

# Online startup seeks to rival the Ivy League

Stephanie Simon, Reuters

Former Silicon Valley CEO Ben Nelson has two years and \$25 million to transform higher education.

The 36-year-old executive, who has run the Snapfish photo-sharing website and the Redbeacon home-maintenance site, said this week that he had landed \$25 million in seed money for an audacious new venture: creating an elite global university online. From scratch.

The Internet already teems with online universities, both private and public, respected and questionable. But Nelson is betting the world could use a brand-new model. He is not alone; several other high-profile educational entrepreneurs have launched innovative ventures this year in hopes of harnessing the Internet to upend the ivory towers.

At a time of immense concern in the United States about the soaring cost of college -- and growing doubts about how much students actually learn on campus -- the ventures are attracting considerable interest from students, investors and education experts.

"The only way we're going to find out what works is to do it, rather than sit there opining," said David Wiley, an associate professor of instructional psychology and technology at Brigham Young University. "Bring it on."

Nelson wants to attract top students from around the world to his Minerva Project, a for-profit undergraduate college that will offer rigorous courses designed by academic superstars. But Minerva will also require students to teach themselves everything from Spanish to macroeconomics.

Nelson has not yet set tuition, but he plans to charge the first class, entering in the fall of 2014, significantly less than \$20,000 a year for an education that he says will rival the Ivy League.

"We want to deliver the world's greatest education," he said.

Nelson, who has left his corporate jobs to focus on Minerva full time, has lined up some big names for his advisory board, starting with Larry Summers, the former president of Harvard University and former U.S. Treasury Secretary.

Benchmark Capital, which focuses on start-up online entrepreneurs, provided the \$25 million -- the largest seed money investment in the venture capital firm's 17-year history. General partner Kevin Harvey called Minerva "a transformational idea."

Many long-standing online colleges mimic the structure, and sometimes approach

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the cost, of traditional universities. But some have high dropout and low graduation rates, and employers do not always value their degrees.

Online branches of state schools and other brick-and-mortar universities tend to have more credibility in the marketplace, but may offer only a few degree programs.

### ONLINE APPROACHES

A few online schools have gained widespread praise for creating new models of higher education. Western Governors University, founded in the late 1990s, has grown rapidly to 30,000 students nationwide. It allows them to get credits without taking a full course if they prove, through exams, essays or other projects, that they have mastered the given topic.

Other high-profile ventures are still in the formative stages.

After attracting 160,000 students from 190 countries to an artificial intelligence class he gave online, computer scientist Sebastian Thrun left his tenured post at Stanford University earlier this year to set up Udacity, a for-profit school offering free college-level classes on topics such as cryptography and Web engineering.

Udacity received seed money from venture capital firm Charles River Ventures, but Thrun has not yet explained how he will make a profit. Still, the outsized success of his artificial intelligence class has raised the education world's expectations for his school.

Another approach comes from New Charter University, whose board of trustees includes a former president of the University of Maryland's online college and a current academic vice provost at the University of California.

New Charter offers several online business degree programs with a novel tuition structure. Students pay \$199 a month for as many classes as they want to take. They can also audit classes for free, paying only when they are ready to take an exam and earn course credit.

### TRIAL AND ERROR

Education experts caution that there is no proof that any of these online colleges will succeed academically.

"What the quality is like is yet to be seen," said Brigham Young associate professor Wiley. "There's a lot of theorizing about what would be effective, but there's been very little trial and error."

The experiments come at a time of deep unease about the traditional higher education model.

Community colleges, the usual entry point for low-income students, are so packed

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that some hold classes literally around the clock. The annual cost of tuition plus student fees at public universities has more than tripled in the last three decades, even after accounting for inflation.

The rise at private colleges has been nearly as steep, according to the College Board. Ivy League colleges typically top \$50,000 a year for tuition, room and board.

At the same time, the value of the American college experience has come into question. In the book "Academically Adrift," two educators tracked more than 2,000 undergraduates at 24 colleges and found that nearly half had shown no significant improvement on tests of critical thinking, complex reasoning, and writing after their first two years on campus.

The National Survey of Student Engagement found that on average, college students reported studying only 15 hours a week. Just slightly more than half of all students who enter a four-year college will actually graduate within six years, federal data shows.

### 'WAKEUP CALL'

Given such figures, it is not surprising that entrepreneurs are trying to develop new models of higher learning at lower costs, said Jonathan Zimmerman, a professor of education and history at New York University.

"It's a wakeup call for the rest of us," he said. "I am curious. And skeptical."

Nearly a third of all college students report taking at least one course online, but Zimmerman said there had been little rigorous research on the efficacy of an all-online education. While such programs may offer some student services, he said, they cannot provide the support that most college campuses offer for people with learning disabilities, mental illnesses and other special needs.

There are also practical questions, such as how to prevent cheating when professors do not ever meet students face-to-face.

For all the challenges, Nelson is ebullient about the Minerva Project's potential.

He plans to recruit top students from around the world, many of whom are shut out of higher education either because of the cost or because the few universities in their country are over-crowded. "The majority of students won't be from the U.S.," he said.

Once enrolled, students will log in to watch weekly lectures recorded by big-name professors. But they will also join small-group discussions led by skilled teachers who will be able to pause the lectures to take questions or spark an online discussion by keyboard and video chat.

Nelson says Minerva will only offer upper-level courses. "If you don't take Econ 101 on your own," he said, "you're going to flunk our economic policy class."

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To foster a sense of community, Nelson plans to open dorms around the world and encourage students to set up camp in a different country each semester: Sophomore year in Brazil and Japan, perhaps, and junior year in Jordan and France. He pegs room and board costs at about \$10,000 a year, including travel.

So far, this is all just talk. Minerva has not announced any contracts with professors, sought accreditation for any degree program or even published a tentative course catalog. The rudimentary website, [minervaproject.com](http://minervaproject.com), urges interested students to fill out an online form, but there is no formal application process.

But even with so much unsettled, the idea appeals to former Nebraska Governor Bob Kerrey, who is now running for his old U.S. Senate seat. Kerrey, the former president of The New School, a liberal arts university in New York, joined the Minerva Project's advisory board for a simple reason: The proposed university seemed to him exactly the kind of place where he would like to enroll his son someday.

"I don't think I will be the only parent who will listen to the pitch and say, 'That's for me,'" Kerrey said.

(Reporting by Stephanie Simon in Denver; Editing by Lisa Von Ahn)

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