

Market Driven e-VET

A Feasibility Study For A National VET Consortium To Market, Distribute And Support Australian Online Products And Services Overseas

Prepared by John Mitchell for the consortium of John Mitchell
& Associates and Education Image

September 2000

John Mitchell & Associates

Sydney, NSW

Telephone: (02) 96600255

Email: johnm@jma.com.au



Richmond, VIC

Telephone: (03) 9429 6299

Email: gday@ei.com.au

Table of Contents

EXECUTIVE SUMMARY	3
<i>Summary</i>	3
<i>Key ideas</i>	4
<i>Description of the proposed marketing project</i>	5
<i>Market-driven approach</i>	6
<i>Benefits</i>	7
1. KEY DEFINITIONS.....	8
<i>Definitions</i>	8
<i>Mixing business models with education in VET</i>	9
2. SITUATION ANALYSIS	10
<i>Features of the international marketplace</i>	10
<i>Trends in the USA marketplace</i>	11
<i>Trends in the Asian marketplace</i>	13
<i>Financial size of the marketplace</i>	14
<i>Attitudes of corporate customers</i>	15
<i>Selling versus marketing, supply versus demand</i>	16
<i>Segments</i>	17
<i>Business models for marketing</i>	18
<i>Attitudes of Australian VET suppliers</i>	19
<i>Conclusion</i>	21
3. SCOPE OF THE PROPOSED E-VET MARKETING PROJECT	23
<i>Funding restrictions</i>	23
<i>Vision</i>	23
<i>Purpose and core services</i>	23
<i>Differences from 1990 models</i>	24
<i>Objectives</i>	25
<i>Functions</i>	25
<i>Performance objectives</i>	26
<i>Existing business models</i>	27
<i>Customer profile</i>	28
<i>Management and operations</i>	28
<i>Conclusion</i>	28
4. FINANCIAL AND IMPLEMENTATION ISSUES.....	29
<i>Financing</i>	29
<i>Funding sources</i>	31

<i>Cost benefits</i>	31
<i>Critical success factors</i>	32
<i>Risk management</i>	33
<i>Implementation guide</i>	34
<i>Milestones</i>	35
<i>Conclusion</i>	35
REFERENCES.....	36

Executive Summary

This feasibility study is one of four documents produced by John Mitchell & Associates and Education Image for the e-VET project, an initiative of the EdNA VET Advisory Group (EVAG). The other three documents are a report on business models for marketing consortia; a report on the international marketplace; and a report on Australian interest in a consortium for exporting online products and services.

John Mitchell prepared this feasibility study for the consortium of John Mitchell & Associates and Education Image.

The consultants wish to acknowledge the support of the following parties in preparing the four reports: the e-VET Steering Committee and Project Team; the respondents to the expression of interest; the respondents to the survey; the numerous vocational education and training (VET) and industry personnel interviewed; and our Asian market researchers, Adskill.

Summary

The consultants were asked to assess the feasibility of a consortium to effectively market and distribute Australian online training products and services. During consultations, interviews and focus groups conducted in July and August 2000, considerable interest in the concept of a marketing consortium was expressed by a wide range of vocational education and training (VET) organisations.

Countering this enthusiasm, a major finding from the consultations was the lack of detailed knowledge of overseas markets and international marketing strategies among the majority of VET practitioners involved in the study. In the survey conducted for this e-VET project, Australian VET providers expressed their overwhelming interest in the Asian market, but admitted to knowing little about the market. Interestingly, only a small number of Australian VET suppliers are successfully selling their online products and services in the USA market, yet Australian VET products are more suited to the advanced economy of the USA than to other countries. Both the USA and Asian markets for VET products need to be investigated more extensively.

The research suggested it would be more appropriate, at this point in time, to direct Government funds and effort towards urgently lifting the level of knowledge of VET providers of online training products and services, in relation to overseas markets and international marketing strategies. While establishing a commercial marketing consortium might be entertained by EVAG at a later date, it would seem more advantageous for EVAG to establish a project to immediately undertake intensive market research on export markets in online training, to disseminate this essential market intelligence and to provide related business and marketing information on international marketing to the VET community.

This feasibility study shows that, in a two-year period, such a targeted project would provide a critical boost to the emerging, fledgling interest in exporting Australian VET online products and services. The project would quickly inform a wide range of VET providers about overseas markets and would position VET to take advantage of significant opportunities in this growing field.

The working title for the proposed project is the e-VET marketing project, to delineate the project from other VET marketing activities.

Key ideas

Five key ideas emerge from the research and underpin this feasibility study:

1. As at September 2000, there is insufficient justification to establish an e-VET marketing consortium on a purely commercial basis, especially due to the lack of knowledge of international markets amongst VET providers of online products (discussed in the accompanying International Market Research report); the lack of experience of VET providers in developing business models for export purposes (discussed in the accompanying Business Models report); and the current inability of those providers to respond to export market demands for high volume products and services (discussed in the Australian Survey report).
2. There is sufficient justification, including the likely stimulus to national economic development, to establish a Government-funded e-VET marketing project, but with a stringent review after twelve months and a sunset clause of two years.
3. To assist the greatest number of VET providers, a primary role of the proposed e-VET marketing project is to acquire market intelligence about export markets and international marketing strategies and to promulgate this information within the VET community.
4. To have optimum impact, the proposed e-VET marketing project needs to be led by personnel with expertise in both marketing and online training and to be advised by existing marketing organisations with significant commercial experience. Additionally, the services need to be provided in an equitable manner to public and private Australian bodies on a not-for-profit basis. This not-for-profit approach meets the demand from over 300 organisations that responded to the expression of interest that they benefit from any national initiative in marketing VET products and services internationally. The not-for-profit approach also resolves any issues surrounding the use of EVAG funding for profit-making activities.
5. The proposed VET project needs to develop a **market-driven approach**, not a sales-driven, product-driven or technology-driven approach, based on a sound knowledge of the market. To ensure the approach is market-driven, the project can employ innovative strategies such as the outsourcing of market research to personnel or organisations in locations such as the USA, India, China and South East Asia.

Description of the proposed marketing project

The proposed e-VET marketing project will inform Australian VET providers about the international marketplace but will not market, distribute and service VET online products and services. Instead, the project will assist Australian VET providers of online products and services to develop strategies that will position them among the leaders in the world. The two core services to be provided by the marketing project will be market research and business and marketing information.

The initial project will not be a profit-driven business ownership structure, such as a public company or partnership. It will be a not-for-profit project that will assist Government and non-Government bodies to develop the skills and knowledge required to profit from the export of VET online products and services. The following table summarises the key features of the project.

Table 1: Key features of the e-VET marketing project

Feature	Description
Purpose	<p>Inform Australian VET providers about the international marketplace but not market, distribute and service VET online products and services</p> <p>Assist Australian VET providers of online products and services to develop strategies that will position them among the leaders in the world</p>
Objectives	<p>Undertake and disseminate current and high quality market research information to Australian VET organizations</p> <p>Provide marketing and business information to Australian VET organizations interested in the international marketing of online products and services</p>
Key functions	Provision of (1) market research and (2) business and marketing information
Sample services	<p>Undertake market research and disseminate findings</p> <p>Collaborate with Australian Education International, Austrade, IDP and other bodies</p> <p>Acquire and provide market segmentation information</p> <p>Acquire and provide marketing strategy information</p> <p>Acquire and provide information about market opportunities</p> <p>Acquire and provide information about quality guidelines for online training</p> <p>Acquire and provide information about partnering with overseas educational and marketing organizations</p> <p>Acquire and provide information about partnering with complementary Australian organizations, for marketing purposes</p>
Key performance objectives	<p>Leverage the investment by ANTA of \$500,000 in the first year, by attracting a similar contribution from other Government sources</p> <p>Produce and update bi-monthly a series of market research reports on targeted markets and countries, beginning in month four of operation</p>

Management structure	<p>The Steering Committee will consist of both public and private representatives</p> <p>Management personnel will have extensive experience in market research, marketing planning and VET online training products and services</p> <p>Core services of the e-VET marketing project could be outsourced</p> <p>The project will model contemporary business practices of a virtual organization, where its contracted personnel may be distributed widely, connected by electronic communication</p>
Main customers	<p>Managers from Australian VET agencies, providers and private companies specialising in online training</p> <p>Managers from companies that could collaborate with Australian VET agencies, providers and private companies specialising in online training</p>
Major funding sources	ANTA/EVAG and DETYA, Austrade, States and Territories
Costs over two years	\$2m (2001: \$1m; 2002: \$1m)
Major benefit	A share of the international market in online learning: for instance, the Asian-Pacific IT training market is estimated to be worth US\$2.5 billion by 2004

Market-driven approach

The title for this report stems from the major finding from the research for this e-VET project: that it is more appropriate to develop a marketing project that is market-driven, not sales-driven, product-driven or technology-driven. Marketing expert Kotler (1997) distinguishes between the marketing concept and the selling orientation:

The selling concept takes an inside-out perspective. It starts with the factory, focuses on the company's existing products, and calls for heavy selling and promoting to produce profitable sales. The marketing approach takes an outside-in perspective. It starts with a well-defined market, focuses on customer needs, integrates all the activities that will affect customers, and produces profits by satisfying customers. (p.20)

There is an urgent need to direct some national funding to help VET suppliers of online training to understand the international market demand for online training, to identify target export markets, to understand international customers' needs, to develop integrated approaches to marketing and to satisfy overseas customers' needs. Presently, at both the Commonwealth and State levels, VET in Australia is committing tens of millions of dollars to developing online resources and infrastructure. However, most of the products are being developed for solely Australian VET consumption, with little attention to the opportunity to design and customise materials for international markets.

Interestingly, the major research finding for this VET project corresponds with the major finding from similar research undertaken for the higher education sector by Cunningham et al (2000), who report that:

There is as yet no evidence of an imminent large-scale influx of any new higher education providers (using online learning) into Australia. Even Australia's international market is unlikely to be affected in the near term; both new providers and not-for-profit institutions are in the early stages of seeking international markets and are aware of the many practical obstacles involved. Further

consideration of this area would benefit from research into the actual student demand for new forms of higher education, to complement the widespread airing of assertions and predictions made by education and training suppliers. (p.xiv)

As with higher education, there is a window of opportunity for VET to conduct research into the actual demand for online training products and services in international markets. If Australian VET moves swiftly and undertakes the necessary work of market research and marketing planning, the opportunities presented by international markets will become real.

Benefits

The Australian VET community stands to make a significant return on the proposed investment of \$2m over two years from 2001-2002. The tangible benefits are conservatively estimated to be around \$20m revenue for the Australian economy by the end of 2002, rising by a factor of around 100% per annum thereafter. This rapid rise in benefits is based on the enormous growth predicted for online training internationally. On 29 August 2000, IDC released a forecast that the IT training market for Asia-Pacific excluding Japan would reach over US\$2.5 billion by 2004 and that the e-learning segment of this market will grow at a compound annual growth rate of 93.7% to reach US\$235m by 2004.

To provide the e-VET marketing project with a sound platform, a commitment is needed from EVAG to the purposes and objectives of the project. EVAG also needs to allocate \$1m over the period 2001-2002 and this contribution needs to be matched by other stakeholders. Significant responsibilities will need to be assumed by the Steering Committee, particularly in the first four months of 2001, while staff and contracts are secured.

The long-term benefits of such commitment and effort could be very significant, not only in opening up export markets for Australian VET online products and services, but in stimulating the development of additional products and services for the home Australian market. Australian VET developers of online products and services then will have two markets to prepare products for: the Australian and overseas markets.

1. Key definitions

It is important to discuss definitions, as terms such as online learning and vocational education and training are defined differently in different countries. The four key terms discussed below are:

1. feasibility study
2. online learning (or training) products and services
3. vocational education and training
4. consortium.

A comment is also made later in the section on the challenge of mixing business and education.

Definitions

A **feasibility study** is useful when starting a new business or initiative or when identifying a new opportunity for an existing business. A feasibility study defines the new project, product or service and assesses its viability. The study also analyses the proposed initiative in terms of expected performance objectives and it provides a guide to implementation. If the feasibility study is accepted, normally a business plan is then prepared. As this feasibility study resulted in a project being recommended — not a new business structure — a project plan is required, not a business plan.

Online learning (or training) products and services mean different things in different countries. Additionally, a number of terms besides online learning emerged in the field of technology-based learning in recent years, particularly the term e-learning. For instance, Hambrecht (1999) usefully distinguishes between e-learning, online learning and e-training as follows.

Table 1.1: Definitions of terms by Hambrecht (1999)

Term	Brief definition
e-learning	Technology -based learning
online learning	Web-based learning
e-training	Corporate e-learning

Hambrecht (1999) adds the following important observation, which impacts on this feasibility study:

Terms like e-learning, technology-based learning and Web-based learning are defined and used differently by different organizations and user groups. Moreover, use of these terms is constantly changing, as the world of e-learning evolves. (p.8)

Examining Hambrecht's definitions, it could be argued that online learning and e-training are sub-sets of e-learning.

In order to identify as many inter-related trends as possible, this feasibility study includes references to e-learning as well as online learning, although the trend towards web-based learning (or 'online learning') is the major trend in the field of the flexible delivery of vocational education and training. The terms online training and online learning are used interchangeably in this study.

Vocational education and training (VET) is a key term referred to in this project, but this terminology is not used widely outside of Australia, particularly in relation to online learning or e-learning. In many sections of Asia, the terms Technician Education and Training (TET) or Vocational and Technical Education and Training (VTET) are used to describe this sector.

While this project is focused on the vocational education and training market, Hambrecht (1999) for instance, divides the USA e-learning industry into five sectors: childcare, K-12, post-secondary, corporate training and continuing education. From Hambrecht's list of five sectors, three overlap with the Australian vocational education and training field: the post-secondary, corporate training and aspects of the continuing education markets. Hence, this feasibility study includes references to sectors such as corporate training as well as vocational education and training.

A consortium is a grouping of different organizations within the one business structure. While an e-VET marketing consortium can use a number of different business structures, as set out in the accompanying report on Business Models for Marketing e-VET, it is proposed that the initial e-VET marketing project, from early 2001- late 2002, be a vehicle, not a consortium, for market research, dissemination of information about the market and business opportunities and an advisory service about business models for marketing. The marketing project will not be a profit-driven business ownership structure, such as a public company or partnership. It will be a not-for-profit structure that will assist Government and non-Government bodies to develop the skills and knowledge required to profit from the export of VET online products and services.

One potential benefit of the proposed e-VET marketing project is that a range of consortia may be formed by organizations that can take advantage of the services of the e-VET project.

Mixing business models with education in VET

The challenge of mixing business models and education is discussed in the accompanying report on Business Models for Marketing e-VET. It is a straightforward task to supply standard definitions of business models, business plans, marketing planning and other business terms. However, when considering business models in the field of education, a raft of issues arise, such as balancing public good and profit-making, ensuring quality, and regulating practitioners involved in profit-making activities. The proposed e-VET marketing project raises the complex issue of how Governments can stimulate economic development while not directly assisting some individual private companies.

2. Situation analysis

This section provides an overview of the current business environment for the export of Australian VET online products and services. It summarises the features of and trends in the marketplace, the size of the market and the attitudes of customers, the supply and demand factors and the key market segments.

Features of the international marketplace

Features of the international marketplace are discussed more fully in a companion report to this feasibility study, the International e-VET Market Research Report. In brief, the international marketplace for online products and services in the VET arena includes these four key features:

1. many of the products and services are new, but the potential of the market is considerable
2. the market is in flux, due to continual changes in the technology available to access the products and services and due to the emergence of new styles of business alliances
3. the markets for online products and services vary from country to country and even from one training course to the next
4. the marketplace presents both opportunities and threats.

Each of these points is discussed briefly below.

The marketplace for online products and services is new, as the Internet has only emerged as a viable platform for training in the late 1990s. This is graphically illustrated by recent developments such as Universitas 21, an alliance of 18 leading universities around the world, including Melbourne University, in collaboration with News Corporation.

The potential size of the market for e-education is capturing the attention of many parties, besides Universitas 21, and some observers believe that the market is potentially massive. For example, *The Australian* reported on 22-23 April 2000:

Such is the growth potential that the British Government allocated \$386 million last February to develop a Britain-led consortium to compete in the e-education market.

In the official announcement of the initiative, U21 was mentioned as a competitor. (p.27)

The marketplace for online products and services is in flux because of the new styles of alliances such as the proposed U21-News Corporation venture. The marketplace is also in flux because of the following factors:

- constantly improving software, hardware and telecommunication technologies available for developing and accessing online learning, and in some cases, a reductions in costs

- the steady increase in the volume of products and services available in the market
- the variable quality standards and prices of products and services
- the increase in corporate and consumer interest in online training.

The marketplace for educational online products and services also differs from one country to the next, from one training course to the next and even from one module of training to the next. The reasons for these variations include:

1. different cultural attitudes to online learning
2. the level of available technical infrastructure and support
3. the skill level, working conditions and professional roles of overseas teaching and tutoring staff
4. the educational appropriateness and effectiveness of online training for every course and module.

While the online ‘marketspace’ presents opportunities, it also presents threats. Competition in marketspace is intense, price pressure is high and customer attention and loyalty is harder to maintain as customers find it easy to switch sites. Interestingly, Britain’s prestigious Open University failed in its first attempt to launch a US branch: in 2000 it has fewer than 100 students enrolled in the first four courses offered by the inaugural Open University US (*The Australian*, 31 May 2000, p.40). Additionally, some of the marketspace business and marketing models developed in recent years failed, as demonstrated by the recent reduction in the value of some dot-coms on worldwide stock exchanges. There are obviously risks involved in competing in marketspace.

Tracking the trends in the international marketplace will be a core responsibility of the proposed e-VET marketing project in 2001-02. This research could substantially increase the opportunities and reduce the risks for many Australian VET providers of online products and services.

Trends in the USA marketplace

The research for this feasibility study involved particular investigations into two markets: the USA and Asia. While an extensive commentary is provided on these two markets in the companion report on the international market, some highlights of the USA research follow.

The USA marketplace for online learning is the most advanced in the world, characterized in the last few years by extensive investments, a multitude of strategic alliances between educational organizations, technology companies and media companies and the identification of numerous niche and mass markets.

Hambrecht (1999) identifies twelve trends in the USA e-learning corporate market:

1. With the proliferation of new providers in the e-learning market, many consumers will select the known, brand-name provider, to ensure quality.
2. Traditional training companies are adding the ‘e’ to learning, such as Global Knowledge Network, which previously used classroom-based delivery strategies.
3. Customers will look beyond single courses to providers who can deliver a comprehensive training solution.

4. E-learning companies will buy smaller companies, to enable them to provide a comprehensive training solution.
5. E-learning strategic alliances between e-learning companies will increase, for example, content publishers will combine with educational technology vendors and training services suppliers.
6. The tendency to outsource training activities is expected to grow by more than 10% each year.
7. Competition between e-learning training providers will increase.
8. E-Learning and c-learning (classroom learning) are blending rather than one ruling out the other: the strongest use of online training is as an extension rather than a replacement for classroom learning.
9. Development times for content preparation will decrease, with increased use of templates and fewer custom graphics and the use of learning objects.
10. The adoption of standards for e-learning systems will enable content and courseware to be reusable across the whole organization.
11. Web-based, real-time collaboration tools will become increasingly popular
12. Internet/intranet will provide instructor-led classes with a sense of community, extra communication and supplementary materials. (pp.10-12)

The research for this project suggests that these twelve trends are indicative of trends in other advanced economies, with many of these trends evident, to varying degrees, in Australia, parts of Europe and Canada. Hence, if Australian VET online products and services are to be exported to the USA or similar, advanced economies, VET suppliers will need to be mindful of the increasing sophistication of the USA marketplace.

Currently, only a small number of Australian VET suppliers are successfully selling their online products and services in the USA market, yet Australian VET products are more suited to the advanced economy of the USA than to other countries. The USA market for VET products needs to be investigated and targeted more extensively. A focus on the enormous opportunities in the USA market could be a core component of the market research to be conducted by the proposed e-VET marketing project in 2001-2002.

Some of the trends in the USA market discussed in this section are only relevant to the USA market, so it would be unwise of Australian VET providers to directly imitate USA trends. For instance, many of the strategic alliances being formed in the USA online learning market are designed to suit the USA context, not overseas contexts. It would also be wrong to believe that the USA business models for marketing online products and services are the best models for export. Anecdotal evidence for this study suggests that in some parts of Asia, for instance, other countries are more successful in winning business, although the USA is very strong in some Asian countries such as the Philippines. It would seem that many online learning companies in the USA are focused primarily on winning business at home, not abroad, which is not surprising given the size of the USA population at 280m and the large home market.

Trends in the Asian marketplace

A report on the Asian marketplace for VET online products and services is contained in the separate report on the international marketplace. The Asian report discusses such diverse countries as China, the Philippines, Malaysia, Brunei, India and Hong Kong.

In summary, the trends in this marketplace are different from the trends noted in the USA market, and include:

1. The strong need for Australians to partner with a local, on-site Asian business and the length of time required to establish rapport with local partners
2. The need to customize materials to suit each Asian culture
3. The different education systems in different Asian countries, some of which have very small vocational education and training sectors
4. The generally low recognition of the value of vocational education and training and the common perception that vocational training is for the poorer classes
5. The substantial prestige attached to university qualifications in contrast to the low status accorded to most VET training
6. The growing need for training in vocational areas such as information technology, business and language studies
7. The value of combining face-to-face support with online learning materials
8. Strict regulatory frameworks in some countries, restricting the business activities of external bodies
9. Competition in the market from Britain, Canada, Europe, USA and other Asian suppliers and from large, multinational companies such as News Corporation.

Asian countries vary from thriving economies to widespread poverty, and this difference in wealth severely affects the market for online products and services. For instance, despite its recent economic difficulties, Malaysia is more advanced than many of its neighbouring countries and has embraced many online learning initiatives such as:

1. Master of Science (Human Resource Development) offered online by Universiti Putra Malaysia, supported by an alliance between three parties: Internet Service Provider Telekom Malaysia, distance education specialist Melwar Academia Holdings and technology company MahirNet Sdn Bhd.
2. Diploma in Business Administration offered by the Malaysian University on Air, incorporating televised lectures and online links to study centers.
3. Bachelor of Management offered online by the Malaysian Multimedia University, using Lotus Learning Space software and audio and videotapes.

The study of the Asian market, contained in the report on the international market, provides detailed information about eleven different Asian countries, reinforcing the point that the Asian market is complex. In the survey conducted for this e-VET project, Australian VET providers expressed their overwhelming interest in the Asian market, but admitted to knowing little about the market, so they will benefit from a close reading of the Asian report. They will also benefit from ongoing market research to be conducted by the proposed e-VET marketing project in 2001-02.

Financial size of the marketplace

International Data Corporation (IDC) dominates reporting on the financial size of the international marketplace for online learning, although many other commentators (e.g. Hambrecht, 1999; McCrea et al, 2000; Peterson et al, 1999) concur with IDC's estimates. If IDC's estimation of the size of the market is unbundled, it would appear that technology-based IT training accounts of over half the current sales, with technology-based 'soft skill' training in the minority. 'Soft skills' include areas such as business management, communication and problem solving skills. The large manufacturers of the software — Microsoft, Oracle and Novell — dominate much of this IT training.

IDC (in Hambrecht, 1999) report that 70 million people around the world received some form of education via the Internet in 1999 and USA revenues from web-based training are predicted by IDC to climb from US\$550m p.a. to \$11.4billion in 2003. McCrea et al (2000) also quote the IDC figure of \$11.4billion revenue by 2003, and suggest that analyses of the market by Training Magazine support the IDC figures. However, McCrea et al (2000) are quick to point out that the information technology training market is the major component of the e-learning market. IDC (in Hambrecht, 1999) predict that by 2003 business and 'soft skills' training will surpass IT training in size and increasingly soft skills will be taught using the Internet.

Hambrecht (1999) segments the USA corporate market into three: Content, Services/Hosting and Tools/Technology. The largest segment of the market in 1999 was Content, at 66%, with Services starting to expand considerably. Content is expected to continue to be the largest segment in the training market, according to IDC. By 2003, it is estimated that Content will account for US\$6.2b in revenues, up from US\$735million in 1999. However, its overall market share is expected to decline from 66% in 1999 to 54% in 2003, giving up some market share to the Services segment. IDC predict that, by 2002, for every dollar spent on e-learning technology, five dollars will be spent on e-learning content (in McCrea et al 2000, p.4).

IDC estimate the size of the e-learning market in the Asia Pacific will be around \$1.7billion within three years (*The Australian*, 25 July 2000). The Australian component of the e-learning market is predicted to currently be worth \$400m p.a. (*Sydney Morning Herald*, 24 July 2000), although the majority of this market currently is IT software training, and the developers of the software dominate the training provision.

On 29 August 2000, IDC released a new forecast that the IT training market for Asia-Pacific excluding Japan would reach over US\$2.5 Billion by 2004 and that the e-learning segment of this market will grow at a compound annual growth rate of 93.7% to reach US\$235m by 2004. IDC predict that this growth will be largely driven by Australia, which will account for almost half of the e-learning market in Asia-Pacific at the end of the forecast period. It needs to be stressed again that these figures are only for the IT Training Market, not for the full range of Australian VET programs. On the other hand, obviously the main export market opportunity for Australian VET online training is in the field of IT training.

Knowledge of the size of the international market in online learning is invaluable for Australian VET providers of online products and services, and this knowledge will be acquired from the market research to be conducted by the proposed e-VET marketing project in 2001-2002.

Attitudes of corporate customers

The attitudes of customers are a fundamental aspect of the online training market. The discussion below applies to one customer group: corporations.

McCrea et al (2000) believe that corporations in the Western world are being driven to e-learning by the transition to a knowledge-based economy and a range of other factors such as:

1. increasingly competitive global business environments
2. rapid technological change
3. the migration towards value chain integration
4. lack of skilled personnel
5. rapid increase in information technology vendor certification programs.

According to Hambrecht (1999, pp.3-4), corporate customers are being attracted to the use of e-learning by broad economic and social forces, some of which overlap with the list provided above by McCrea et al:

1. technological changes increase complexity and velocity of work environment
2. lack of skilled labour motivates employers to provide employees with customised and satisfying learning opportunities
3. fierce competition in most industries leads to increasing cost pressures, so that the costs of traditional training courses, such as travel and accommodation expenses, are now being scrutinized more closely
4. globalisation of business is requiring some companies to find more innovative and efficient ways to deliver training to their geographically-dispersed workforce
5. the growing numbers of busy, career-minded adults over 25 who are continuing to study are an ideal group for the delivery of education direct to their homes or office
6. knowledge workers require greater flexibility in the workplace and will often embrace e-learning because it suits their lifestyles and working styles
7. learning has become a continual process rather than a distinct event at the start of one's career and organizations are seeking better training methods to enhance their employees' lifelong learning
8. the fast growth of the Internet provides a ideal delivery vehicle for training in a global market, removing geographical barriers.

It is important to note that many of the attitudes ascribed to corporations by Hambrecht (1999) and McCrea et al (2000) relate to corporations in advanced Western economies. Knowledge of corporate customers' attitudes to online training, in both the West and in the other parts of the world, is essential if Australian VET marketing is to succeed. This is the type of market intelligence that will be acquired and disseminated by the proposed e-VET marketing project in 2001-2002.

Selling versus marketing, supply versus demand

The research for this e-VET project shows that it is more appropriate to develop a marketing project that is market-driven, not sales-driven, product-driven or technology-driven. For instance, Kotler (1997), the doyen of marketing theory, distinguishes between the marketing concept and the selling orientation:

The selling concept takes an inside-out perspective. It starts with the factory, focuses on the company's existing products, and calls for heavy selling and promoting to produce profitable sales. The marketing approach takes an outside-in perspective. It starts with a well-defined market, focuses on customer needs, integrates all the activities that will affect customers, and produces profits by satisfying customers. (p.20)

Australian VET cannot assume that it can sell its existing and emerging online products and services to overseas countries, if those products have not been designed for the international market. To satisfy overseas markets, online products and services need to be built or re-designed to fit the overseas customers.

The field of Australian VET online learning is currently focused on supplying existing products to meet the growing Australian demand, not overseas demand. Presently at both the Commonwealth and State levels, VET in Australia is committing significant resources to developing online resources, capability and infrastructure. Australian VET has started to compile tens of millions of dollars worth of online products, from the ANTA-funded Toolbox program (approximately \$16m from 1998-2001) and State or Territory expenditure (e.g. \$4m expenditure by one State in 2000-2001), so the supply of online materials is growing substantially. Most of these products are being developed for solely Australian VET consumption, with little attention to the opportunity to design and customise materials for international markets.

The capability to develop and manage the use of online training products is being increased through EVAG projects such as LearnScope (\$4.8m in 2000) and the Flexible Learning Leaders (\$0.8m in 2000). The issue of developing capability in relation to providing and supporting online training for export markets could be added, where appropriate, to programs such as LearnScope and the Flexible Learning Leaders, to increase the return on the investment from these programs.

To gain additional benefits from the expenditure on developing Australian VET online training products, infrastructure and capability, there is an urgent need to direct some funding for an e-VET marketing project to firstly understanding the export market demand for online training products and services. This targeted funding is required if Australian VET is to appreciate export market features, trends, size, customers, targets and segments. By gaining market intelligence about the demand for online products and services, Australian VET will be able to take a fundamental step towards engaging in the global marketplace for online training.

Segments

The online training market can be segmented based on Bucher's Online Learning Industry Matrix, to include, on the supply side, the 'company' categories such as content and technology, and, on the demand side, the online learning market segments — the enterprise, academic institution and consumer/individual professional.

From the supply side, the market segments for online training could include Content, Technology and Services, as demonstrated in the following table.

Table 2.2: Three major market segments for online products and services, from the supply side

Online training market segments	Definition	Sample players in the market
Content	Course material in a digital format, available for transmittal via the Internet, using either customised or off-the-shelf courseware and synchronous and/or asynchronous delivery	Australian examples: OnFX Consortium's online modules for Print and Graphic Arts; TAFE SA Overseas examples: NETg, Teach.com; DigitalThink
Services	Service providers offering a variety of learning-related services, from portals to consulting, to professional development and online communities.	Australian examples: TechWorks (for Qantas Online College); TAFE SA's WebCT implementation service Overseas examples: TrainingNet; Pro2Net
Technology	Technology vendors providing tools that enable the creation and management of technology-based learning; hosting services.	Australian examples: Southrock (for Telstra's learning system); NetSpot Overseas examples: Macromedia; Lotus

It is possible to further segment the supply-side market for online products and services. For instance, one publication — Heller Reports' *Internet Strategies for Education Markets* — subdivides Technology into Hardware and Software, so it focuses on four segments: Content, Services, Hardware and Software.

McCrea et al (2000) emphasise that content will continue to be the dominant market segment. They suggest that the main attraction of e-learning for employers is the link it creates between learning and business objectives. Because of the constant pressure to improve shareholders' returns, companies will embrace e-learning in many more areas: 'more and more content will migrate out of the classroom'. (p.31)

In terms of the technology used for e-learning, IDC predicts that the Internet will 'rapidly eclipse' CD ROM and other technology-based training systems such as video tapes and interactive videoconferencing (in McCrea et al, 2000, p. 9).

Besides Bucher's market segments on the demand side — the enterprise, academic institution and consumer/individual professional — it is possible to segment the demand side of the market on the classical grounds of the demographic, geographic, psychographic and behavioural market segments. The report on Asian markets in section four of this report demonstrates the wide variety of customer segments in eleven different Asian countries, which could be analysed using the above four categories.

The proposed e-VET marketing project will focus closely on both supply and demand aspects of the emerging market for online products and services, and will clearly identify customer segments.

Business models for marketing

A companion report — Business Models for Marketing e-VET — discusses a range of business models available for VET providers marketing online products and services overseas. A total of nine contemporary business models for consortia involved in marketing are discussed in the business models report. Five contemporary business models for consortia, that do not require the use of the Internet, include syndication, co-option, co-specialisation, opportunity networks and vertical market networks. The most popular model with VET respondents to the project survey is co-specialisation, where alliances create value by bringing together skills and owner-specific resources and each partner makes a unique contribution to the alliance.

The business models report also discussed four business models for consortia operating specifically in marketspace: e-malls, collaboration platforms, virtual communities and third-party marketplaces. The most popular business model with VET respondents to the project survey is virtual communities, requiring customers and partners add their information to an Internet site that is provided by a company operating the virtual community. The next most popular model is collaboration platforms, which involves business process collaboration among enterprises: for example, collaborating for marketing, using specialist online tools and shared information.

The proposed e-VET marketing project would provide value to the Australian VET online training industry by focusing on the characteristics of these three business models: co-specialisation, virtual communities and collaboration platforms.

The range of business issues raised in the focus groups and interviews for this project demonstrate the high hopes of industry players that any consortium formed for overseas marketing of VET online training, and receiving funding support from Government, will raise the existing knowledge base in the industry. However, the list of hopes expressed in the companion report on the Australian survey also indicates that it may be wiser, in the short term, for EVAG to fund an extensive business and marketing advisory service, to enable industry participants to learn about basic issues such as how to form alliances, particularly with overseas partners, before EVAG determines whether to form a commercial consortium.

Attitudes of Australian VET suppliers

The wide range of attitudes of the Australian VET suppliers of online products and services is set out in the full report on the Australian field research: a companion report to this feasibility study. The following table provides a sample of the views of Australian personnel interviewed, to marketing issues such as market demand for online training, target markets, customer needs, competitors, integrated approaches to marketing, marketing strategies and satisfying customer needs. The issues raised by the interviewees influenced the design of the proposed e-VET marketing project, as set out in the following sections of this report.

Table 2.3: Sample issues raised by Australian VET suppliers of online training products

Issue	Comment
1. Market driven	There is an urgent need for a market-driven business strategy to exporting online training, not a product-driven strategy.
2. Commercial expertise	If the consortium is to function commercially, it needs to be led by people with commercial experience.
3. Independent	If the consortium is to function commercially, the Board needs to be independent of influence by any one member.
4. Own house not in order	If Australian VET is to market overseas, the products need to be tested here first.
5. Time needed to change mindsets	It has taken a number of years to change the mindsets of corporations and individual learners in Australia that online learning is valid. This is a salutary lesson when considering marketing to less well resourced organisations overseas.
6. Use a combination of media	It is preferable to use a range of educational media, rather than solely using the online medium.
7. Use both bricks and clicks	It is educationally sounder to use a combination of face-to-face and online services, but this may not be possible in all contexts.
8. Accreditation a competitive edge for Australian VET	It may be strategic for Australian VET to focus on accreditation and learning pathways from VET to university, in marketing online products overseas. The Australian Qualifications Framework (AQF) is a bonus.
9. Universities leading the way	VET could learn from Australian universities that are more entrepreneurial than VET in export markets.
10. Universities target B2C, VET could target B2B	Universities traditionally target single enrolments among overseas online students (e.g. a student enrolled in an MBA): the business-to-consumer (B2C) market. VET may be well positioned to target corporates overseas: the business-to-business market (B2B). This market has some attractions such as its volume.
11. Lack of scalability	There is a lack of resources in Australia to support the export of online learning. For instance, the tutors do not exist in Australia to support large numbers of online, overseas student enrolments.

12. TAFE dominates bricks, not clicks	While TAFE dominates the provision of face-to-face VET delivery in Australia, small multimedia and online learning companies are more experienced than TAFE in actively targeting export markets in online learning, except for a small number of TAFE business units.
13. Mixed motives	Considerable problems may arise if it is perceived that Government money is subsidizing commercial parties in a consortium. Public good and profit motives are not easily married.
14. National good	Unless Australian VET collaborates with regard to marketing online learning, Australia may miss out on valuable export dollars.
15. Leveraging off existing expertise	On the surface it seems sensible for Australian VET to leverage off the existing expertise in online learning in marketing consulting services overseas.
16. Many markets	There are many markets in the world, from Europe and the USA to Asia, Africa, South America, India and Pakistan. Australian VET needs to narrow the choice and to target likely markets.
17. NTF a competitive advantage	The National Training Framework, with its competency based approach, is a competitive advantage, in that it is national and integrated. This national, competency-based approach may need to be marketed prior to the marketing of online learning products.
18. Loss of intellectual property	There is some concern that Australian VET may be giving away its intellectual property, in selling its national, competency based approach.
19. Using existing overseas networks	Australian VET could profit significantly from using existing overseas networks such as the network of Australian Education International (AEI) counselors.
20. Brand name needed	A brand name for Australian national VET products and services will assist overseas marketing.
21. Role of EVAG	If EVAG is the platform for any collaboration in marketing online products overseas, then concerns expressed about the EVAG structure not serving all States equally well will need to be addressed.
22. Some States and Territories promote themselves well	Some States and Territories market themselves better than others in the field of online products and services. This may influence the readiness of some States to collaborate in a marketing consortium.
23. States use different platforms	Different States and Territories used different platforms for the management and delivery of online learning and are likely to find it difficult to agree on a sole technology platform, for export purposes.
24. Each State has a different bureaucratic structure of online learning	The bureaucratic structure for online learning differs from one State and Territory to the next. For instance, some are centralist and some are devolved. It will be difficult to establish a consortium where all States and Territories are comfortable with the arrangements.
25. Current marketing is ad hoc	Currently separate organizations and State systems are acting in an ad hoc manner with regard to marketing VET online products and services overseas.

26. Quality standards are good	Many of the online materials produced in Australia are high quality and of world class, but quality standards are not clearly articulated or agreed upon.
27. Opportunity to market quality	VET has the opportunity to formulate and market quality standards for online learning. The consortium could be the quality bearer.
28. English speaking markets are easiest	English speaking markets remove the difficulty of translating Australian VET online materials.
29. Student inexperience with online learning	The lack of experience with online learning among overseas student cohorts is a major stumbling block to growing the market.
30. Shareholders not collaborators	For a commercial consortium to be effective, the members of the consortium need to be seen as shareholders not collaborators or stakeholders.
31. Other countries don't value VET as much	VET has a much higher status and profile in Australia than in most other countries, which affects the way Australian VET products are marketed overseas.
32. Multiple business models required	A range of types of strategic alliances, revenue models and marketing models are needed to satisfy the variety of markets available for VET online products and services.
33. Commonwealth support for collaboration	DETYA, through Australian Education International, is keen to support the VET industry for online products, especially if the approach is collaborative.
34. Competition in Asian markets from big players	Competitors to Australian VET in Asia include corporations such as Microsoft, large American universities and UK universities such as Cambridge.
35. Australia a target	Aggressive global companies such as SmartForce view Australia as a market.

The issues raised by interviewees for this project, as set out above, reflect the passionate concern of many Australian VET providers of online training that the move towards export be properly planned and well supported and be based on a thorough knowledge of target markets. The views summarized above greatly influenced the design of the proposed e-VET marketing project set out in the next two sections, particularly that the project operate in a not-for-profit manner and provide information to all of the Australian VET community. Almost all interviewees and participants at the focus groups were interested in benefiting from an export marketing mechanism.

Conclusion

Two sound reasons why an e-VET marketing mechanism for online products and services needs to be developed immediately are as follows: the export market for VET online products and services is quickly expanding and advantages can be gained by being an early entrant in a market. However, the design of the e-VET marketing project needs to fit with the current business situation, which includes:

1. The lack of sufficient knowledge of export market opportunities, marketing planning and strategies and business models for collaborating
2. The variety of international markets and segments for VET online products and services.

The proposed marketing project described in the next two sections of this study takes into consideration the issues raised in this section.

3. Scope of the proposed e-VET marketing project

This section sets out the scope of the proposed e-VET marketing project, including the vision, purpose, core services, objectives, functions, performance objectives, business models, customer profile and management and operations. Before proceeding, an important note is made about statutory and mandatory requirements regarding the use of Government funds.

Funding restrictions

The previous chapter cited a raft of ideas raised by interviewees for this study that suggest that a not-for-profit marketing mechanism should be established in the first instance, in order to assist the broad spectrum of VET providers of online products and services to become more knowledgeable about international market demand and marketing strategies.

Another factor influencing the recommendation that the e-VET marketing project be not-for-profit, is the restriction that ANTA and EVAG-related funds not be used to fund profit-making, commercial activities. Under the federated Commonwealth-State-Territory model, it would be difficult to win the agreement of all Governments to a proposal that includes profit-making activities.

Vision

The proposed vision for the recommended marketing project is:

The e-VET marketing project will provide significant market intelligence and valuable business and marketing information to enable a wide range of providers of Australian VET online products and services to identify viable export market opportunities and to develop appropriate business and marketing strategies.

Purpose and core services

The e-VET marketing project will

1. inform Australian VET providers about the international marketplace but not market, distribute and service VET online products and services
2. assist Australian VET providers of online products and services to develop strategies that will position them among the leaders in the world.

The proposed marketing project will provide the following two core services: market research and business and marketing information. It is important to be clear about those functions that the project will and won't perform, as set out in the following table.

Table 3.1: Functions the proposed e-VET marketing project will and will not perform

Functions the Project will perform	Functions the Project will not perform
Market research Market information dissemination Information about business models and marketing information Provision of a web-based marketing information exchange for VET providers of online products and services	Distribution and servicing of VET online products and services Fee-for-service consulting Provision of its own online services and products Taking of commissions for brokering and sales Marketing of its own brand name, to benefit itself

This clear delineation between what the marketing project will and won't do is essential if the project is to win the confidence and support of the majority of VET suppliers of online training products.

A potentially contentious issue is whether the project should undertake a brokering role, with or without commission, as brokering opportunities are sure to arise during the market research activities. However, it is recommended that the project not become involved in brokering in the first twelve months, to avoid possible conflicts of interest and charges of preferential treatment for some VET providers. Instead of seeing opportunities to broker, the project could openly advertise any opportunities that emerge during the first twelve months. This issue can be reviewed at the end of the first year of operation.

Similarly, it is recommended that the project not set out to establish a single brand name for Australian VET online products and services, so as to avoid any possible conflicts of interests with its stakeholders, not all of whom might support the brand name. This issue can also be reviewed at the end of the first twelve months.

Differences from 1990 models

The interviewees for this project were strong in their views about what sort of organization they would or would not support. In particular, they did not want a body created that would start by offering free services then migrate to a fee-for-service platform, as they had seen such models mostly fail in the 1990s. Hence, the model for the Project differs from many other initiatives in the national Australian education arena in the 1990s in the following ways:

1. There is no expectation that the project will become self-funding or continue past two years
2. There is no attempt to make the project operate as both a free service and fee-for-service body: it will only operate as a free, public service
3. The project will be managed by personnel with marketing planning and market research expertise, preferably from the commercial sector, and expertise in VET online training products and services
4. Outsourcing of services will be the preferred mode of operation

5. There will be no significant core of contracted staff in one location in Australia as it will be a 'virtual organisation'
6. The contribution of the staff will be measured primarily by the quality of the information made publicly available on the Project's web site, at summary briefings and in printed materials.

In following these guidelines, the e-VET marketing project will win the support of, and provide maximum benefits to, the greatest possible number of Australian VET organizations.

Objectives

The objectives of the project are to:

1. Undertake and disseminate current and high quality market research information to Australian VET organizations
2. Provide marketing and business information to Australian VET organizations interested in international marketing of online products and services.

Functions

The two key functions of the e-VET marketing project will be:

1. Undertaking market research on export markets and providing the information to the VET community
2. Providing business and marketing information about export markets.

The types of services to be provided by the proposed e-VET marketing project are set out in the following table.

Table 3.2: Functions and services for the proposed e-VET marketing project

Functions	Examples of Services
Market research information on export markets	Conducting and dissemination of market research on markets within countries such as India and USA or Asian countries Provision of database of URLs on relevant marketing information sites Provision of register of export marketing advisors Provision of register of venture capitalists Collaboration with Australian Education International, Austrade, IDP and other bodies in undertaking market research

Business and marketing information	<p>Market segmentation information</p> <p>Marketing strategy information</p> <p>Information about market opportunities</p> <p>Marketing planning information</p> <p>Information about the use of web-based marketing mechanisms, e.g. portals</p> <p>Information about partnering Australian universities and other existing bodies for overseas activities</p> <p>Information about combining bricks and clicks</p> <p>Information about business models for consortia, e.g. the co-option business model</p> <p>Information about quality guidelines</p> <p>Legal information about business arrangements such as licensing</p> <p>Legal information about overseas countries' regulations</p> <p>Information about partnering with overseas educational and marketing organizations</p> <p>Information about partnering with complementary Australian organizations</p>
---	--

Performance objectives

Initial performance objectives for the e-VET marketing project will include:

1. To leverage the investment by EVAG of \$500,000 each year, by attracting a similar contribution from other Government sources
2. To establish collaborative arrangements with Austrade, Australian Education International, IDP and other bodies in undertaking market research, by the end of the fourth month of operation
3. To produce and update bi-monthly a series of market research reports on targeted markets and countries, beginning in month four of operation
4. To provide a register of export marketing advisors and a register of venture capitalists for export initiatives, beginning in month four of operation
5. To provide ongoing advice and referral services on business and marketing information (as per list in Table 3.2) from month four of the operation.

A new set of performance objectives will be set for year two of the venture, at the conclusion of the first twelve months of operation.

Existing business models

There are a number of models of how the e-VET marketing project could operate, as follows:

Firstly, in the field of collecting and distributing export market information and providing business and marketing advice, Austrade is the closest example, with Australian Education International and IDP also providing some useful comparisons.

1. Secondly, in the field of undertaking market research on online training and disseminating the research, Nelson B. Heller and Associates, in Illinois, USA, is a useful body to examine and imitate.

Austrade models the provision of many services that the e-VET marketing project could emulate. In particular, Austrade uses its international network of staff and contacts to undertake extensive international research into export markets and provide information to Australian businesses to assist them with export. An innovative approach by the e-VET marketing project could be to outsource some export market research to Austrade.

Australian Education International provides some similar services to Austrade, specifically in the field of education, with eight counselors spread around Asia. While collaboration with AEI is strongly recommended, including outsourcing some tasks to AEI, Austrade provides a wider international network.

IDP provides extensive services for its owners, Australian universities, and there may be some value in the e-VET marketing project forming an alliance with, or outsourcing some tasks to, IDP. However, there may be a sense that many of IDP's owners — Australian universities — are in conflict with VET interests. On the other hand, eight Australian universities have TAFE divisions, so the issue is not clear cut.

A valuable model for the e-VET marketing project, for producing and disseminating market intelligence, is provided by the Heller organization, in Illinois, USA. In conjunction with the Peak Group, Heller produces a range of products and provides a range of services that the e-VET marketing project could imitate, as follows:

1. Annually: K-12 Education Internet Marketplace Report (printed)
2. Annually: Post-Secondary Education Internet Marketplace Report (printed)
3. Annually: The Customers' Perspective: Annual Survey of Buyers and Managers of Educational Technology (printed)
4. Monthly: Internet Strategies for Education Markets (printed)
5. Monthly: Educational Technology Markets (printed)
6. Weekly: EdNet Desktop Pro (email).

As well as providing the above publications, Heller also convenes marketing conferences and workshops and provides a range of business development, marketing and research services. The Heller organization is a useful role model for the e-VET marketing project.

Customer profile

The primary customers for the e-VET marketing project will be:

1. Managers from Australian VET providers and private companies specializing in online training products and services
2. Managers from companies that could collaborate with Australian VET providers and private Australian companies specializing in online training.

The issue of distinguishing between Australian-owned companies and Australian branches of international companies is a complex one which the Steering Committee will need to consider in its early deliberations.

Management and operations

A Steering Committee consisting of both public and private representatives could oversee the e-VET marketing project and its staff and contractors.

It is important that the management personnel for the project have extensive experience in market research and market planning and in VET online training. Some key management functions could be outsourced to a commercial provider.

The core services of the e-VET Marketing Project could be put to tender.

Negotiations could be conducted with Austrade, Australian Education International and IDP, to determine whether they could provide contract services. Discussions could be conducted with AEShareNet, EdNA and Australian Training Products on possible linkages with the project.

Nelson B Heller & Associates could be examined or approached, with a view to imitating some of its approaches to market research and dissemination of the research.

It is anticipated that the e-VET marketing project will not consist of a large group of staff in the one location. Rather, it will model contemporary business practices of a virtual organization, where its personnel may be distributed widely, connected by electronic communication.

Conclusion

The e-VET marketing project will increase its chances of success by focusing on meeting the immediate export marketing needs of VET personnel involved in the development of online products and services. These needs include extensive information about markets, business models and marketing planning.

4. Financial and implementation issues

This section sets out the basic business components of the proposed e-VET marketing project, including financing requirements, funding sources, cost benefits, critical success factors, risk management issues and an implementation guide. It is assumed that each of these topics will be reviewed by EVAG if it funds the project and a project plan will be prepared, using the following discussion as a starting point.

Financing

It is anticipated that the costs of the e-VET marketing project will be as follows:

1. 2001: \$1m
2. 2002: \$1m.

The costs for 2002 will be re-examined at the conclusion of the first year of operation.

These costs are based on the following analysis.

Table 4.1: Details of costs, 2001-2002

Major cost item	Detailed cost items	2001 Costs	2002 Costs
Establishment and operating costs	<p>2001: Acquire funds; form Steering Committee; prepare the project plan, identify staff and contractors; establish, launch and promote the e-VET Marketing Project. Manage the Project. Evaluate.</p> <p>2002: Promote the Project's services. Manage the Project. Evaluate.</p>	\$200,000	\$150,000
Market research information on export markets	<p>* (see below) Conducting of market research on markets within countries such as India and USA or Asian countries (Cost: \$275,000). ** Dissemination of results within Australia. (Cost: \$175,000).</p> <p>Costs for other items following, \$50,000 p.a.:</p> <p>Provision of database of URLs of relevant online training marketing sites</p> <p>Provision of register of export marketing advisors</p> <p>Provision of register of venture capitalists</p> <p>Collaboration with Australian Education International, Austrade, IDP and other bodies in undertaking market research</p>	\$500,000	\$500,000

Business and marketing information	Market segmentation information	\$300,000	\$350,000
	Marketing strategy information		
	Information about market opportunities		
	Marketing planning information		
	Information about the use of web-based marketing mechanisms, e.g. portals		
	Information about partnering Australian universities and other existing bodies for overseas activities		
	Information about combining bricks and clicks		
	Information about business models for consortia, e.g. the co-option business model		
	Information about quality guidelines		
	Legal information about business arrangements such as licensing		
	Legal information about overseas countries' regulations		
	Information about partnering with overseas educational and marketing organizations		
Information about partnering with complementary Australian organizations			
TOTAL		\$1m	\$1m

*Regarding the conducting of market research on markets within countries such as India and USA or Asian countries, it is recommended that from the overall allocation of \$275,000 (from the budget of \$450,000) the following allocations be made to outsourced marketing companies:

1. Asia, including India and China: \$100,000
2. USA and Canada: \$100,000
3. Europe: \$20,000
4. South Africa: \$20,000
5. Middle East: \$20,000
6. Other: \$15,000.

** Regarding the dissemination of the market research within Australia, it is recommended that from the overall allocation of \$175,000 (from the budget of \$450,000), the following allocations be made:

1. preparation and production of weekly email newsletter: \$40,000
2. preparation and production of monthly report: \$30,000
3. preparation, production and up-dating of bi-monthly reports on each of fifteen different countries or market segments: \$75,000
4. preparation and production of consolidated annual report on international markets: \$30,000.

Funding sources

The funding sources in each of the two years are expected to be:

EVAG: 50%

ANTA, EVAG and DETYA, Austrade, States and Territories: 50%.

Cost benefits

The cost benefits of the e-VET marketing project include the following considerations.

Tangible costs

The tangible costs for the project will include \$2m direct funding over a two-year period. It is also expected that in-kind support and time from EVAG representatives and their organizations would add another \$50,000 per annum to the tangible costs. In-kind support from other Government agencies such as AEI and Austrade may amount to \$50,000 per annum.

Tangible benefits

The tangible benefits will include an increased share of the international market in online learning. For instance, the Asian-Pacific IT training market is estimated by IDC to be worth US\$2.5 billion by 2004. Even if Australian VET providers were to only win an additional one per cent of this market, it would be additional revenue of AUS\$43.9m per annum. The accompanying report on International Market Research argues that Australian VET providers are largely overlooking the much more lucrative USA market for online training, estimated to be worth US\$11.4billion in 2003.

It is accepted that it will take one-two years for the EVAG investment in e-VET marketing to realize significant, tangible benefits, given the time needed to identify market needs and to develop and implement business models. The e-VET consortium could monitor sales by Australian VET providers of online training products and services and aim for the following goals:

2002: AUS\$20m revenue, in addition to the amount already earned from export

2003: AUS\$40m, using 2002 dollar values

2004: AUS\$80m, using 2002 dollar values.

Intangible costs

The intangible costs of the e-VET marketing project will include additional stress on EVAG members and Steering Committee representatives, many of whom will need to contribute effort over and above the performance of their normal duties, to ensure the project is well grounded.

Intangible benefits

The major benefits of the e-VET marketing project in the first two-three years after its commencement will be intangible and will include a growth in knowledge of markets and marketing planning, particularly in how to develop business models for marketing internationally.

Other intangible benefits will be:

1. A stimulus to Australian VET providers of online training to develop products and services for both the Australian and the international markets
2. An increase in the understanding of overseas markets, by Australian VET providers of online training involved in export marketing
3. An increase in the number of Australian VET providers of online training involved in export marketing
4. An increase in the number and types of consortia formed for export marketing
5. A growth within export markets in the recognition of the Australian VET brand
6. Extra stimulus to the growth of export markets, from which Australian VET can benefit.

Cost benefit summary

For a tangible cost of just over \$2m over two years from 2001-2002, the Australian VET community stands to make a very significant return on this investment. The tangible benefits are conservatively estimated to be around \$20m revenue by the end of 2002, rising by a factor of around 100% thereafter. This rapid rise reflects the predicted enormous growth of online training internationally.

Critical success factors

The critical success factors for the e-VET marketing project will include:

1. Support and collaboration by all members of EVAG over the period 2001-2002
2. Funding support from EVAG of \$500,000 per annum for two years
3. Additional funding support from ANTA, EVAG and DETYA, Austrade, States and Territories, of \$500,000 per annum for two years
4. A transparent approach to the provision of free market research and business advisory services to all Australian VET providers of online training, to avoid any claims of conflict of interest
5. A vigorous approach to the provision of free market research and business advisory services to all Australian VET providers of online training, to meet the agreed performance objectives for the project

6. A rigorous evaluation of the project at the end of the first year of operation, to review performance objectives and to modify project objectives for year two.

Risk management

An initial risk management approach is described below, based on an initial analysis of the risks associated with achieving each of the five performance objectives for 2001. Overall, the level of risk is rated low-medium.

Table 4.2: Risk management summary

Objective	Identified Risk	Level of Risk	Risk Management Strategy
Objective one: To leverage the investment by EVAG of \$500,000 each year, by attracting a similar contribution from other Government sources	EVAG contributes but the other \$500,000 is not forthcoming or only partially obtained. The Steering Committee and project staff spend considerable time pursuing the extra \$500,000, distracting them from setting up the core services.	Medium	Negotiations by high-level EVAG representatives with all appropriate parties to commence by October 2000 and to conclude by December 2000.
Objective two: to establish collaborative arrangements with Austrade, Australian Education International, IDP and other bodies in undertaking market research, by the end of the fourth month of operation	EVAG is willing to collaborate with the other parties, but the external parties are preoccupied with other priority demands.	Medium	Negotiations by high-level EVAG representatives with all appropriate parties to commence by December 2000 and to conclude by April 2001.
Objective three: To produce and update bi-monthly a series of market research reports on targeted markets and countries, beginning in month four of operation	The e-VET marketing project team tries to conduct all research and production in-house, without outsourcing the tasks to marketing experts, particularly in-country experts.	Low	The Steering Committee to be formed by January 2001 and to expect monthly reports, to ensure the appropriate parties are contracted, and to ensure that this production process commences in April 2001.
Objective four: To provide a register of export marketing advisors and a register of venture capitalists for export initiatives, beginning in month four of operation	The e-VET marketing project team spends too much time setting up offices and other infrastructure and is slow to establish and perform functional activities.	Low	The Steering Committee is to ensure that these functional tasks are in hand by April 2001.
Objective five: to provide ongoing advice and referral services on business and marketing information (as per Table 3.2) from month four of the operation.	The e-VET marketing project team finds this list of services daunting and is slow to establish the full range of functional activities.	Medium	The Steering Committee to ensure that the full range of services is provided, commencing in April 2001.

The project plan for the proposed project can extend the above delineation of risks. The risk management responsibilities will need to be assumed by the Steering Committee in the first four months of the project, as staff and contractors will not be in place.

Implementation guide

The following table sets out the steps to be undertaken over the two-year period, starting January 2001. At the end of the first year, the project will be evaluated, the initial objectives reviewed and performance objectives re-set for the second year.

Table 4.2: Implementation Guide

Key Dates	Priority Actions
Jan-April 2001	Acquire funding Form the Steering Committee and Project Team Prepare the project plan, based on feasibility study Ratify performance objectives Identify staff and contractors Disseminate findings from this 2000 e-VET project Establish, launch and promote the e-VET marketing project Provide an initial set of services in the fourth month of operation: <ol style="list-style-type: none"> 1. Produce a weekly and monthly newsletter on market research findings 2. Produce, and update bi-monthly, a series of market research reports on targeted markets and countries 3. Provide a register of export marketing advisors 4. Provide a register of venture capitalists for export initiatives
May-December 2000	Create initial services: <ol style="list-style-type: none"> 1. Conduct and disseminate market research 2. Develop and provide database of URLs 3. Continue to develop and provide a register of export marketing advisors 4. Continue to provide a register of venture capitalists 5. Collaborate with Australian Education International, Austrade, IDP and other bodies 6. Acquire and provide market segmentation information 7. Acquire and provide marketing strategy information 8. Acquire and provide information about market opportunities 9. Acquire and provide marketing planning information 10. Acquire and provide information about the use of web-based marketing mechanisms, e.g. portals 11. Acquire and provide information about partnering Australian universities and other existing bodies for overseas activities 12. Acquire and provide information about combining 'bricks and clicks' approaches to servicing export markets 13. Acquire and provide information about business models for consortia, e.g. the co-specialisation business model 14. Acquire and provide information about quality guidelines 15. Acquire and provide legal information about business arrangements such as licensing

	<p>16. Acquire and provide legal information about overseas countries' regulations</p> <p>17. Acquire and provide information about partnering with overseas educational and marketing organizations</p> <p>18. Acquire and provide information about partnering with complementary Australian organizations</p> <p>19. Produce an annual report on the market research.</p> <p>Achieve initial performance objectives</p> <p>Review aims and objectives and performance objectives for year two</p>
Jan-October 2002	<p>Continue to provide core services as above, subject to review at the end of 2001</p> <p>Develop new services</p> <p>Achieve new performance objectives</p>
Nov-December 2002	<p>Review</p>

Milestones

The key milestones for the project are:

1. Securing funding by December 2000
2. Formation of Steering Committee and Project Team in January 2001
3. Commencement of full set of services by April 2001
4. Review of first year of operation December 2001
5. Agreement on performance objectives for year two, December 2001
6. Review of two-year project, November-December 2002.

Conclusion

To provide the e-VET marketing project with a sound platform, a commitment is needed from EVAG to the aims of the project. EVAG also needs to allocate \$1m over the period 2001-2002 and this contribution needs to be matched by other stakeholders. Significant responsibilities will need to be assumed by the Steering Committee, particularly in the first four months of 2001, while staff and contracts are secured.

The long-term benefits of such commitment and effort could be very significant, not only in opening up export markets for Australian VET online products and services, but in stimulating the development of additional products and services for the Australian market. Potentially, Australian VET developers of online products and services will have two markets to prepare products for: the Australian and overseas markets.

References

Please note, more extensive bibliographies are provided in the companion reports, 'Business Models for e-VET Marketing' and 'International e-VET Market Research Report'.

- Achrol, R. 1997, 'Changes in the theory of interorganisational relations in marketing: Towards a network paradigm', *Journal of the Academy of Marketing Science*, Vol. 25, No. 1, pp. 56-71
- Albaum, G., Strandskov, J. and Duerr, E. (1998) *International Marketing and Export Management*, Addison-Wesley, Essex
- Armstrong, A. & Hagel, J., 'The Real Value of On-line Communities', in Tapscott, D. (1999), *Creating Value in the Network Economy*, Harvard Business Review Book, United States
- BancAmerica Robertson Stephens (1998), *Workplace Learning, Vol. 2: Bridging the Skills Gap*
- Cunningham, S., Ryan, Y Stedman, L., Tapsall, S., Bagdon, K., Flew, T., Coaldrake, P. (2000) *The Business of Borderless Education*, Department of Employment, Education, Training and Youth Affairs, Canberra
- EDNA/VET Committee (1999), *Flexible Delivery for the Information Economy: A Framework for National Collaboration in Vocational Education and Training, 2000-2003*
- EDNA/VET Committee (1999), *Framework for National Collaboration in Flexible Delivery*
- Electronic Trading Group, The Allen Consulting Group, Acuity Consulting, (1999), *The Sectoral Impact of Electronic Commerce - A Scoping Study*, Department of Communications, Information Technology and the Arts
- Evans, P.B. & Wurster, T.S., 'Strategy and the New Economics of Information', in Tapscott, D. (1999), *Creating Value in the Network Economy*, Harvard Business Review Book, United States
- Fletcher, R. & Brown, L. (1999), *International Marketing. An Asia-Pacific Perspective*, Prentice Hall, Australia
- Gates, B. (1999), *Business @ the Speed of Thought, Using a Digital Nervous System*, Penguin, England
- Hagel, J. & Rayport, J.F., 'The Coming Battle for Customer Information' in Tapscott, D. (1999), *Creating Value in the Network Economy*, Harvard Business Review Book, United States
- Hambrecht, WR & Co. (1999), *Corporate E-learning: Exploring a New Frontier*
- Hanson, W. (2000), *Principles of Internet Marketing*, South-Western College Publishing, Ohio
- Heller, N.B. & Associates, *Internet Strategies for Education Markets*, Skokie, Illinois
- Kotler, P. (1997), *Marketing Management*, Prentice Hall International, New Jersey
- Lawrence, E., Corbitt, B., Tidwell, A., Fisher, J., Lawrence, J., (1998) *Internet Commerce. Digital Models for Business*, John Wiley & Sons, Ltd, Brisbane
- Leer, A. (2000), *Welcome to the Wired World*, Pearson Education, Great Britain
- McCrea, F., Gay, K.R., Bacon, R. (2000), *Riding the Big Waves, A White Paper on the B2B e-Learning Industry*, Thomas Weisel Partners
- McKenna, R., 'Real-Time Marketing' in Tapscott, D. (1999), *Creating Value in the Network Economy*, Harvard Business Review Book, United States
- Papow, J. (1999), *Enterprise.com, market leadership in the information age*, Nicholas Brearley Publishing, London
- Peterson, R.W., Marostica, M.A., Callahan, L.M. (1999), *E-learning: Helping Investors Climb the E-learning Tree*, U.S. Bancorp Piper Jaffray Equity Research

- Phillips, M. (1998), *Successful E-commerce*, Bookman Press, Melbourne
- Porter, M. (1998), 'Clusters and the New Economics of Competition', *Harvard Business Review*, Nov-Dec., 1998
- Stanton, W.L., Miller, K.E., & Layton, R.A. (1994), *Fundamentals of Marketing*, McGraw-Hill Book Company, Sydney
- Sudarshshan, D., (1995), *Marketing Strategy*, Prentice Hall, New Jersey
- Tapscott, D. (1996), *The Digital Economy*, McGraw-Hill, New York
- Tapscott, D., Lowy, A., & Ticoll, D. (1998). *Blueprint to the digital economy*. McGraw Hill, New York
- Tapscott, D. (1999), *Creating Value in the Network Economy*, Harvard Business Review Book, Boston
- Timmers, P., (1999), *Electronic Commerce, Strategies and Models for Business to Business Trading*, John Wiley & Sons Ltd, Chichester
- Turban, E., Lee, J., King, D., Chung, H., (2000) *Electronic Commerce, A Managerial Perspective*, Prentice Hall, New Jersey
- <http://www.zyworld.com//analyst/article.htm>
- <http://fortune.com/fortune/sections/onlinelearn/onlinelearn.htm>