



INDIA'S BEST
B-SCHOOLS

COLUMN

By BALA V BALACHANDRAN

THE DILEMMA OF SHARING IP FREE

B-schools mull the option of sharing proprietary information free online, but there are several issues to be ironed out.



Education is the basic right of every human being. In the bygone eras, there was never a question of charging for education. I'll be the first to admit, however, that today the modus operandi of delivering education has changed and a cost does need to be attached to it if only for the purpose of breaking even. The downside is that this automatically deprives segments of the population the chance to learn in a formal set-up/manner.

Today, "Education" is a pre-eminent "Industry" and a gigantic one at that, currently valued at \$100 billion. This is expected to nearly double to \$180 billion by 2020 (according to a 2016 report by Technopak). Higher education contributes 15 per cent of the market size while text-book, e-learning and allied services contribute 28 per cent and vocational education in manufacturing and services contributes 5 per cent. At present, India's higher education system is largest in the world enrolling over 70 million students and the profit margins are huge.

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From this, it is not far-fetched to imagine that education industry will see an increasing number of players and excellent innovation. That said, a good number of schools and colleges also operate as not-for-profit institutions. Here profit-making is not a goal, but incidental and necessary for survival and long-term sustainability.

So, when a not-for-profit leader in education, like the MIT, starts sharing proprietary information with the world for free, it creates an interesting conundrum. There is the creator of content, the institute where he/she works and a third party – which is likely to be an IT company with prowess in storing and transmitting the content. Much of the content in higher education is created by the course instructor and the contractual engagement between the school and the instructor needs to be clear on who holds the right to the said intellectual property. Even if the contract explicitly states that all content created in the course of employment belongs to the school, there may be issues with the contract (like whether signed under duress) which can certainly be challenged in a court of law. The case of MIT and Bose sound systems is a classic case in point. Amar Bose not only created the technology for the famous Bose sound systems but also owned the IP in spite of the fact that he was then studying at MIT.

So, at a basic level we are dealing with at least four variables here – the professor who creates the content, the school that may own the content, the IT company that has developed the technology to share the content, the end-user, the legal framework of the countries where all this is happening. Even assuming that the creator and



the college are aligned on the matter of sharing the content with the world, the basic premise is that there would be no associated revenue. Into this equation, if we bring in a commercial, profit-making IT enabler that has the wherewithal and muscle to store and distribute the content, revenue becomes an important concern. Photocopying of textbooks and reproduction of content in the artistic fields like cinema underwent a similar shake-up in the late '80s and '90s and once again when the advent of the Internet and PCs made it that much easier to copy and share information. The IT enabler is certainly seeking to make profits and if these are dependent on the content supplied by the author or the school, due acknowledgement or event profit-sharing will be a basic expectation. Another twist in the tale would be if the IT company is smart enough to bundle the product with something else or add or remove layers thereby constituting a reasonable difference in the product – then they will be under no obligation to compensate anyone because their product is different. Please also note that when the consumer pays for a product (or service), an obligation is created. Who will fulfil that obligation? If the product is found to be

flawed, whom will the user approach/sue? Can they return the product and ask for a refund?

It will certainly be interesting to see where the pieces of this puzzle land. These are obvious grey areas and while some of these concerns may be subject to arbitration in the country of origin, others may need to be tried in international courts. There is no one-size-fits-all in this case. There is also no precedence as the business model and the technology are new and the global e-learning industry is at a nascent stage. Policymakers will have to develop the appropriate ways of dealing with these issues initially on a case-by-case basis and then come to a common agreement on which rules will apply given a set of unique circumstances.

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second-largest graduate talent pipeline by the end of 2020. Moreover, availability of English-speaking tech-educated talent, democratic governance and a strong legal and intellectual property protection framework are enablers for world-class product development. With all this already in place, it is a no-brainer that we are looking at unprecedented changes in the e-learning industry. What will eventually happen is that free market economics will dictate the practices, policies and rules of the game. There is no dilemma here, at least not in the context of whether to share or not. Share, we must. How best to do this would be the real challenge. ♦

India has become the second-largest market for e-learning after the US. The sector is currently pegged at \$2 billion and is expected to reach \$ 5.7 billion by 2020. The distance education market in India is expected to grow at a CAGR of around 11 per cent during 2016-2020. Moreover, the aim of the government to raise its current gross enrolment ratio to 30 per cent by 2020 will also boost the growth of the distance education in India.

The education sector in India is poised to grow exponentially as we will have world's largest tertiary-age population and