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Market Trends

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How to Approach International Education Markets In the Coronavirus Era

Many Countries Have Launched Ambitious Digital Programs, Even Amid Economic Pain

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When the COVID-19 pandemic shut down school buildings around the world this spring, creating a rush for digital tools to facilitate remote learning, the ed-tech company Edsby was already plotting its next step for global expansion.

Roughly one year removed from the company's first win outside of North America—a national contract with New Zealand's Ministry of Education to implement its digital learning and data system—the coronavirus' impact has reshaped Edsby's international plans in both negative and positive ways.

The negative: A South African province temporarily halted a pilot of the company's LMS this summer after teachers were pulled from classrooms because of the pandemic, leaving Edsby's software unable to be evaluated.

There's a tension in the global market between countries pursuing ambitious ed-tech projects and coping with lingering economic anxieties

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The positive: "Other doors have opened in the process," said Dallas Kachan, vice president of marketing for the Canadian company, pointing to new prospects in Asia and Africa.

The experience has been typical for many companies across the market working internationally during COVID-19. Vendors have seen new opportunities emerge in some foreign markets because of ambitious government investments in digital education, and urgent school and systemwide needs that have accelerated sales cycles.

"COVID has propelled a lot of that," Kachan said. "There have been opportunities regionally and at the country level brought by various partners that didn't exist before COVID. We're talking about deals worth millions and millions of student accounts."

Others, however, point to the shadow the coronavirus has cast over entire economies and public and private school systems, which has undermined spending plans and sown doubts about how quickly they can invest in new products and services.

Doing business in a new country is always a challenging endeavor, filled with calculated risks and logistical hurdles. But the potential for ed-tech firms to expand internationally amid the coronavirus-induced shift to remote learning comes with an especially high risk-to-reward ratio.

Din Heiman, senior vice president of strategy at the K-12 analytics and assessment company Renaissance, said that “huge, huge opportunities” currently abound for vendors with the right solutions because the digital transition spurred by COVID is no flash in the pan.

“It’s changed the sea level. It’s changed the attitudes and approach toward tech and blended learning” for the better, Heiman said.

Yet companies also need to have checked the boxes that are essential for working in any foreign country. They need representation there, and reliable contacts, said Heiman. They need to make sure there’s a demand for their product. They need to make sure their product is localized, and that it delivers in the right language.

“If you’re starting from absolute zero, now is a risky and expensive time to be going all-in on international,” he said.

New Government Spending vs. New Budget Pressures

One factor fueling opportunities in international markets during COVID-19 is the surge of emergency spending undertaken by countries as educationally and economically diverse as the United Kingdom, Germany, Kenya, and Japan.

All four are ramping up nationwide deployments of K-12 devices, according to market research firm FutureSource Consulting. In Japan, for example, the government has accelerated its 1-to-1 computing effort with the goal now to get a laptop in the hands of every school-aged child by 2023.

That influx of spending on laptops, Chromebooks, and tablets is expected to be followed by financial outlays to fill those devices with the latest digital content, apps, and curriculum for remote learning, providing new chances for vendors to cement deals overseas.

Another example of emergency government spending in response to the pandemic: the U.K. announced last month that state schools in England will be granted an additional £1 billion of funding to help children catch up on teaching time lost during the COVID-19 lockdown through tutoring services— some of which will be offered online.



You have to be lucky enough to have the right product and the right leads.

Din Heiman

Senior VP of Strategy, Renaissance

Anip Sharma, a partner and founding member of the global education practice at L.E.K. Consulting, said he expects governments that were already on a path to adopting online learning to find the money to continue pushing those plans forward.

Sharma's firm recently completed a survey of 5,000 parents across China and southeast Asia that concluded many of the trends in online learning are here to stay.

He said the new normal is going to be higher levels of online adoption, but the speed at which countries adapt will vary significantly, and that could also make international expansion for vendors less attractive in some situations.

"Educators have been forced to negotiate with technology but that doesn't mean they have accepted it," he said. "There are people waiting for things to go back to normal. Some of those behaviors will take time to change."

Another complication: Governments' budgets are under pressure and will be for some time to come. That could dampen the opportunity for companies looking to tap into the coronavirus demand for digital tools.

"Economies have been ravaged by the crisis," he said. "There's not going to be a lot of money to go around."

Nick Kind, a senior partner at consulting firm Tyton Partners, said it will take time for vendors to gauge whether governments' interests towards investing in digital products will outweigh their need to control costs given the economic havoc created by COVID-19.

Efforts so far resemble a "Band-Aid" approach that could amount to nothing more than a "short-term stimulus" for vendors, he said.

Government perceptions in different countries about tech and e-learning are changing at varied speeds, he said. A “patchwork quilt” of interest and approaches are likely to emerge from education ministries when it comes to developing robust online learning programs, said Kind, who used to run the market intelligence team for MacMillan Education’s parent company, Holtzbrinck.

“If governments use this opportunity to build back better and really rethink the way they’re delving into education, then there could be super interesting opportunities for vendors who can prove they can make a real difference,” he said.

Education Ministries More ‘Open-Minded’

Some foreign governments are, in fact, looking to invest in education in ways that are likely to open markets to vendors, said Craig Seeger, vice president of international school sales at Follett International, a division of the U.S.-based ed-tech vendor Follett.

Education ministries are under intense pressure to find solutions that in some cases can’t be sourced locally, and they could look to foreign-based companies that can solve longstanding problems and deliver with efficiency, he said.

“They are looking outside for new solutions to help them,” Seeger said, “and as a result, they are more open-minded now.”

Follett’s business outside of the U.S. is mostly with international private schools that teach British and U.S. curriculum, selling digital textbooks and its library management software platform.

State schools in England will get £1 billion more in funding to help children catch up on teaching time lost.

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In the past, the company has tried to strike deals with foreign governments and education ministries but has run into bureaucratic hurdles. Seeger said he expects some of that to change now.

Heiman, of Renaissance, agrees, saying the immediate need in many cases creates urgency “to work in an accelerated manner relative to the traditional reality.” The catch, according to Heiman: “You have to be lucky enough to have the right product and the right leads.”

Kelli Campbell, who manages Discovery Education’s international business, said the coronavirus has put some of the company’s foreign deals in limbo, while accelerating others. Conversations that were “already in play in March and April in many cases went on hold,” she said.

In other situations, Campbell said, “new dialogue emerged very quickly,” in particular with traditionally slow-moving education ministries.

“The dialogue accelerated to ‘we need something now,’” said Campbell, Discovery Education’s president of international and university. At the same time, “there’s still an acute need for how these ministries are going to fund this sustained change. That hasn’t been answered.”

International Private Schools Facing New Headwinds

One particularly attractive area for vendors looking to grow their business outside of the U.S. in recent years has been the burgeoning international private schools’ market. Those schools deliver English as the primary mode of instruction, outside of an English-speaking country.

But that segment of the market has also been shaken by COVID-19, and those who work in it say it could be months before companies have a strong sense of how the crisis has affected demands for products and services.

There are more than 11,000 international schools around the world as of this year, and their numbers have grown rapidly, according to ISC Research, a British organization that tracks private educational institutions. The schools—which cater to both expatriates, as well as families from the home countries trying to improve their educational prospects—tend to have speedier decision-making processes compared with foreign governments and education ministries. They also tend to have money to spend.

Saudi Arabia, Qatar, and Egypt are in the top 10 globally for international school student enrollment

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But George DeBakey, president of the consulting firm DeBakey International and a 35-year veteran of the global ed-tech business, said international private schools are facing headwinds that are complicating their plans to make new tech investments.

Unhappy parents are receiving partial refunds from the spring semester's remote learning transition, and schools are offering discounted tuition for the fall as enrollment figures remain in question. There's also the potential that western educators who work in international schools don't return, creating a teacher shortage, DeBakey said.

The pain has been especially acute in the Middle East, where the international school industry is huge business, and local economies are not only dealing with crippling impacts of the coronavirus but also plunging oil prices.

In particular, the United Arab Emirates serves more students through international private schools, 680,000, than any other nation, according to ISC Research. An estimated 80 percent of the country's population is made up of expatriates, many of whom enroll their children in private education but could be relocated home by companies scaling back during an economic downturn.

Three other Middle Eastern countries—Saudi Arabia, Qatar, and Egypt—are in the top 10 globally for international school student enrollment, per ISC Research.

DeBakey said new market opportunities in the international school segment have become available since the onset of COVID-19. Schools, he said, are looking for “companies that have complete solutions,” and are particularly keen on “platforms that are comprehensive and connect parents and students and teachers. Also popular at the moment: professional development tools designed to help teachers transition to remote learning and data analytic software with dashboards tracking student performance.

But “the short-term outlook is one of uncertainty” until schools get a better sense of their financial situations, he said. Enrollment figures won't come into focus “until sometime in

August,” he said. “They’re going to have to be a little careful planning until they get a better handle on that.”

The international private school market has evolved in recent years, and is no longer simply comprised of top-flight institutions catering to expatriates and English-based curriculum, said Seeger of Follett International.

There’s now a growing base of “mid-level” private schools that are “not for U.S., British, Canadian or Australian kids but for local middle-class regional families,” he said, and those institutions could present new opportunities for companies looking to expand internationally during COVID.

Seeger said that international private schools in countries across the world are hungry for new digital solutions and “now is the time to dip your toes in those markets and find where those opportunities are.”

Yet the reality is that because of the pandemic, “the dust is still around us,” he said. “We’re still in the fog of war and don’t have yet pure visibility on what direction this will take.”

‘COVID Flood Is Not Floating all Boats in Ed Tech’

Kind, the senior partner at consulting firm Tyton Partners, has some advice for vendors thinking about branching out overseas during COVID-19: Unless you have a product that people are really getting excited about, it would be wise to be “pretty cautious,” he said.

At the moment, tools in demand overseas range from tutoring services that help students improve standardized test scores to anything that can foster student and parent engagement to apps and platforms focused on synchronous learning environments.

Another: learning management systems that serve as a central hub for everything from assignments and announcements to lessons and grades.

Kachan, the marketing executive from the Canadian firm Edsby, said his company’s product is in high demand and has drawn attention from several international markets recently

because it's scalable, accommodates a wide variety of assessments worldwide and is proven.

"The COVID flood is not floating all boats in ed tech," he said.

When Follet first expanded internationally, the focus was geared toward Mexico, Canada and Europe. Geographically and culturally, it made more sense to target those markets than to try to sell to Asia right out of the box, said Britten Follet, executive vice president of Follet Learning.

"If you're going to make a gamble and think your product could be a good fit, I'd advise trying [international markets] closer to home first," she said. "But I would caution some smaller ed-tech companies from making significant bets on the world markets. There's just so much uncertainty right now."

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