The business of being online and international

Anne Forster,
Director, Innovation and Technology in Education Ventures
Vice-Chancellor’s Office, The University of Sydney

16th AIEC Hobart, October 2002
Outline

• How much is online? The continuum model
• The business angle: markets, business models and money
• Technology and cultural issues
• Quality and competitiveness in a global market

• References
### A CONTINUUM

- F2F classrooms enhanced by ICT
- Blending of classroom strategies with distance learning
- Learning enabled, enhanced and distributed by electronic technology
- Synchronous and asynchronous communication
- Self-paced independent learning and
- Cohort-paced, collaborative learning
- Uses a variety of learning resources and media
- Virtual classrooms enhanced by F2F support.

### BENEFITS

#### Physical
- Allows program development and expansion without major capital investment in accommodation
- Overcomes physical distance
- Solves time or scheduling problems

#### Commercial
- Expands the number of places available
- Accommodates low or dispersed enrolments
- Leverages the limited number of teachers available

#### Cultural/political
- Distributes to a global audience
- Supports access and equity

**E-learning?**

**“Interaction and independence, getting the mixture right”**
### BUSINESS INTEGRATION: VALUE CHAIN
(source Standing Stones Consulting Ltd 2000)

1. Course/program creation
   - Needs analysis
   - And Business planning
   - Design
   - Development
   - Delivery
   - Accreditation
   - Evaluation

2. E-Commerce
   - Marketing, information
   - Agreement, Admissions Registration
   - Settlement payment
   - Delivery
   - Accreditation

3. Delivery
   - Teaching and Learning
     - Content
     - Learner Support

Learner ➔ Graduates
Applying market concepts to education: willing participants?

Teachers and researchers become vendors
Teaching and research become commodities
Students and recipients of research become purchasers and
Conversation becomes market transactions (Renke, 2000)

• *The decline of academic life represents in part, the degree to which the faculty has surrendered autonomy....the growing power of administration....responding to political and corporate forces that claim sovereignty over higher education (Aronowitz, 2000)*
The role of Government

- Need to develop relevant and more responsive education systems
- Deregulator and streamliner of planning and oversight processes
- Stimulator of best practice and choice
- Enabler, funder and broker of partnerships
- Creator of utilities or technology networks
- Informer and protector of consumers
- Strategic investor on behalf of the state and its under-served customers

- (Bates, 2001)
National economic reform and initiatives

• European Commission: eLearning Action Plan to make lifelong learning the driving force within a competitive knowledge-based economy:
  – To integrate ICT into education and training
  – To make eLearning available to all
  – To define and promote digital literacy
  – To create a culture of lifelong learning
  – To develop high quality European educational content.

• National Virtual Universities
  – Connecting Canadians see campusconnection.ca
  – The Swedish Net University
  – The UK eUniversities Worldwide
  – China has approved 67 online university licenses
  – Spain’s virtual campus: the Universitat Oberta de Catalunya
  – Korea National Open University
The market
source: http://www.worldbank.org/edinvest

- Currently US education market is $815Bn, globally $2.2 trillion
- The teaching profession is 5% of the labour force
- Global demand for education rising
- 83% of 5-18 year olds are in the developing world
- Currently 90m students in higher education, rising to 160m in 2025
- If online learning captures 20% i.e. 32m students @ US$4500 = US$144Bn
- 30% would yield US$216 Bn

China has 20% of the world’s student population
And only 1% of the global education budget.
Key Growth Areas

• Continuing professional education, over 25s
• Developing nations: China, India, Latin America
• Business,
• Information Technology,
• English
Drivers of the e-learning industry

• Increasing value of education and lifelong learning in the Knowledge Economy

• Technology adoption and Internet access increasing

• Increasing student demand, poor system response

• Decreased government funding, increased private providers

• Changing learner demographics
Business models

- **Direct sales** from originating providers, perhaps 2-3 collaborating, eg, MIT/NUS/Nanyang, Deakin

- **Brand broker** partnering with top providers under brand eg Phoenix, Cardean

- **Silent Partner**: Infrastructure and services provider eg USQ with NextEd

- **Aggregator** broker, dealing programs from multiple providers (yellow pages model), eg Open Learning Australia

- Global and regional **consortia** of public institutions with **private sector** partners eg GUA with NextEd, Universitas Global with Thompsons

- **PPP**, governments forming partnerships with private sector for development and distribution eg, UKeU,
Costs

- Opportunity analysis: business development, planning
- Course development: writers, designers, producers, project managers
- Course production: programmers, web specialists
- Instruction: online and physical academic, interaction and assessment
- Technology infrastructure: platform, applications, system support, 24 x 7 help desk, communications
- Marketing and promotion: distribution agents, collateral, recruitment and processing
- Maintenance: liaison, relationship management, monitoring.
- Evaluation and continuous improvement
- Staff training and professional development
Revenues

- Tuition fees
- Disaggregated services eg coaching, preparatory courses, previous exams, texts
- Professional services, consulting based on experience
- Franchising/licensing courseware
- On selling software or application services
- Advertising on provider or broker sites
- Managing onsite or physical facilities complementing online
- Commissions on student recruitment
Pricing
(source Standing Stones Consulting Ltd, 2000)

THE TOTAL STUDENT EXPERIENCE
Tuition fees: factors affecting pricing models

- Cost plus, value-based and competition-based
- Fees per module, per credit hour, or per access time
- Licenses for multiple user access
- Legislated public or institutional policy forcing eLearning through peripheral departments or private companies
- Discipline sensitive eg business vs science
- Volume and scale sensitivity eg English, introductory maths, Accounting 101
- Brand: Harvard vs Sydney
- Added value eg visa pathway to country of origin, professional accreditation, transferability of credits
- Staff student ratio establishing levels of interaction and costs associated with tutor marked assessment
- Complexity and costs of learning resource development
- Parity of pricing for online and face to face offerings of same course
Internationalisation: technology issues

• Technology infrastructure and regulatory frameworks delineate the digital divide

• Technology solutions need to be developed to deliver in multiple languages and with appropriate coding ability

• Coding requirements for double byte (Asian) languages and bi-directional (Hebrew, Arabic) languages

• Web skills, online access, system support

• Privacy issues, learning spaces
Cultural issues online

• Localisation recognises that learning is culturally sensitive and requires more than translation especially when multimedia is in use

• Content needs to be developed with localisation to target markets in mind

• Behaviour and learning styles culturally based demanding online sensitivity to silence, humour, manners and values

• Sophisticated language skills required for operating effectively in the online classroom
Brand and Quality: cross border issues

- Brand = recognition, networks, accreditation, exit salary, lifelong alumni
- Quality = customer focus, effective learning models, reliable and responsive systems, a total learning experience, customer retention, lifelong alumni
- Increased cross border activity and jurisdictional rules and obligations in trade agreements is leading to urgent attention to QA.
- National Quality Assurance Agencies emerging for both domestic and foreign providers
A Quality Framework for technology and learning processes: CEN/ISSS Workshop on Learning Technologies

- Strategic Planning
- Program framework, blueprint
- Cooperation with experts, sponsors, instructors
- Course development: infrastructure, design, pedagogy, motivation, materials, assessments, student support, evaluation
- Marketing and student recruitment strategy and processes
- Induction and orientation
- Realisation/implementation
- Student support
- Teacher support
- Central database
- Evaluation
How do we protect Australia’s substantial position in the world education market?

- We need competitive products, quality assured, developed collaboratively, delivered economically, distributed via multiple channels
- Our learnware industry has to be developed
- We need a national strategy and a national infrastructure development fund
- Individual faculty and individual institutions cannot engage in major product development as an add-on to existing work.
- Requires substantial investment of resources, business expertise, project management and release time.
Funding strategies (Bates, 2001)

• Reallocate existing resources
• Create new e-learning institution
• Increase student tuition fees
• Target short term grants for e-learning projects
• Increase government baseline funding for institutions
• Use e-learning to absorb extra enrolments
• Encourage cost-recoverable e-learning programmes
• Allow public sector institutions to establish for-profit companies
References

• Standing Stones Consulting Limited, Business models for distributed learning, strengthening the Alberta advantage, www.standing-stones.com
• Aronowitz, S (2000), The Knowledge Factory: dismantling the corporate university and creating true higher learning, Beacon Press, Boston
• Renke, WN, Commercialization and Resistance in Turk, J (ed) (2000), The Corporate Campus: Commercialization and the Dangers to Canada’s Colleges and Universities, CAUT series Lorimer, Toronto
More references

• Bank of America Securities, the weekly Learner http://gcfi.bankofamerica.com/


• The Observatory on borderless higher education reports 2002 on intellectual property, trade in higher education services, www.Obhe.ac.uk
Contact

• Anne Forster
• Manager Special Projects and
• Director Innovation and Technology in Education Ventures
• Vice Chancellors Office
• The University of Sydney
• NSW 2006 Australia

• Tel +612 9306 9099
• Fax +612 9351 6877
• Email: a.forster@vcc.usyd.edu.au