

Ambient Insight Regional Report

The 2013-2018 Asia Self-paced eLearning Market

Massive Demand for Self-paced eLearning Content in Asia



"We Put Research into Practice"
www.ambientinsight.com

Quantitative Market Analysis by:
Sam S. Adkins, Chief Research Officer

Published: September 2014

To learn more about our research services, email:
info@ambientinsight.com

Ambient Insight Copyright Policy: All rights reserved. All media and research data published by Ambient Insight are protected by copyright. Purchasers may not modify or repurpose the information and financial data in our research in any manner.

The Ambient Insight Organizational Site License is an organization-wide volume license, which allows buyers to post the reports on their internal portals, intranets, and servers and grants unlimited access to all employees. The Ambient Insight Organizational Site License covers an unlimited number of users within your enterprise, school, district/county, or organization, regardless of the number of locations and distance between them. There is no time limitation and the license is granted in perpetuity.

Quoting Ambient Insight Research: Permission is required to use quotes, tables, diagrams, or charts from Ambient Insight research in press releases, promotional material, external presentations, or commercial publications.

Table of Contents

List of Tables	3
List of Figures	4
Abstract	5
Primary Catalysts	7
National Education Network Rollouts.....	7
Large-scale Learning Technology Deployments	9
Massive Academic Content Digitization Initiatives	10
Teacher Shortages Drive Sales of Digital Learning Products	11
New Government Educational Policies	12
The Launch of the ASEAN Economic Community (AEC)	14
Booming Enrollment in Cyber Universities	16
What You Will Find in This Report	18
Who are the Buyers?	19
What Are They Buying?.....	20
Related Research.....	23
2013-2018 Asia Forecast and Analysis	24
Asia Demand-Side Analysis.....	24
Australia	25
Bangladesh	29
Cambodia	32
China (including Hong Kong and Macao)	35
India	42
Indonesia.....	46
Japan	48
Laos.....	52
Malaysia	55
Mongolia	59
Myanmar (Burma).....	62
Nepal	65
New Zealand	67
Pakistan.....	70
The Philippines	74
Singapore	76
South Korea	80

Sri Lanka	88
Taiwan.....	90
Thailand.....	92
Vietnam	95
Asia Supply-Side Analysis.....	100
China Supply-Side Analysis.....	101
South Korea Supply-Side Analysis	102
Index of Suppliers	105

List of Tables

Table 1 - 2013-2018 Revenue Forecasts for Self-paced eLearning by Twenty-One Countries in Asia (in US\$ Millions)	24
Table 2 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Australia (in US\$ Millions)	25
Table 3 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Bangladesh (in US\$ Millions)	29
Table 4 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Cambodia (in US\$ Millions)	32
Table 5 - 2013-2018 Revenue Forecasts for Self-paced eLearning in China (in US\$ Millions)	35
Table 6 - 2013-2018 China Revenue Forecasts for Self-paced eLearning Products by Six Buyer Segments (in \$US Millions)	36
Table 7 - 2013-2018 Revenue Forecasts for Self-paced eLearning in India (in US\$ Millions)	42
Table 8 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Indonesia (in US\$ Millions).....	46
Table 9 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Japan (in US\$ Millions)	48
Table 10 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Laos (in US\$ Millions)	52
Table 11 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Malaysia (in US\$ Millions)	55
Table 12 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Mongolia (in US\$ Millions)	59
Table 13 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Myanmar (in US\$ Millions)	62

Table 14 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Nepal (in US\$ Millions)	65
Table 15 - 2013-2018 Revenue Forecasts for Self-paced eLearning in New Zealand (in US\$ Millions)	67
Table 16 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Pakistan (in US\$ Millions).....	71
Table 17 - 2013-2018 Revenue Forecasts for Self-paced eLearning in the Philippines (in US\$ Millions)	74
Table 18 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Singapore (in US\$ Millions)	77
Table 19 - 2013-2018 Revenue Forecasts for Self-paced eLearning in South Korea (in US\$ Millions)	80
Table 20 - 2013-2018 South Korea Revenue Forecasts for Self-paced eLearning Products by Six Buyer Segments (in \$US Millions)	81
Table 21 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Sri Lanka (in US\$ Millions)	88
Table 22 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Taiwan (in US\$ Millions).....	90
Table 23 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Thailand (in US\$ Millions).....	92
Table 24 - 2013-2018 Revenue Forecasts for Self-paced eLearning in Vietnam (in US\$ Millions)	95
Table 25 - 2013-2018 Asia Revenue Forecasts for Self-paced eLearning by Three Product Categories (in US\$ Millions)	100
Table 26 - 2013-2018 China Revenue Forecasts for Self-paced eLearning by Three Product Categories (in US\$ Millions)	102
Table 27 - 2013-2018 South Korea Revenue Forecasts for Self-paced eLearning by Three Product Categories (in US\$ Millions)	103

List of Figures

Figure 1 - 2013-2018 Top Ten Self-paced eLearning Five-year Growth Rates in Asia by Country	5
Figure 2 - Primary Catalysts Driving the 2013-2018 Self-paced eLearning Market in Asia	7
Figure 3 - 2013-2018 Asia Self-paced eLearning Five-year Growth Rates by Three Product Types.....	21

Abstract

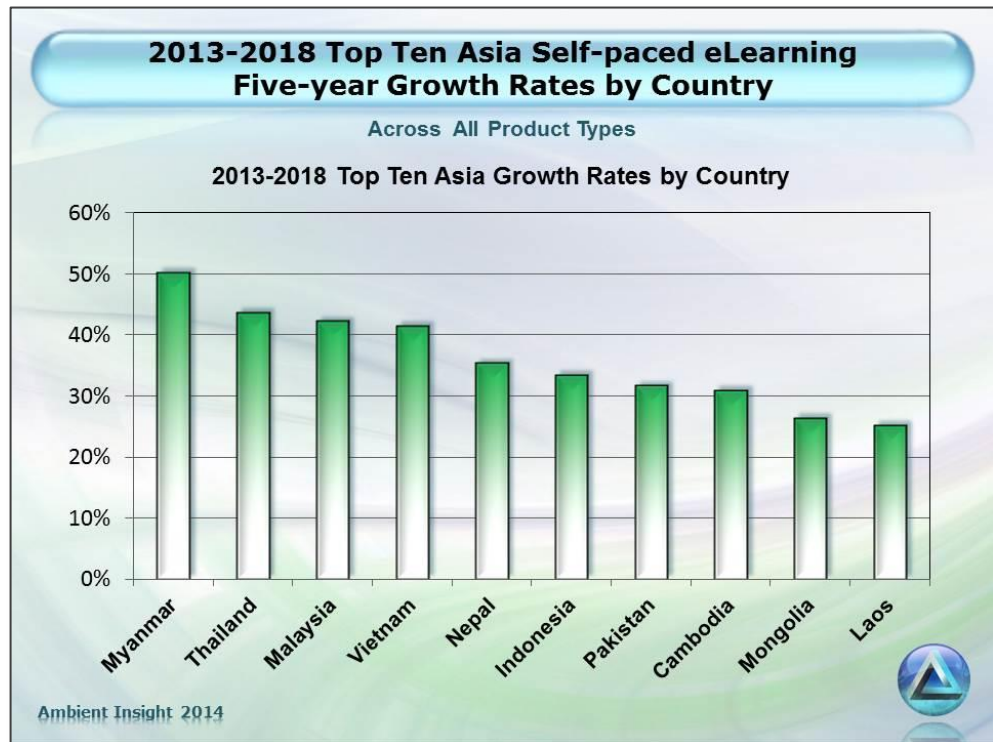
Asia will generate the second-highest revenues for Self-paced eLearning after North America throughout the forecast period. The growth rate is 8.9% and Self-paced eLearning revenues in Asia will reach \$12.1 billion in 2018, up from \$7.9 billion in 2013.

Forecasts for twenty-one countries are included in this report: Australia, Bangladesh, Cambodia, China (including Hong Kong and Macao), India, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar (Burma), Nepal, New Zealand, Pakistan, the Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, and Vietnam.

In 2013, the top five buying countries were China, South Korea, Japan, India, and Australia, respectively. By 2018, the top five buying countries will be China, South Korea, India, Japan, and Indonesia. Malaysia will come in sixth by 2018.

Myanmar has the highest growth rate in Asia at a breathtaking 50.2%, followed by Thailand and Malaysia at 43.7% and 42.3%, respectively. Fourteen countries in Asia have Self-paced eLearning growth rates above the combined aggregate growth rate of 8.9% in the region. Revenues will more than double in 12 of the 21 Asia countries analyzed in this report. Revenues will more than triple in nine of those countries.

Figure 1 - 2013-2018 Top Ten Self-paced eLearning Five-year Growth Rates in Asia by Country



Over 190 suppliers in specific countries in Asia are cited in this report. This will help suppliers identify local partners, distributors, resellers, and potential merger and acquisition (M&A) targets.

One unique characteristic of the Self-paced eLearning market in Asia is the presence of the mobile network operators (MNOs) and device makers in the competitive landscape. The MNOs and device makers are major eLearning suppliers in Asia in both the consumer and academic segments. For example,

- In May 2012, SK Telecom was selected by the South Korean government to implement the national Smart Education Project. "Chosen as a contractor for this project, SK Telecom's consortium will steer the direction of education policy; this includes offering measures to establish smart education platforms, constructing a system to distribute digital textbooks and other content."
- In Malaysia, the telecommunication company YTL Communications has a ten-year contract to operate the national education portal called 1BestariNet. YTL acquired the UK-based learning platform company called Frog Trade in mid-2013 and rebranded it as FrogAsia. The platform is the learning management system for 1BestariNet.
- In June 2014, South Korea-based SK Telecom announced a deal with China's Zhongqing Group to provide SK Telecom's T Smart Class platform to 1,300 schools in China. Zhongqing Group provides education services to over 20,000 schools across China and is the third-largest education software provider in the country.
- In September 2014, Samsung launched their Samsung Smart School platform in India. They have launched the product in over twenty other countries, but this is the first national deployment. The content can be purchased by consumers via the cloud or at over 7,000 retail stores across India via Wi-Fi. "The content includes in-depth subject-wise content with multimedia tutorials, interactive lesson-based exercises, and practice tests."

One significant leading indicator is the massive amount of private investment going to learning technology companies operating in Asia. Investors are particularly attracted to English language learning suppliers in China.

More than half of the global investments made to digital English language learning suppliers in 2013 and 2014 went to Chinese companies. This trend is likely to continue. A detailed analysis of the investment patterns in China is included in this report.

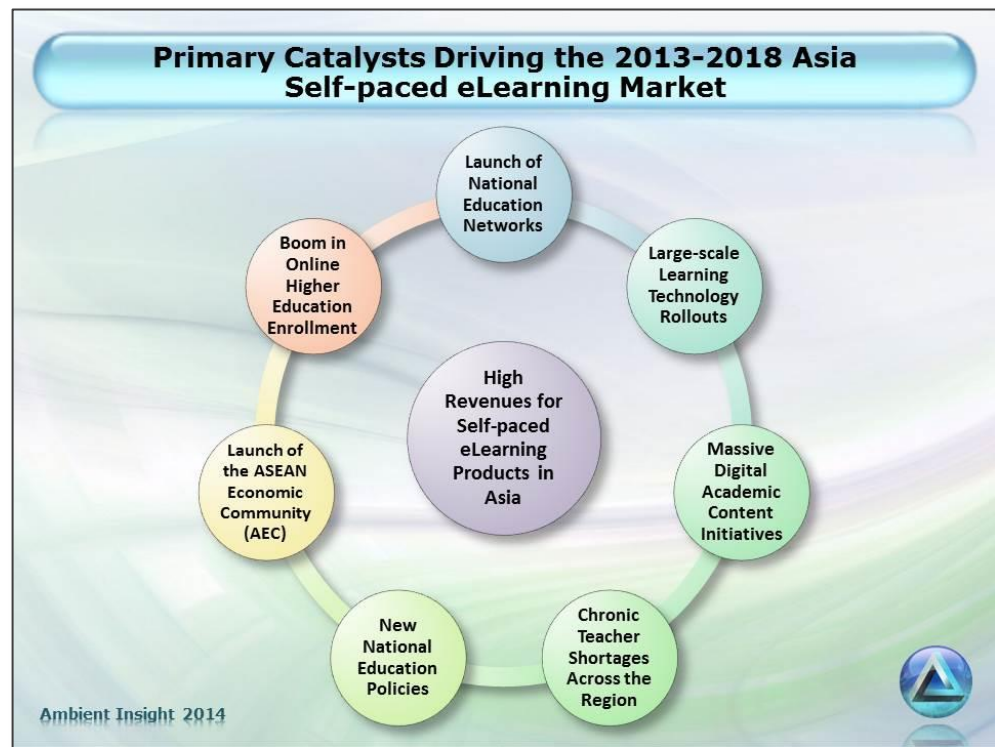
According to an April 2014 article in The China Times, over 1,000 new online education companies opened for business in China in 2013 alone. "Chinese internet giants Baidu, Tencent, and Alibaba have begun building their respective online learning platforms and have proactively invested in e-learning companies or products in the meantime."

Primary Catalysts

The most significant catalysts in Asia driving the sales of Self-paced eLearning products are:

- The rollout of national broadband education networks
- Large-scale technology deployments in the schools
- Content digitization efforts in the various federal, state/provincial, and municipal school systems
- Teacher shortages in rapidly developing economies
- New government education policies
- The booming enrollment in online higher education

Figure 2 - Primary Catalysts Driving the 2013-2018 Self-paced eLearning Market in Asia



There are also secondary catalysts in the region including the healthy demand for eLearning in the corporate segments in many countries, the strong demand for digital English language learning products in both the academic and consumer segments across the region, and the adoption of digital products by commercial training and education providers.

National Education Network Rollouts

Australia, Malaysia, Sri Lanka and New Zealand now have national education networks that connect (or will soon connect) all schools to high speed Internet. In tandem with this effort, the governments are also equipping the schools with whiteboards, computers, and tablets on a massive scale.

The Singapore government has embarked on a major long-term digitization effort called FutureSchools@Singapore equipping schools with state-of-the-art technology and digital content in collaboration with the major technology suppliers and educational publishers. By 2016, all primary and secondary students will be connected to the national education network.

In Bangladesh, there is a government initiative called Digital Bangladesh. One of the goals of Digital Bangladesh is to provide 3G wireless connectivity to all universities, colleges, high schools, and primary schools by 2021. They intend to provide a laptop to every primary and secondary student in the country by that time.

The Indonesian government has an initiative called Knowledge Based Society 2025, which intends to connect all the schools in the country to the Internet and expand wireless broadband to every inhabited island in the country by 2025. By the end of 2013, they had connected over 40,000 schools.

In April 2011, Malaysia launched the Malaysia Education Online (MEdO) national online learning portal. The goal of their new National e-Learning Policy is to have 30% of all higher education courses delivered online by 2015.

In June 2013, the government hired Asia e-University to expand the platform for students outside Malaysia. A private company in Malaysia called Sree Knowledge Provider (SKP) developed fifteen of the online degree programs for business management.

In May 2011, the Sri Lankan Ministry of Higher Education signed an agreement with Mobitel to use Mobitel's learning platform as "the National Higher Education Learning Platform through the National Online Distance Education Service (NODES)." In June 2014, the University of Colombo launched seven online degree programs on the platform for government employees in Sri Lanka.

In April 2014, Nepal's Department of Education (DoE) approved funding to equip all public schools with computers and internet access starting in the 2014 school year. "We plan to reach out to around 7,153 primary and secondary schools with computer and internet facilities. Through these 7,153 schools we will reach out to more than 3 million school children. Through this initiative we want to encourage e-learning and self-learning among students."

In Vietnam, the government has an agreement with the telecom operator Viettel, which provides free Internet access (72% of which is broadband) to all 29,500 schools reaching over 26 million students and teachers in the country. The Ministry of Education and Viettel signed a three-year deal to "to use the deployed infrastructure to enhance e-education with various ICT applications, such as e-books, e-schools, and e-learning."

In December 2012, China-based Insigma and France-based Alcatel-Lucent announced a \$100 million contract with the Laotian government for the

Malaysia's national online learning portal MEdO was built by Malaysia's Asia e-University. As of June 2014, MEdO had 24 online degree and certification programs.

second phase of the Information and Communications Technology Education in Laos project. The project is mostly focused on building out infrastructure in the schools but also includes the development of online content and learning management systems.

The National Education Blueprint 2013-2025 launched in Malaysia in late 2012. Under the plan, Malaysia will equip 10,000 schools across the country with 4G networks and a national "virtual learning platform." The national education network is called 1BestariNet and in September 2013, the government announced that 85% of the schools in Malaysia were connected.

Governments are mitigating the low penetration rates for Internet access and computers by building physical "telecentres" or installing them in the schools across the country.

In December 2013, Pakistan's Ministry of Information Technology announced that they were expanding the number of Universal Telecentres from 35 to 300. "The centres will provide opportunities for e-learning, e-commerce, and e-agriculture."

In May 2014, the Cambodian government announced a five-year project to build out "Information and Communications Technology (ICT) Resource Centres" in 334 schools. "The centres will each have broadband internet access and three computers equipped with mobile-phone-compatible digital portals that include digitized and searchable copies of the curriculum, hundreds of tutoring videos, an interactive student forum."

In July 2014, the MNO Telenor announced a partnership with the Myanmar Information and Communications Technology Development office, or MIDO, "to construct several hundred tech-based community centers to serve small communities."

By July 2014, the Bangladesh government had built out over 25,000 computer labs in schools across the country and announced that they would install 100,000 Wi-Fi networks in the schools over the next three years.

Large-scale Learning Technology Deployments

The infrastructure is the foundation for learning technology tools, platforms, personal learning devices, and digital content. The high demand for the integration of these eLearning products into the countrywide infrastructures represents a significant revenue opportunity for services suppliers.

In March 2013, the Uttar Pradesh provincial government announced they would distribute 1.5 million laptops to primary and secondary students in the province in a \$536.3 million multi-year phased program.

In January 2014, the province of Punjab in Pakistan launched a \$125 million eLearning initiative that included distributing over 100,000 3G-

enabled laptops to higher education students, re-launching the education portal eLearn.Punjab, connecting schools and universities to the Internet, and establishing computer labs in 4,500 schools in the province. The province intends to distribute another 200,000 laptops in the next two years. The government not only pays for the laptops, but also for access to 3G on the Pakistan Telecommunication Company Limited (PTCL network.

Several countries in the region were early adopters of learning technology and are now in the process of modernizing their technology. In February 2014, the government launched the Digital Learning Advancement Program "to provide a new learning environment for teachers and students in Taiwan."

In early 2012, the Sri Lanka government launched the 1000 Schools Project. The goal of the project is, "to provide local students with technological resources including PCs, Internet access, and digital content to create effective eLearning environments that prepare students for success in a changing world."

It should be noted that academic digitization efforts are essentially policy decisions which can literally change overnight. In July 2011, the Thailand government announced that they intended to give every child in grades 1-6 a tablet starting with first grade students in the 2012 school year. (An additional 5 million children in higher grades were slated to get netbooks.) In June 2014, the new government came to power in Thailand suspended the tablet initiative. Just over a million tablets were distributed by that time.

Massive Academic Content Digitization Initiatives

Academic content digitization programs began in the developed economies several years ago and late-stage phases are rolling out now. These efforts are underway in both PreK-12 and higher education.

As of 2010, the entire primary and secondary curriculum was online in China. Although the content is online, relatively few students have access to it yet. The Chinese government's goal is to have their entire K-12 population of over 200 million students online by 2020.

In February 2013, China Education Resources announced that the Gansu Provincial Education Department hired them to "add Self-paced eLearning solutions to the company's school platform for the students in Gansu province." China Telecom provides the content delivery platform. China Education Resources already has over one million Chinese schoolchildren accessing their web-based educational portal.

In June 2011, the South Korean Education Ministry mandated that all instructional content in all primary and secondary schools must be 100% digital by 2015. The Indonesian government funded the digitization of the entire PreK-12 curriculum.

Many of these large-scale learning technology initiatives are long-term projects stretching over many years ensuring favorable market conditions for learning technology suppliers.

Digitization efforts are rolled out in phases with institutions targeting specific grades in the initial phases. This grade-based targeting is different in each country. For example, Thailand and Vietnam are focusing on learning technology for the very early grades. Other countries such as Pakistan and Malaysia are focusing on higher education for their first phase of digitization.

In Bangladesh, the country's ministry of education reported that 2.8 million students had access to eLearning content in 2012. By July 2013, over 4 million students had access to eLearning content, most of it developed by teachers.

Benesse (the parent company of Berlitz) is the largest education supplier in Japan and the third largest in the world. In Japan, Benesse provides both print and digital content that supplements subjects taught in grades PreK-12. They operate the largest PreK-12 correspondence school in the world. They are steadily migrating their entire product line to digital formats.

In Benesse's financial report for the 2012 fiscal year (released in August 2013), they reported that they had 3.8 million Japanese children enrolled in their courses.

Instructional content digitization is not limited to PreK-12 content. Australia has a formal eLearning strategy for their vocational training programs called the National Vocational Education and Training E-learning Strategy 2012-2015. The strategy targets both government and commercial vocational education providers with the goal of "Strengthening the Australian training sector's use of new learning technologies."

The Australian government has a central eLearning content portal called National VET Content that includes thousands of courses built by commercial providers with funding from the government.

In May 2012, the Pakistan provincial government of Punjab announced a deal with Wateen Telecom, a domestic telecom operator in the country, to "enable e-learning in the province." Under the agreement, Wateen "will provision an e-learning portal for graduate and post-graduate students to access and gain vital educational content, and promises to leap-frog the country to economic progress and prosperity with a skilled and educated workforce."

Teacher Shortages Drive Sales of Digital Learning Products

There are now significant shortage of teachers in the rapidly developing countries in the region and this is a catalyst for technology-based products and services. The shortage of teachers is driving the demand for both self-paced products and live online tutoring.

Teacher shortages are particularly acute in the rural areas across Asia and governments now see learning technology as a way to mitigate the problem. There is also a shortage of qualified English teachers in almost

China, Indonesia, and South Korea are the first countries in the world to convert all their primary and secondary academic content to digital formats.

every country in the region. This has created a sharp spike in the demand for digital English eLearning products used to train students and teachers.

In a partnership with the Pakistan government, the British Council is running a program called The Punjab Education and English Language Initiative (PEELI). The initiative runs from 2013 to 2018 and the goal is to increase the English proficiency of over 330,000 teachers in Punjab who have to teach all their classes in English by 2018.

In September 2013, the British Council "adopted" 72 schools in Punjab, which are now called British Council Schools. The primary language of instruction in the British Council Schools is English and the instruction is supplemented with language labs.

In May 2013, Melewar Group of Malaysia signed an agreement with UK-based STC Consortium Limited to "supply thousands of English teachers over the next five years to schools, colleges, and universities right across Asia." Melewar's English Learning Group is running the program. Their English product is called Direct English, which is a blended program with "an integrated mix of a unique syllabus, online learning, and face-to-face sessions." The language learning software component is licensed from UK-based Linguaphone.

Myanmar is the most dynamic market in the region due to the new civilian government's decision to open the economy, allow foreign investment, and implement sweeping education reforms. Over \$4 billion in foreign direct investment (FDI) flowed into the country in 2013. South Korea and Singapore accounted for just under 60% of the FDI in 2013. Additionally, hundreds of millions of dollars are flowing into the country to fund education projects from agencies such as UNICEF, the World Bank, and the Asia Development Bank.

In September 2014, the government of Myanmar committed to providing education to every child in the country by the end of 2015 "using three educational methods; school education, non-school education, and self-study."

Myanmar has an acute shortage of teachers and the government now sees eLearning as a way to help mitigate the problem. In July 2014, Microsoft and Intel announced an initiative in collaboration with the government "to help improve computer literacy **and develop a national electronic education system** in Myanmar."

In August 2014, Pearson stated in their mid-year financial statement that "In Guizhou province, we have trained nearly 200 teachers in English Language Teaching, and are providing digital courseware for 8,700 students in the city of Guiyang."

New Government Educational Policies

New government policies are having a dramatic impact on the commercial learning technology markets in every country in the region. The

Malaysia-based SMR Learning and Development won a three-year \$30 million English language learning contract from the Education Ministry. They built the ELT Cloud portal, which is designed for teacher training.

government initiatives surrounding English proficiency represent the clearest opportunities for digital courseware developers.

The English proficiency mandates are designed to increase English proficiency of not only the native populations but also immigrants to English-speaking countries.

- In 2011, Japan made English language learning compulsory in all Japanese primary schools starting in the fifth grade. Prior to this mandate, students were introduced to English in junior high. In October 2013, the government announced that English would be introduced in third grade in all the schools by 2020. The Japanese government reported that they would "boost the number and quality of English teachers and native-language assistant teachers at more than 22,000 six-year elementary schools with 7.1 million children across the country."
- In January 2012, the government of Thailand launched their 2012 English Speaking Year project with the ambitious goal to teach English to 14 million students in 34,000 state schools across Thailand from pre-primary to university age. Their goal is to have all students proficient in basic English by 2015.
- In February 2012, the Australian government announced the launch of a three-year project called Virtual English Tuition for Migrants, which is an online language learning service.
- In October 2013, the Punjab provincial government in Pakistan announced that English would be the official language of instruction in all primary and secondary schools by 2018. There are over nine million primary and secondary students in Punjab.
- The Vietnamese government has embarked on a plan to ensure that all students in PreK-12 schools are proficient in English by 2020. In June 2013, the government announced that they had licensed two million copies of the LiveABC English language learning software developed by Taiwan-based LiveABC Interactive Corporation.

The Sri Lankan government launched a three-phase initiative called English as a Life Skill in 2009. The government named 2012 as the "Year of Trilingualism," launching a ten-year program to make Sri Lanka a nation of three official languages: Sinhala, Tamil, and English.

The third phase of the English as a Life Skill initiative launched in February 2013 and is the learning technology component of the initiative. The government began distributing DVD-based self-paced English language learning courses for grades 10 and 11 starting with 2,000 schools. The goal is to distribute the software to over 6,800 schools by the end of 2014. Starting in 2015, high school students will be given a new English exam that will assess "listening and speaking" skills.

While new government policies are usually catalysts for commercial suppliers, the policies can also have a negative impact. Until 2012, English

was the language of instruction for all math and science classes in Malaysia. A new government policy mandated that Malay be the official language of instruction starting in the 2012 school year. While this is an opportunity for commercial suppliers to port content to Malay, it was a blow to commercial suppliers that had English content catalogs.

The Launch of the ASEAN Economic Community (AEC)

A major driver influencing government English proficiency initiatives and the uptake in self-paced products is the December 2015 launch of the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC). There are ten countries in ASEAN: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

The AEC "aims to create a single market and production base in order to boost the competitiveness of ASEAN countries. It is expected to create free mobility of goods, services, investments, capitalization and skilled labor."

English is the official working language of ASEAN and the official language of business for the ASEAN Economic Community (AEC). In April 2014, the Office of the Civil Service Commission in Thailand launched "an e-learning project to provide English-language training for government officials in preparation for the ASEAN Community in 2015." The project is "an English program to equip officials at various levels with listening, speaking, reading, and writing skills."

Government agencies and companies are scrambling to get their employees proficient in English. Individuals are honing their English skills to take advantage of AEC opportunities in other countries. Ironically, individuals are learning English to protect their positions from workers coming in from other countries. Language learning suppliers are marketing their products with AEC messaging.

For example, the British Council in Thailand advertises that "The courses will give you a competitive advantage in using English ahead of Thailand's integration into the ASEAN Economic Community (AEC)." Many suppliers explicitly reference the AEC. New Education World in Bangkok has a course called English for AEC and Train4 has a course called AEC Business English.

In August 2012, a memorandum of understanding (MOU) was signed by Cambodia, Laos, Myanmar and Vietnam to build the ASEAN Cyber University. Thailand joined in 2013. The ASEAN Cyber University is funded in part by the South Korean government, which provides \$3 million a year to the project. The ASEAN Cyber University's technology hub is in Hanoi.

In May 2013, the Office of the Civil Service Commission in Thailand launched "an e-learning project to provide English-language training for government officials in preparation for the ASEAN Community in 2015."

In September 2013, the news agency Matichon reported that the number of people studying English in commercial schools in Thailand jumped 50%

In July 2013, ASEAN launched their ASEAN Community e-Classroom Project, which provides IT-related online courses designed for people with disabilities. The online courses are available to anyone in the ten member states.

from 200,000 in 2012 to 300,000 in 2013. The jump was directly attributed to the ASEAN Economic Community launch.

English is not the only revenue opportunity for suppliers. ASEAN members have agreed on "a single clear standard for professional qualification screening in order to help the free flow of eight key professions."

The ASEAN Qualifications Recognition Framework (AQRF) will be launched in early 2015. The framework includes standardized learning outcomes for eight professional categories:

- Engineering Services
- Architectural Services
- Surveying Qualifications
- Nursing Services
- Medical Practitioners
- Dental Practitioners
- Accounting Services
- Tourism Professionals

Each of these categories represents significant revenue opportunities for eLearning suppliers. Each of the categories will have standardized curricula allowing digital content suppliers to get to market quickly by mapping to the content standards.

The AEC tourism curriculum is a good example. The ASEAN Tourism Curriculum (CATC) provides standardized content guidelines for 32 positions across six employment divisions: Front Office, Housekeeping, Food Production, Food & Beverage Service, Travel Agencies, and Tour Operations.

"Education and training providers will want to review their curriculum and qualifications to ensure it matches or can be mapped to the Common Asian Tourism Curriculum in order to provide relevant qualifications to their students or trainees."

Tourism English and other languages are now in high demand in the ASEAN countries and across the region. For example, tourism is a major industry in Indonesia and Self-paced eLearning is now being used to train tourism professionals. In May 2013, the Bali Hotels Association (BHA) hired a China-based Qooco to develop self-paced Mandarin and English language learning products for the BHA's 30,000 members.

In July 2013, the Thailand Ministry of Tourism and Sport announced an agreement with the Research Institute and Consulting division of Thammasat University to develop a series of eLearning courses that map to the ASEAN Tourism Curriculum.

The Thailand Cyber University Project is a government-funded consortium of 43 universities and the government. As of June 2014, it provides over 600 free online courses and reaches over 180,000 students.

Booming Enrollment in Cyber Universities

The adoption rate of eLearning in the region's higher education segments is nothing short of astonishing. Several online institutions are now enrolling very large numbers of online students and enrollments are accelerating.

- ChinaEdu in China has over 311,000 online students (in both degree and non-degree programs), the second-largest online student population on the planet after the University of Phoenix Online in the US. In December 2013, ChinaEdu reported that there were 211,000 students enrolled in their online degree programs, **a 14.5% increase over the year before.**
- Korea National Open University (KNOU) has over 200,000 online enrollments. In terms of enrollment, it is the largest university in South Korea. By September 2014, South Korea had 24 cyber universities in operation with a combined enrollment of over 120,000 online students.
- The Open University of Malaysia (OUM) is a pioneer of distance learning in that country and has over 90,000 online students. They developed their own learning platform called MyVLE (Virtual Learning Environment).
- The Open University of Japan is the largest online education provider in Japan with over 85,000 enrolled students.
- Over 78,000 students are enrolled in Mumbai University's distance-learning programs as of October 2012.
- Open Universities Australia (OUA) has over 60,000 online students, **more than double the enrollments from four years ago.**
- In early 2013, Melbourne University announced that they had over 52,000 online students, higher than the 47,500 students that took traditional classes.
- Australia's NSW AMES, an Australian government body sells an online product called EnglishatAMES, which they distribute through the Distance Learning School of ZhengZhou University in Henan Province. The Distance Learning School has over 40,000 students across China.
- The Open Polytechnic claims to be "New Zealand's leading distance learning provider." They average over 34,000 enrolled online students a year.

Pakistan's Allama Iqbal Open University (AIIOU) is the oldest open university in the world and also one of the largest universities in the world. It is categorized as a "mega-university." AIIOU claims to be the "pioneer of distance learning education in Asia." Their learning platform is called the Open Learning Institute of Virtual Education (OLIVE), "a learning management system that allows teachers and students to interact in a

virtual classroom by enabling web-based management and delivery of courses."

The University of Distance Education Yangon (UDEY) located in Yangon (Rangoon), is one of two universities under the University of Distance Education system in Myanmar. With over 500,000 students mostly studying liberal arts and economics, the UDEY system is the largest university in Myanmar. Their eLearning courses "are hosted on the country's Intranet and available in over 700 e-Learning Centers throughout the country."

Several countries passed laws recently that are accelerating the adoption of eLearning in the higher education segment. In early 2012, the Japanese government approved the Distance Education Universities Law authorizing 54 universities and 11 distance education junior colleges to offer eLearning programs. This has created a spike in online enrollments in Japan.

By June 2014, over 300,000 Japanese higher education students were enrolled in online classes. This is extraordinary considering that the first cyber university only opened in Japan in 2007 and had only 516 online students.

Until early 2014, the Chinese Ministry of Education had to officially approve online degree programs and did not allow foreign firms to grant online degrees in China. As of 2014, 68 universities in China have dedicated online learning institutes. The government suspended the approval mandate in January 2014, making it easier for institutions to go online.

The Chinese government now provides grants up to \$10,000 to professors that hire developers to convert their teaching materials to online formats. More than 12,000 courses developed at Chinese universities are now available online.

The number of Chinese higher education institutions has more than doubled to over 2,700 schools since 2000. The number of enrolled higher education students has increased six fold in the last decade to over 33 million students, the largest higher education system in the world. By the end of 2013, 14% (4.6 million students) of higher education students in China were online students.

Of course, large online enrollments are not limited to higher education in Asia.

- In March 2013, Ireland-based Onwards Learning announced a distribution agreement with China Computer Correspondence College (CCCC), a large vocational education chain in China with over 400 locations and over one million students. CCCC will distribute Onwards Learning's catalog of third-party digital English language learning content across the CCCC chain.
- New Oriental Education claims to be the largest provider of "private educational services" in China. In 2013, they reported that their revenues for "online children's English classes are rising 35% a year." They had 8.8 million registered students of all ages as of

early 2014. In July 2013, Yu Minhong, chairman of New Oriental Education stated in the press that "online education will account for 40% of the private education market in three to five years, from 10% now."

- China Distance Education Holdings Limited is a publicly-traded online education provider in China that provides online professional education, certification/licensure test prep, and continuing education courses for several professions including accounting, healthcare, construction, engineering, and law. They reported 2.7 million enrollments for their 2013 fiscal year. In August 2014, they reported that "Total course enrollments reached 925,000 in the third quarter of fiscal 2014, **an increase of 42.6% from the third quarter of fiscal 2013.**"
- In May 2014, Oxford University Press (UOP) announced a distribution agreement with Hujiang, an online private language school with 3 million active paying members and 70 million registered members "made up primarily of young, white-collar workers, many who work for foreign-owned enterprises".
- In July 2014, Alibaba Group's e-commerce division Taobao reported that their consumer-facing online education portal called Taobao Classmate registered over one million users in 2013 in just the first three months of operations.

There are hundreds of smaller scale initiatives being launched in the region. For example, in June 2014, the Indonesian government announced the launch of five online learning high schools in an effort to offset the high dropout rate for high school students. Each school will be able to scale to 800 students, with 25% attending free via government-funded scholarships.

The defining characteristic of Self-paced eLearning is the pedagogical structure imposed by formal instructional design and systematic development of the digital courseware products.

What You Will Find in This Report

There are two sections in this report: a demand-side analysis and a supply-side analysis. Additionally, there is an index of suppliers competing in the region.

The demand-side analysis provides suppliers with five-year forecasts for 21 countries in Asia and supplies insight into the complexity of buying behaviors in those countries. A detailed forecast for China and South Korea are provided broken out by six buying segments: consumers, federal government agencies, provincial/state/municipal government agencies, PreK-12 school systems, higher education institutions, and corporations & businesses.

The supply-side analysis provides five-year revenue forecasts for three categories of Self-paced eLearning: packaged content, custom content development services, and authoring tools/platforms for all 21 countries combined. Additionally, breakouts are provided for these three product types for China and South Korea since they are the two largest buying countries in the region.

This report does not include revenues for the other seven learning technology products that Ambient Insight tracks. This report only includes revenues for self-paced courseware and does not include revenues for Mobile Learning, Collaboration-based Learning (live online classes and online tutoring), Digital Reference-ware (video, audio, eText), Simulation-based Learning, Social Learning, or Game-based Learning.

Who are the Buyers?

The Self-paced eLearning buyers in Asia are:

- Consumers
- Federal government agencies
- Provincial/state/municipal government agencies
- PreK-12 school systems
- Higher education institutions
- Corporations & businesses

In general, the revenues for Self-paced packaged content are heavily concentrated in the academic segments, followed by the corporate segments. This is not true in every country analyzed in this report. For example, consumers are the top buyers in South Korea.

There is a significant threat of product substitution in the consumers segments across the region. For example, consumers in India are avid buyers of digital learning content, but they tend to buy Mobile Learning instead of eLearning. This may change as more self-paced content becomes available.

In July 2014, in July 2014, Flipkart, India's largest online retailer, launched an eLearning category on their eCommerce site with India-centric content geared to consumers. "Certification courses, prep tests, and educational CDs form the bulk of the 1,900 products and titles in the new category at the outset. Study material from Career Launcher, Edurite, EduKart, Merit Nation, TCY Online, and Practice Guru are part of the eLearning portfolio."

Finding the academic buyer in many countries in Asia can be daunting, as many supply chains are comprised of government agencies, universities, private schools, domestic companies, international companies, trans-regional consortiums, NGOs, and foreign government funding agencies.

Often the foreign entities operating in these supply chains are the actual buyers of Self-paced eLearning products and services. They then in turn donate or resell those products at highly subsidized prices. This report describes those supply chains and identifies the real buyers in each of the 21 countries analyzed in this report.

Many countries have centralized educational systems run by government agencies and they are the primary buyers of academic content. This report identifies the countries with state-run centralized education ministries that buy learning technology products directly from suppliers. It also identifies

the major suppliers doing business with the education ministries. Both offer points of entry for suppliers trying to enter those markets.

Federal and provincial/state government agencies buy commercial self-paced content for employee training, but they also hire custom services suppliers to develop a wide range on courses including tourism, literacy, vocational training, public safety, and healthcare.

Several countries in this report including Australia, Indonesia, Malaysia, and Pakistan operate (or have funded third-parties to operate) national education portals with free content accessible to all citizens.

In some government-operated school systems in the region, the parents must purchase the textbooks and instructional material used by the teachers. Parents are responsible for the purchase of eTextbooks as well. The one exception is language learning software, which the governments tend to purchase directly from suppliers. These buying patterns are identified in this report.

Higher education institutions, particularly the public and open universities, tend to develop their own eLearning content and many of them use open source learning platforms. The private universities are more likely to buy commercial products. That said, both public and private institutions use commercial authoring tools to develop the self-paced courses.

What Are They Buying?

The supply side section of this report provides revenue forecasts for three categories of Self-paced eLearning products and services:

- Packaged content
- Custom content development services
- Authoring tools and learning platforms (cloud-based and installed platforms combined)

Packaged self-paced content accounts for the vast majority of revenues throughout the forecast period. Private and public academic institutions are buying a large amount of commercial digital content. Many of these procurement initiatives are phased government programs that span 3-10 years; revenues will remain steady for the foreseeable future.

Packaged content includes products delivered on tangible media such as DVDs, as well as web-based content. Self-paced eLearning packaged course content types include (but are not limited to):

- IT-related courses
- General academic courses
- Exam and test preparation courses
- Hobby and instructional "how to" guides
- Vertical professional skills and professional development
- Channel, partner, and supplier education
- Continuing education (CE) and continuing medical education (CME)

A breakout of these three products over the forecast period is also provided for China in the supply-side analysis.

- Professional licensure and certification
- Internal and external sales
- Decision and performance support
- Business process training
- Customer, patient, or constituent education
- Business and finance
- Organizational, management, and leadership development
- Compliance and mandated learning
- Language learning

One major catalyst in the consumer segments (and the higher grades in the PreK-12 segment) is the heavy emphasis on standardized English tests and high stakes testing in countries across the region. For example, over 10 million Chinese high school seniors take the national university entrance exam (known as the "gaokao") every year.

Figure 3 - 2013-2018 Asia Self-paced eLearning Five-year Growth Rates by Three Product Types



These students are competing for 6.5 million available places in the higher education system and achieving high scores on the tests is vitally important to students and parents. Self-paced test prep courses are in high demand in most countries in the region.

The top selling self-paced packaged content type across the region is language learning. Self-paced language learning products are purchased by all the buying segments. English is the language in the highest demand.

L Labs is a Taiwanese educational software company that sells online language learning tools across Asia. Their primary product is MyET (My English Tutor), which "provides English learners with an unprecedented and effective online learning experience." The company claims the product is now being used by over a million students and over 500 universities

"The five-year compound annual growth rate (CAGR) for digital English language learning products in Asia is 14.2% and revenues will climb to \$1.6 billion by 2018, up from the \$863.1 million reached in 2013." **(Source: Ambient Insight's "The 2013-2018 Asia Digital English Language Learning Market")**

That said, the buying behavior is different in each country analyzed in this report. For example, according to ChinaVenture Investment Consulting Group, 32% of all online education companies in China are preschool education providers and 27% of all online education companies are dedicated language learning companies.

Private language schools, universities, and PreK-12 schools buy commercial language labs that come pre-bundled with self-paced language learning software. Finland-based Sanako is the leading language lab supplier in the region and resells the digital content from Oxford University Press.

Taiwan-based LiveABC Interactive Corporation is a major supplier in South Korea. They provide online English language content to two of the largest language school chains in the country: Edubox and SDA Samyook Language School Strategy Alliance. Edubox has over 400 schools and SDA enrolls over 500,000 students a year.

In May 2012, India's Birla Shloka Edutech (owned by the Yash Birla Group), announced an agreement with Malaysia's Melewar Group to sell UK-based Linguaphone's Direct English product in "corporate and retail markets in India and Malaysia." They plan to roll out the digital product in over 500 training centers by 2017.

In July 2014, Alibaba Group's e-commerce division Taobao reported that their consumer-facing online education portal called Taobao Classmate registered over one million users in 2013 in just the first three months of operations. Taobao reported that "the top five categories of educational purchases were:

- Foreign languages (37.6%),
- Marketing and management (14.3%),
- Primary and middle school-level supplementary learning aids (13.2%),
- Literature and arts (11.3%),
- And professional test preparation (10.4%)."

Corporations and government agencies are the top buyers of custom content development services and commercial tools and platforms in Asia. International educational publishers often hire domestic third parties to develop their localized Self-paced eLearning content. Government agencies pay suppliers to create their online citizen education and tourism courses.

Clearly, self-paced language learning is a significant revenue opportunity for suppliers in China.

Tools and platforms are in wide use in the corporate, government, and academic segments. However, open source products such as Moodle are quite popular in the higher education segments across the region. With the exception of language learning content, universities tend to create their own self-paced content.

In December 2103, the Indira Gandhi National Open University (IGNOU) did a survey of universities in the Commonwealth of Asia including Bangladesh, India, Malaysia, Pakistan, Singapore, and Sri Lanka. The survey found that 46% of the universities used Moodle and 9% had built their own. Of the five commercial suppliers in the results, none had over 8% share; Blackboard was the top commercial LMS supplier at 7.7%.

Related Research

Buyers of this report may also benefit by the following Ambient Insight market research:

- [The 2013-2018 Asia Digital English Language Learning Market](#)
- [The 2013-2018 Asia Mobile Learning Market](#)
- [Ambient Insight's 2014 Learning Technology Research Taxonomy](#)



"We Put Research into Practice"
www.ambientinsight.com