with assessments, reflections, projects, engagement. That's a really big part of learning. And so we introduced active learning.

I think what's going to be next is interactive online learning. So it's not just watch a video and do an assessment. It's watching a video, do an assessment, get some feedback, ask some questions about the feedback, get an example of why that's relevant for me. I want to explain it in a different way, show me another clip that does this. It's going to be like having a personalized tutor. And I think it's going to be pretty amazing. And the prototypes that we've been building, I think, are pretty amazing. So there's going to be more personalized interactive learning.

And I think not just on hard skills, I think the ability to assess soft skills is going to be much better than it's ever been. I think about generative AI. You take a video recording. We can trans today. OpenAI just launched the Whisper API. The Whisper API is very good at taking a video with audio transcribing it into text. Once you have text, you have voice inflection, you have facial, you can start actually getting a pretty decent assessment of someone's communication skills, what is the content of what they're saying? What is the voice inflection articulation of what they are saying? What are the facial expressions that they're making? So I think the ability to really understand and provide personalized feedback on how people are learning is going to be huge.

On the content generation space, this is going to be completely different. I don't know how many of you have generated stuff on ChatGPT. But if you look at a lot of stuff on Coursera, whether that's a video, whether that's a transcript, whether that's a guided project, whether that's an assessment, whether that's a reading, whether that's interactive role play, it can do this stuff not perfectly, but amazingly well. So I think we're going to see more content than we've ever seen in our lives.

There was just an article in Atlantic last night or this morning, talking about the gray goo of text. I feel like there's going to be so much text polluting every unmediated social media network that we're not going to know who is saying anything. I mean these bots are going to be generating massive amount of texts. I'm really happy that our platform is moderated, not anybody can publish on it because I don't know -- I don't know how you stop that stuff, frankly.

But what that's going to mean for our content engine is that the ability to produce content, the costs are going to go way down. The quality is going to go way up. And I think when you have real quality stamps of approval. And it's not just like let the bots could generate stuff, it's have assistance in creating content that is still approved and still designed by the experts. I think you almost get the -- I think you maybe get the best of both worlds. You get the quality and brand stamp that says, this is true, this is high quality. This is the leading edge of what we know, but the cost of producing that is going to be a lot lower.

So we're really excited about the learning experience and the content generation piece. Now if in 12 months, someone says, "Wow, Jeff, you just got hosed by that ChatGPT." I feel like, did I see it coming? We have certain things that we think about in terms of the competitive pressures. But overall, if I can be sitting here today and say, if a genie could say, you could postpone ChatGPT from existing for 3 more years. Would you take that? I'd say no, I would rather have it right now. I think this is going to be good for the world. I think it's going to be for Coursera.

Additions or other thoughts on that?

Shravan K. Goli
Senior VP & COO

I would just add, as I mentioned in my presentation, the trust matters to the point about there's going to be content everywhere. Everybody will generate all kinds of content. So the trust comes from the brands and the experts. And I think what we're doing to the point about Jeff talking about we're building some prototypes and how we can leverage generative AI to enhance learning experiences. The learning -- that part is still built on trusted content. So the context is from Coursera catalog content. And that's what makes the answers. When I'm asking something I get the answer back, I can trust it. That's a big part.

Rishi Nitya Jaluria
RBC Capital Markets, Research Division

And then a quick one for you Ken, I appreciate the long-term operating model. I guess can you dive a little bit more. Number one, is this comparable to the kind of growth phase targets that you laid out at the IPO time? How should we be thinking about time frame without putting a specific line in the sand? And maybe last piece on that. How should we be thinking about cash conversion for adjusted EBITDA? And what does that look like on a free cash flow basis?

Kenneth R. Hahn
Senior VP, CFO & Treasurer

Sure. So we intentionally didn't define -- we talked about this actually the period of time. Is it a 10-year model? It's out there in the future after we've had time for the different segments to have reached a more steady state, particularly with the difference in the margins, which you can appreciate from the models themselves. If you were to say, put a time, I'd make it a 10-year model, not a 7-year model, if that's helpful in any way.

Free cash flow from the operating business is pretty close to adjusted EBITDA. There's not a huge difference. We don't -- our adjusted EBITDA doesn't have a bunch of funny stuff. It's just -- it's playing

vanilla mostly stock-based comp. So from a free cash flow -- operating cash flow standpoint, they'll be pretty similar.

There may be some puts and takes with grants on the degrees market down the line, depending on how big it gets, but that's money that tends to come back. And we'll talk about that more as that evolves. But that's the only thing I can think of out into the future that would make much of a difference, expect it to track with EBITDA as it has actually historically.

Sarang Vora

Telsey Advisory Group LLC

Sarang Vora, Telsey Advisory Group. Thank you for the presentation, very helpful. I'll start with the degrees program. There is a massive acceleration happening in the degrees in the second half. Even '24, you had a very strong growth number. Can you help us understand, is it one, any color on markets like U.S. coming back and the contribution from International? And the second one is just broader color on enrollment versus revenue per student, which I noticed was down in some of the foreign markets. But just any color on what gives you confidence of that very strong growth? And is it enrollment driven in the degrees?

Leah F. Belsky

Senior VP & Chief Revenue Officer

Yes. Great question. So the degrees business as a whole is driven by 2 factors. One is the growth of the existing degrees on the platform and how those cohorts are expanding. And then two, the layering of new programs that are added to the platform and we're constantly looking at how we're doing it, both factors, both in international markets and domestic.

So if you look at the past year, when we step back and look at the strategy, we analyzed those 4 key areas that we thought would lead to programs that are most demand for our learners and then looked at the portfolio and figure out which of our programs match those criteria or closest to that with a few shifts. And so that's why we're starting to see programs like UC (sic) [CU] Boulder start accelerating with the changes that we've made, and that's one instance of confidence. And then, yes, it's very clear that's a growth in enrollment as well as conversion rates.

And then the second factor is the growth in sourcing and new programs. And so we're feeling excited there. One, because of new programs that have already launched or are launching like Georgetown and BITS Pilani as well as the pipeline of new degrees coming on to the platform. And those are really the 3 layers, but all of it stems from learner growth and conversion rates.

Jeffrey Nacey Maggioncalda

CEO, President & Director

And Leah, just in terms of their modeling, if we think about, right, 25% revenue growth, how much of that is coming from enrollments from new students versus some growth that's coming from higher revenue per degree student? Do you think revenue per degree student will be higher or lower in 2024 than it wasn't in 2023 or 2022.

Kenneth R. Hahn

Senior VP, CFO & Treasurer

Yes. So to be fair, on the finance model. A couple of quick things on the financial model, Sarang. As you point out, we looked for degrees revenue to grow 10% for the year, but we said the first half we'd still be shrinking. This is for everybody's benefit, what's trying was -- so the second half implies pretty nice growth to get there as we move into. And then as we just discussed, the 25% growth in 2024 we feel good.

The way the model works broadly with the visibility we have to get to the 2024 numbers, we require virtually no new additions of programs. We need to launch programs that we've currently signed. We need to see that we can fulfill those cohorts and build them. But in the 2024 numbers even, and that's

the visibility this model creates, it doesn't require very much -- very many new contract additions for the program.

Jeffrey Nacey Maggioncalda

CEO, President & Director

But Ken, on the question of revenue per degree student when we think about these -- these affordable degrees. We're saying affordable. We're saying international, generally, that means a lot less revenue for degree student, right?

Leah F. Belsky

Senior VP & Chief Revenue Officer

So look, I do expect revenue moment to come down. It's 2 factors. One is the growth in the international programs. You saw the price point of that is flying degree, which was \$4,000 to \$6,000 per learner over 4 to 6 years. And then two, you see we're lowering prices, the type of degrees that we're targeting as well as lowering the prices or existing degrees.

Jeffrey Nacey Maggioncalda

CEO, President & Director

We're definitely betting on a scale play for online degrees. We're not going to go for real expensive niche programs.

Sarang Vora

Telsey Advisory Group LLC

Just staying on the decrease and linking it to your long-term [indiscernible].

But can you -- so degrees have to outperform in the long term. Is that still the assumption? It will be north of like 30% in the whole mix of 3 segments that you have to reach your targets?

Kenneth R. Hahn

Senior VP, CFO & Treasurer

Should degree grow more than 23% of the target? Yes, absolutely, it should. It's our largest market, we're earliest. Some of these new introductions we're talking about right now are just getting legs and we're seeing real momentum there. We believe it just makes sense that where the industry is going as well. But yes, we expect an increase in mix shift towards degrees within that 20% to 30%. So it should have outsized growth to take share from the other 2.

Jeffrey Nacey Maggioncalda

CEO, President & Director

I'll just add, it's probably obvious to everybody sitting here. It's really hard to know exactly where this whole thing is going. I mean there's a \$2 trillion market with global demographic trends that are saying is that a rising middle class in India, LatAm and Africa, are they going to need college degrees or not? To me, I cannot conceive of a world where they don't but maybe they won't. Will Coursera not be able to get that opportunity? I mean maybe we won't. But I think we're best positioned to.

So I don't want to overstate like exactly how predictable it is, but we're discovering things that learners want that we believe that we can uniquely provide with our partners into a really large market.

So -- now to Ken's point on 2024, yes, we have some pretty good visibility. But when you look out the long-term model, we want degrees to be on the fastest segment by far because it's so big, and we think we're so uniquely situated.

Leah F. Belsky

Senior VP & Chief Revenue Officer

And I'll just add one more point. Like one of the key implications of the strategy shift is before we are going after a much smaller TAM focused on elite degrees from our existing partner base in the online

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market. Now we're going after that overall online degree market. And whenever we go through our strategy process is a question of like, what's a unique advantage of Coursera, universities want to get on Coursera. They want to build their online degrees with Coursera. So we're -- it just really opens up the aperture of the types of degrees we can search source and the volume of programs that we can burn on the platform.

Jeffrey Nacey Maggioncalda

CEO, President & Director

And another thing, Leah, you talked a lot about it, but just to make sure it's clear. This idea of degree pathways. We think it's a really big idea. The learners really seem to want it. It seems to be being buried out in the numbers. The most elite university degree programs are a bit more hesitant to say, "I'm going to get academic credit towards my really fancy elite degree for something that came from one of our industry partners." But once you go to a high-quality program that maybe isn't top 10 in the whole world, this ability to open up these degree pathways from industry content. It's something that learners really want, a lot of universities are very excited to do it. But it's not the elite niche online degree market that really opens up that degree pathway opportunity. And that's what we're leaning into pretty hard.

And we're seeing, we have a lot of these professional certificates, almost 6 million enrollments. A lot of the folks taking these are interested in degrees. If you can help bridge that gap through credit transfers, there's an unlock that's a possible that was not really possible with the elite degrees.

Sarang Vora

Telsey Advisory Group LLC

That's great. My second question, Jeff, is for you. You were in India. It's one of your second largest markets, I think, in terms of enrolled learners. Can you provide color? It seems like the education policy has become more favorable to online learning. You guys are stepping up investments over there. Can you provide color on where you are in terms of developing that market over there, some milestones you can share? And then how do you see that market evolving in the next maybe 3 to 5 years?

Jeffrey Nacey Maggioncalda

CEO, President & Director

Yes. I would say, clearly, it's a big market. You saw the demographic numbers. We should look at the gross enrollment ratios like 29%. The government said that they want to get that to 50% by 2030. That's like 30 million more learners per year in India to hit -- I think it's 30 million more per year, maybe it might be total.

So I feel like do we have products that are relevant? Yes, definitely mostly English speaking, definitely awareness of Western brands in Europe and in the U.S., we have those, Those are good. Definitely interesting credentials and career advancement through credentials, we have those. Until 2022, we didn't have a lot of big Indian university brands. But I'm -- we send in saying it in every sort of call, and I've been going to India a lot because we think to really unlock this market, there are some crown jewels in terms of the IITs and the IIMs in India. We now have, I think, 10 university ports, maybe 12. Literally, IIM Ahmedabad, IISC, ISI, IIT Bombay, these are the best universities in India.

Now have we built in launch programs that are exhibiting great scale and great economics, not quite yet. There was a glimmer with BITS Pilani, we feel good about it. On the consumer side, top of funnel with freemium is looking pretty good.

Monetizing? That's pretty hard. I got to be honest, like that's pretty hard. So I'd say, I like the basic demographic and opportunity. I love the regulatory environment with the new education policy that basically allows -- I won't say mandates, but certainly encourages universities to incorporate 40% of the degrees on -- the degree credit online. Like it's not can I, it's the government is saying, we want you to have at least 40% of the credit stores of degrees online. We want it to be multidisciplinary. For engineering programs, it's not just engineering, make sure you have disciplinary -- multidisciplinary programs. Of course, that really helps when you have a broad multidisciplinary catalog.

So we think we're set up nicely. There's still a lot to figure out actually in terms of turning that into a really predictable high revenue stream. Is that a fair answer?

Sarang Vora

Telsey Advisory Group LLC

Yes, that's fair. I can also add, I was in India as well in December talking to number of these universities and enterprises. Clearly, there's an opportunity from a career Academy standpoint, the entry-level professional certificates are really resonating with the students from a lot of these campuses, guided projects, one of the highest number of enrollments in gate projects are from our Indian learner base. And so there is a lot of appetite for students to -- and learners to differentiate themselves in the market. And I think -- when I think about the kinds of the brands, Google or IBM or Microsoft, et cetera, they resonate really well in the population there. So I saw a lot of excitement from universities to sign up career academy. As well as for students kind of engaging in career academy. So there's a lot to be figured out, but it's very positive.

Stephen Hardy Sheldon

William Blair & Company L.L.C., Research Division

Yes. Okay. Stephen Sheldon from William Blair. Thank you so much for doing this today. On the degree side, clearly, it seems like that's going to be a big growth opportunity for you guys, a little more scrutiny currently in the current environment than maybe there has been historically. So I guess, as you're out there talking with universities, how forward thinking do you feel like the universities are being in terms of both, one, the structure? So thinking about tuition, thinking about the flexibility to structure and then also the skills? How much are they scrutinizing what their graduates are walking away with in terms of both the discrete skills, I guess, and then also the soft skills? Are they -- are you seeing a wide range of how universities are thinking about this? Just any detail on that.

Jeffrey Nacey Maggioncalda

CEO, President & Director

I'll give you a quick start because it was in my slides, the Holland IQ survey, which I thought was really helpful to do it every year, and you can see some of the delta. This is global. But what we saw is like during the pandemic, everybody had to go into emergency mode and move things online, we were a huge beneficiary. Our revenue grew 59%. You all know that. 2021 Degree segment revenue was really, really strong.

And then when things opened up, it was kind of like how do we -- like how do we shut the campus? Now how do we open the campus? And what's going to be the future of technology. I think it's starting to become clearer certainly among -- certainly among U.S. but honestly, internationally too, like everyone is now realizing, it's hybrid, like the future forever is hybrid. And we're going to have to meet the needs of students and employers better than we are today.

Now how do we do -- how did they do it exactly? Not real clear. But the 3 top answers there was digital adoption is the #1 challenge and grew the most since 2021. So I think that's indicative. And number 2 is budget cuts. And number 3 was meeting employer demand. So it's basically both of the things you said, Stephen, and we're starting to see that. They're starting to say, "Hey, Coursera, I need some help here." And so I think it's looking good, but it's still a very dynamic environment. I mean it's really hard for folks to figure out exactly where the -- I will say, by the way, the very top elite schools in the residential programs, they've never seen so much demand. The value of going to a top school, living on campus, it's a really wonderful educational experience that people are willing to pay a lot for.

So the most elite schools in their top residential programs are like -- we really like this kind of a product offering to the market. It's master's degrees, it's second and third-tier schools. It's global where they're seeing a lot more interest in reinventing things.

Anything?

Leah F. Belsky

Senior VP & Chief Revenue Officer

No, I would just say, like -- so there's 2 places where we care about the pace of innovation in the university space. One is on the campus business, where we're betting that universities will rely on our credentials to provide job relevant skills and attract new students. And the second is in the degree space where I think you've led off. The beauty of this higher scale learner first degree model is you don't need hundreds of degrees in the next few years. You need a set of large programs. And what we're finding as we look forward into our pipeline is the universities are looking at collections of degrees that they might want to launch with us, all with similar patterns, all with stackable gateway credentials, all with pathways, all at similar price points. And so that's really the key figuring out those few institutions that want to go for scale over a set of job relevant degrees. And that's where I think the enthusiasm is coming from.

Stephen Hardy Sheldon*William Blair & Company L.L.C., Research Division*

And then just as a follow-up, as you think about the margins. You guys have given some good gross margin detail by segment. If you think about the 3 different segments, do you guys think about profitability across each of them? Are you expecting more monetization to come from certain segments versus others? Do we think about adjusted EBITDA? Just any detail on how you're thinking about almost segment level.

Kenneth R. Hahn*Senior VP, CFO & Treasurer*

Yes. So as you mentioned, Stephen, the -- of course, we provide by segment essentially the content margin, if you want to think about that. That's what I would look to primarily. And I say that because below those lines, a lot of the costs are shared, right? It's the triangle, and we get a lot of benefit. It's one of the things that makes it a more attractive model over time, right, each contributes to the others. And so we don't really think about it from a product line contribution margin standpoint but that said, you look to degrees I have essentially 100% margin without the content, that scales pretty quickly without a lot of additional cost.

And then consumer if you look at with the lowest gross margin, the consumer, the registered learner that primarily comes in through consumer comes in through business as well, but it comes in primarily through consumer. That feeds a lot of the rest of the business, right? It feeds enterprise, certainly feeds degrees when the key -- so they're blended, you can't really break that out. Our cap on the new student front is what's going to enable at the end of the day, these lower-priced degrees. Other models, you can't do that. You have to have a high price degree with a high percentage rev share because it costs so much to market to get a student, given more than half of ours come from free from a registered learner base. It's part of the model. So it's a little -- it'd be artificial if we try to separate it.

Jeffrey Nacey Maggioncalda*CEO, President & Director*

Well, I can even a step further doing financial planning, Anytime there's an investment proposal that is only for one segment. We're all like where is the leverage? I mean, we really try to invest in content and data and technology even in certain marketing programs that cut across regions and cut across segments.

Ryan Michael MacDonald*Needham & Company, LLC, Research Division*

Ryan MacDonald with Needham & Co. Thanks for a great day so far. We're talking a lot about degrees. It's great to see the 25% growth target. But obviously, in the U.S. right now that landscape is evolving quickly with the Department of Education's updated guidance. Can you talk about how you're sort of underwriting the risk domestically of a potential change in the revenue model away from revenue share agreements to fee-for-service? And maybe what impact that has on sort of the -- as you look at the outlook for '24.

Jeffrey Nacey Maggioncalda*CEO, President & Director*

Yes. I think -- I just testified yesterday and 1 of our partners, Brooke Elliott, who is the Dean in charge of the University of Illinois, Gies College of Business, the accounting and the IMBA program also testified.

We think that -- and what I said and as she said, both are like these are great programs where the university is totally -- they're totally in control. They set the curriculum. They do the instruction, they do the admissions. They're the ones who award the credential. We're a technology platform. We help deliver students who are learning to them.

I think that -- well, we're not super concerned about our exposure at this point. To the question of how are we diversifying? Part of it is international, but your question was how are we diversifying domestic degrees revenue? I would say a lot of it is the inherent structure of the relationship and the economics of that. If you look at these -- the degree sort of design that we talked about, I think that's even more consistent with where -- if there were a policy change kind of where things would be going.

I personally think that the days of kind of a university saying I'm going to outsource my degree to this for-profit company has been collapsing for the last couple of years, probably never to return. But we were never really doing that. So I'm feeling like our model is pretty well tuned to where a lot of the pressure is saying things want to go.

If we had to find an alternative model that was not rev share-based, my sense is we would be able to manage that.

Ryan Michael MacDonald

Needham & Company, LLC, Research Division

Helpful color. I'll go be crazy now and go away from Degrees. Maybe ask about consumer. Leah, I think you had talked about some of the great conversion that you're seeing on Coursera Plus on the subscription and obviously on the Pro Certs. Can you talk about what learner conversion has been to pay and how that's helped then? And you had talked about a couple of different strategies here around pricing or different subscription tiers. How should we think about when those start to be tested? Or as they -- how should those be rolled out into the model?

Leah F. Belsky

Senior VP & Chief Revenue Officer

Absolutely. So we don't share the actual conversion data publicly, but I'll give you a feel as we look at the strategic priorities for how the team is focused. So one, the core value that we think is a majority of the thing that future consumers. One is this gateway catalog. And so moving from 30 to 50 almost doubling that gateway catalog is going to give a lot more options to many different career seekers who don't just want to go after the 30 paths that we have, but many, many more paths, and we see that we will be a boom because it'll be able to serve a much wider base of learners.

Now that we have put those subscription foundations in place, the first place that we're going to test is actually looking at lower tier of subscription learners. People are not going to go \$49 a month, but something significantly lower. And we have a lot of assets to play with in terms of what would go into that tier. So we're actually very focused on that now and testing, and I'm not going to share any test results. We're not ready for rollout, but that is a major priority for H1.

And I would say that's coupled also with -- we've seen consistent strong organic growth at the top of the funnel, consistent number of new registered learners. But we also have an active top-of-funnel strategy where we're launching -- Shravan shared articles and different types of way to enhance our SEO, but also in ways that leverage -- that drive leverage to the platform. So Shravan, for example, mentioned these articles that we've created. A few Google different career topics, you're now likely to not only find a video lecture from a Coursera professor, but potentially an article, giving you career advice that's actually built by us. And what we're seeing is that learners value this asset and we could even bring it into our core catalog as again, another way of giving value to learners not just when they're doing short-form video lectures or longer learning, but more episodic learning that have encouraged learners to come back and engage with Coursera on a monthly, on a daily basis, all with the goal of driving retention in that subscription base. So these are some of the things that we're thinking about right now.

Cam Carey

Head of Investor Relations

Maybe Brian over here?

Brian Christopher Peterson

Raymond James & Associates, Inc., Research Division

Awesome. And I'll agree this is great content, guys. So Brian Peterson from Raymond James, I want to follow up on Ryan's question. As we think about degrees, I know there was some kind of regulatory scrutiny here in the U.S., how do we think about kind of the domestic versus international balance of that opportunity at maturity? It sounds like it's becoming more international. So I just maybe at a high -- I know we don't know, we don't know, but at a high level, what does that look like in that kind of long-term model?

Leah F. Belsky

Senior VP & Chief Revenue Officer

I think Ken will give you the 10-year take. My take is there's still a lot of opportunity in the U.S. I don't think anyone has really figured out how to build the scaled online degrees. You see the big 4 in the degree space, SNHU, the WHU. These folks providing very specific types of degrees, but I think there's an opportunity to attract much more of the online degrees market in the U.S.

Internationally, I think we're going to follow a lot of the demographics, and that's why the first focus internationally is on India. And then we also see some opportunities outside of India in non-India APAC with the universities looking to build that scale.

So I don't know the exact mix on a 10-year basis, but I continue to believe that the U.S. will be a big part of it, followed by probably Asia and India.

Kenneth R. Hahn

Senior VP, CFO & Treasurer

Yes. I mean that is why we talked about the demographics in Jeff's section as well as mine. And we said that evolve. One thing to keep in mind is the registered learner base today is broadly international. So our model continues 20% of it is India. So it lends itself naturally to us being diversified and being in the right place as this demographic shift.

Jeffrey Nacey Maggioncalda

CEO, President & Director

At a really high level, we're like, where are all the human brains where we have to develop human capital. And if we could be the first touch point there help earn one of those first credentials and then become a gateway to all that global talent that's emerging in all these different regions of the world. We've done a great service to the talent in those regions. We've probably done a great service to employers who are looking for that talent.

And so not exactly the financial answer, but the big global answer is the young people are not in the States, but the wealth currently is and the degree system is. So it's going to be some balance over time, I think, as the U.S. becomes generally speaking, a lower portion of the opportunity and revenues just globally in the degree tuition space. And the rest of the world, as the wealth builds and the population builds, I think it's going to become a bigger portion.

Brian Christopher Peterson

Raymond James & Associates, Inc., Research Division

No, that makes sense. And Ken, maybe following up, I know there's been a lot on degrees here. But in the 25% to 30% growth framework, how would you qualitatively look at the other segments? Are they in line, a little below? Just any high-level commentary there.

Kenneth R. Hahn

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Senior VP, CFO & Treasurer

Sure. And I'll start with again. It's a little bit hard to say. But we've seen slow as everybody has across SaaS as well. In the enterprise space, more recently, there's slower corporate spend as everybody is broadly aware. So that's -- it's been muted in the near term. But that market, if we just look at market sizing, it's a huge market. And again, as we said, we think the demand for skilling workers, it's how companies get things done increasingly. So we think that is going to be persistent over time, and especially as our offerings evolve, we -- we think there's the opportunity to grow there more than on average across.

I'd expect a shift away from consumer, although consumer continues to do really well and be clear about that, the consumer is important to us, but it's the smallest of our markets, and it's starting to blur into the other markets as well. Enterprise as the economies rebound, we think we're going to do particularly well, so it should outpace and we're getting excitement around degrees again as we've talked quite a bit about historically. Does that help?

Taylor Anne McGinnis

UBS Investment Bank, Research Division

Taylor McGinnis from UBS. Thanks so much for the event today, everyone. So Ken, my question is for you. I think in the past, you guys have talked about adjusted EBITDA potential more in the mid-20s. And today, the framework you gave is for 15% to 20%. So just when we think about what might be some of like the biggest difference is there? And then the second question is on you've talked a lot about strategy changes in relation to pricing where lower pricing right in degrees, you talked a little bit, it may be about it on the consumer side. So does that influence at all to the new margin outlook?

Kenneth R. Hahn

Senior VP, CFO & Treasurer

Sure. So on the EBITDA margin, we talked -- I think the model as went public was 20% plus. You weren't with us at the time of that. I know at the time. But the long-term model that we shared was 20%. We said 15% to 20%, not because of any necessarily -- it's just it's a shorter-term piece. This is our first Analyst Day. We're rolling it out. We don't want the question, well, let's pie in the sky to go to 20-plus from you're just getting to breakeven. The opportunities there, and it depends what you want to believe, but I can make you a case for 20% plus.

What we're trying to do here is communicate where the leverage is in the model and what we see and I wouldn't -- if we could do a 20% plus, I think there's -- because I think there's a lot of leverage in high-margin product add-ons over time and we could start to talk about what that might look like, but that's a future, future, future. We have a lot to execute on before we get there. So I feel a little bit silly doing that. It's real. Don't get me wrong. And I think this audience could probably develop 7 answers better than the ones I would give if you were to ask me, but I think it's pretty obvious that over time we can layer on top, but we need to win in the initial phases so that we can develop those.

So if there's -- again, Yes, it was, I think, 20% plus, if I remember right, it feels like a long, long time ago, 2 years this month. But 15% to 20%, can it expand beyond that? Yes, it could absolutely.

And then as it relates to the degrees in the pricing and lower pricing, it's a very good question. We talk about, again, kind of ex content for GAAP purposes. We talk about our gross margin for each of those and degrees being 100% because there is no content cost because it's a service, of course, just to reiterate all of it, a service, of course, to the degree providers.

But at the same time, there is some back-end fielding. When we break out that segment level detail below that, there's another 1,000 basis points to get to total company gross margin. Sorry to be really geeky about the accounting here, but it matters, right? And it shows specifically, it's the one thing, in my opinion, worth going to look at the filings in the Q and the K to understand the business from a real business standpoint. Within that, you're serving students still as well.

And so on the margin, yes, there's a little bit more cost than that if you lower price to get to the same revenue with more students. Is it material? It's not hugely material, so it doesn't have a big impact.

Thomas A Singlehurst

Citigroup Inc., Research Division

Perfect. It's Tom here from Citi. I've got a couple of questions. And I suppose the one is directly about capital allocation and the other one is indirectly about capital allocation. The first one was to do with the speed at which you're getting the courses online. You've made some amazing progress. But do you think just the total comps on base at this stage is not -- well, is it acting as a constraint on your ability to grow? And how can you resolve that via more dramatic action? Is it just simply a question of adding more partners or is there a pathway at some point to you guys directly creating and owning content yourself?

Jeffrey Nacey Maggioncalda

CEO, President & Director

Yes. I'll take that one first and would be interested to hear you guys answers too.

I think there is sort of a minimum scope -- like a minimum critical mass of content that you need in order to solve certain customer problems. When I -- I was just 2 weeks ago with the Prime Minister of Greece and his Minister of Education and his Minister of Labor, we were sitting there talking about a program to do upskilling for citizens and upskilling in the universities. If I were sitting there with 2 professional certificates, I think they'd be like, why are you even here? When you get to 30, it's like, okay, that's a pretty wide range of jobs. When that gets to 50, it's like, okay, now that's a lot of different kind of job opportunities for my people.

So I do think there's a sort of a minimum scope required. I think it's a lot different now with 30 than it was with 5 professional certificates. It will be different at 50 at the end of this year. At some point, I do think that there's diminishing returns probably every new certificate will still be valuable. But I'm sort of guessing that 100-ish probably certificates will be like, "All right, now you could create a lot of career opportunities for people. Another 100 on top of that will not be as valuable as the first 100.

In terms of the cost of producing this, that's going to drop dramatically. I'm almost positive. I just -- even just my own playing around with ChatGPT and what we're doing, like you can create content a lot more cheaply than you could before. So I think the quantity will become a commodity, and I think quality will become the price. People will look for quality, the quality content. So I'm not wasted my time learning this and the quality credentials so can actually help me advance my career.

So I think that, that's kind of where we are. I will say that our content engine now, it does have some gaps. And those gaps do kind of hurt us, in particular, things that are changing really quickly that are less what a university would work on. So there are certain things in the tech sectors. But I think the game is changing pretty quickly. I think the ability to produce that kind of content is getting easier and easier. So I think the technology is really playing right into us being able to cover some of our gaps and not necessarily commoditize what our core strengths are. So that's why I was sort of -- I like GPT for us. So I think that's a good thing.

Leah, what were your thoughts on that?

Leah F. Belsky

Senior VP & Chief Revenue Officer

No, look, when I think of the comprehensiveness of the catalog, I asked how we covered the core careers and career paths so we think our most in demand. Do we have it in multiple languages? And are there other core skill areas which might not be full career pass, but are current and upcoming and are we filling those gaps? And one thing I would say is that opening up clips short-form learning experiences on the catalog has transformed not only the learning experience that we're able to provide to customers, but the type of things that we can source in our catalog and so if you look at -- we just brought in a new Chief Content Officer, Marni, and if you look at our sourcing list, a lot of the sourcing less is not on 6- to 9-

month courses. Now it's on filling short instances of relevant skills with clips, which can be done much more rapidly and sourced from a much wider variety of experts.

So I think you're seeing the speed at which we source speed up, speed up production, speed up not just on these long-form Professional Certificates but also in the short relevant certificates.

Jeffrey Nacey Maggioncalda

CEO, President & Director

Sure, it's not going to give us the big advantage. It's just going to help close gaps that we currently have with our current [indiscernible].

Kenneth R. Hahn

Senior VP, CFO & Treasurer

Yes. I mean I think just to kind of reiterate the point I was making earlier in my presentation, these long-haul content actually takes time to produce. But that's what is needed for transformative skill development. And when I think about sort of these -- the jobs of the future and the kind of the change you were talking about, ultimately, you need to be trained and actually have the relevant level of depth in both in the knowledge, but also the applicability of the knowledge. That's where the guided projects come into play.

So when we're thinking about this content, we also think about like all of these different assets and how they kind of come together to kind of create sort of that holistic product experience that the end user needs, both in terms of the knowledge as well as a portfolio. So when we are looking at this, like we talked about guided projects tripling in the last couple of years to 3,400 guided projects. And a lot of these projects are getting mapped to these professional certificates, again, based on the tools and the skills that are needed to be done by that job.

And so that's what I think it kind of continues to create like what I would say is the uniqueness in terms of Coursera's content offering and where there are gaps were able to now kind of figure out like how we can actually address some of that through either potentially GPT or through parts of this technology that provides the shorter durational experiences but I think having this long form is going to be a very big advantage for us because it's so hard to replicate.

Jeffrey Nacey Maggioncalda

CEO, President & Director

And by the way, with GPT, you might be like, wait, it's not a commodity. Our partners are going to become much better creating content. Universities are going to be able to create really good content much more easily with their grad students, their professors and everything else that they today. So I think that they're going to have an enablement that's going to be considerable. And so you don't have to forfeit the brand to get lower cost, higher-productive content generation.

Thomas A Singlehurst

Citigroup Inc., Research Division

The second question is actually going to pick up on the theme that Leah mentioned, which is English. U.S. and U.K., we obsess about data science, all that sort of stuff. But you go other parts of the world, one of the biggest sort of variables in determining your earnings power is your ability to speak English. I suppose you mentioned, Jeff, you've got a steeper agent at Duolingo but the on a serious note. I mean, why isn't Coursera teaching English as a foreign language?

Jeffrey Nacey Maggioncalda

CEO, President & Director

These guys are laughing because every time I travel, I write my thoughts from the road. And a lot of these are like, "Hey, folks, we have a huge opportunity here." I mean, first of all, we like to stay focused on what we're really good at and University of Pennsylvania and University of Arizona, there are some

good English teaching courses on Coursera. So we do have content that teaches English. It's just not been the biggest thing that we've been pushing on.

What I've been hearing a lot of professors and students especially, when I visit campuses around the world and talk to the students, they're all saying exactly what you say. I got to learn English to get that job at the international company, because it's not just learning the stuff, it's being able to work on an international team where they sometimes only hire you can speak reasonable English. So the students want to be learning English. And what they're saying this is the like, I'm learning -- I'm listening to these courses from these great companies in English, which I love, the subtitles help me along. I'd rather actually be in English but I want to have the subtitle so that I can actually make sure that I'm getting through the material. And I don't want to learn English like how to order at the restaurant. I want to learn English on how to do marketing campaigns and how to do the job on trying to learn how to do.

I do think there is an interesting opportunity for us to do a bit more in teaching English as a second language. And when I think about the globalization of talent, ESL is a big unlock for these learners. I mean if you have the core skills and you're proficient enough but working on an international team that speaks English, that's kind of the big unlock. So this is something that we're definitely talking about.

Cam Carey

Head of Investor Relations

Good. I know we're just coming up on time, but maybe the last one from you.

Yun Suk Kim

Loop Capital Markets LLC, Research Division

All right. Thank you. Yun Kim, Loop Capital Markets. A lot of focus on the degree program today, which is good to hear because we don't need to talk about that too often on earnings or whatnot. So obviously, the mix of the U.S. or non-U.S. degree programs continues to increase. Does that fundamentally change the way that you acquire students? Do you have to rely more on the organic basis because obviously, you've got to bring your cat down quota business? If you can kind of run through some of the strategy behind that to get that number down.

Leah F. Belsky

Senior VP & Chief Revenue Officer

Yes. Look, I think when we're thinking about where to grow the business, we're starting by figuring out where are the learners on our platform, and that's why we're going to India, given the volume of learners there as well as the demographic shifts.

The truth is that we're still early in the international market figuring out. The first question we ask is, how much of the existing learner base can we convert, two, how do we want to shift the way we're growing the top of the funnel to bring in more career interested learners who will take those gateway certificates and proceed into degrees, and then third, there's other types of off-platform paid or brand marketing to bring learners in, but it's starting with those 2 first things. How do we convert the learnings on platform, how do we get top of funnel learners to come in and get into career pathways or MOOCs that would stack into degrees?

And probably it will take a year or 2, even just playing with those levers before we figure out what's new to be on that.

Shravan K. Goli

Senior VP & COO

I can add a little bit. I think in my presentation and I talked about the key assets that go across, right? Data is one of the biggest one and then AI covered marketing system. So when we think about the learner, we think of it as a learner life cycle and a learner journey, not just like they're just coming in to do one thing. Learning is episodic. We all know. It comes and goes. And today, you may want to learn a specific subject. Tomorrow, you may want to actually go deep and get a professional certificates. And then in the future, you might be just like, I'm in this career now, I want to get into a degree.

So what we're doing through data, and we're actually tracking the learner along this journey, and we're starting to accumulate out of that data. So when we think about it, we don't distinguish you're an international learner or U.S. loader in the context of that. But what is powerful in my opinion is we're aggregating collecting all this information, talking about the stackability model like who is looking up those search filters? Who's looking at kind of the potential programs? And then we can also look at like programs that they were interested in, but there may be too expensive in the region, but now they're kind of clicked on some of the program.

So we're tracking all this data, and we're trying to build what we call as a degree marketing system. And that marketing system is actually what is kind of helping us lower the CAC effectively to kind of find people who have the propensity to pay, but also have the need to get into a degree program as well.

Jeffrey Nacey Maggioncalda

CEO, President & Director

Yes. The other thing I put on the Boulder slide, I think the title was start your degree at \$49 a month. How could you start to agree for \$49 a month? Only if the marginal cost is almost zero. The traditional degree models have -- they've been built on really high upfront costs, millions and millions of dollars to build the degree, really high customer acquisition and even in India today, a lot of the degree OPM type players have very high customer acquisition costs.

We just decided we're not going to go down that path. That's just -- it's just not going to work. So until we can find a model that inherently has low customer acquisition costs, let's not try to scale anything. When you look at this basic idea of career academy with professional certificates stacking into degrees, that's part of the acquisition cost that says those professional certificates have very low marginal cost to deliver. If that's the way that you acquire a pipeline of degree students who then you can monetize once they decide to the degree, that works pretty nicely in sort of emerging economies where someone is not going to write a check or \$10,000 to buy a degree.

So we think the design that we showed you that we're excited about with Colorado University Boulder is the kind of design that also might work well in emerging markets where we have to be sensitive to CAC. But starting in these low marginal cost, Professional Certificates is the kind of design that we think might be well tuned for those types of emerging markets.

Yun Suk Kim

Loop Capital Markets LLC, Research Division

I got a real quick follow-up on that. How long does it take for a particular university once they sign for them to ramp and start offering the degree program?

Just wanted to understand the deployment cycle.

Kenneth R. Hahn

Senior VP, CFO & Treasurer

In terms of the launch, I think we've now -- it used to be 12 to 18 months. Now we're actually looking at 6 to 12 months. Like once the degree is signed, we actually have a very well-designed playbook. We have a teaching and learning team. We have a services team that actually work with these university partners. And they've also kind of have the ability to help them design the curriculum.

And part of the -- also the curriculum, also to kind of think about when do they -- I would say it's just like milestones, right? So you don't have to launch the whole 18 courses or so of a degree program overnight. So you can actually think about like how do you launch them over time. And so they kind of help really think about articulate the curriculum, figure out milestones and then also work with subject matter experts outside if they need help. And so we've identified certain companies with those experts to help the university partners as well as they need.

And so combination, I think, we've really helped reduce this time to producing the degree.

Jeffrey Nacey Maggioncalda

CEO, President & Director

A couple of the quick things though. I mean, our competency is getting better. We're getting better at doing it. But the open schools is getting way better I mean the pandemic taught a lot of schools like how do you film a course online. It's not perfect. They need to do better, but like they're building the capacity to do that and not just the capacity you're building a lot of content. So we announced in 2022, a lot of ingestion capabilities. One of the reasons is there's a lot more digital content being created by universities now than there was 3 years ago, way more. So we don't have to start from scratch every time.

If we can ingest what's already built and then shape it rather than create from scratch every time with the university never created online content, it's a lot faster. And the final thing I'll say, the tooling is going to be way better with GPT and these other things like -- not only will they have a little more experience the universities in creating online content, they're going to have a set of supercharge tools that are going to help them create this stuff too.

So I expect quality to go up, cost some time to go down for almost every university.

Cam Carey

Head of Investor Relations

Jeff, maybe just some closing comments to round us out today.

Jeffrey Nacey Maggioncalda

CEO, President & Director

Well, I'm going to talk so much. Thank you for being here. Like I said, I kind of warned you at the beginning. We love this stuff and we don't always know exactly the path, but fundamentally, we feel good about the role that we're playing in society. I feel great about the business that we're building. We feel great about the team that we have. And I really thank you all for coming here and listen to us share this with you. So thank you.

Kenneth R. Hahn

Senior VP, CFO & Treasurer

Thank you all.

Cam Carey

Head of Investor Relations

Thank you.

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