

DEVELOPMENT OF ONLINE EDUCATION AND ONLINE SCHOOL MARKET IN LATVIA

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Abstract

In this study, it was important to make preliminary estimates based on the results of 2019-2020. volume of the Latvian b2c market of online education, correlate with the average annual growth rate. Relevant indicators in the b2c segment were noted, including additional training paid for by the employer, but not b2b-transaction. The penetration of online technologies into general secondary education has been detected.

Keywords: *b2b market, Latvian market b2c online education, EdTech education, BalticNet School*

1. INTRODUCTION

In our research we would like to focus on online education market in Latvia, which includes segments of additional education for adults and children of school and preschool ages. We will also take a look at commercial online technologies for rendering support and generating content for educational process.

Foreign languages stand out among the main school disciplines. However, we need to highlight that vocational training services paid for by the employers yet not representing a b2b transaction. Are also popular.

By 2019, the industry had formed an understanding of what professions were in demand given the new educational environment. Players of the Latvian market are opening centers that train personnel for online education.

Professions in high demand include educational project producers, instructional designers, methodologists, scriptwriters, marketing experts and heads of online schools.

The salaries of online education experts who are in high demand are growing.

The number of online schools basing on specialized platforms is increasing.

The average tuition fee for most educational programs and online courses on the market is within the range of 200-3000 euros. The average tuition fee depends on the segment, course topic, platform brand, author's name, etc.

In order to record public transaction in Latvian online education through 2019-2022 and analyze the average volume of a venture capital deal in Latvian online education we have identified the following investment sectors:

- general secondary education and further school education;
- language training;
- additional vocational training;
- corporate education.

Considering further school education, teaching children programming online or via a mixed model is of the most popular. As for additional vocational training, training adults in modern digital professions, primarily IT, arouses interest.

These years, several Latvian Universities for example the Latvian State University, RISEBA University, TSI – have already opened avenues focusing on corporate education. It seems to be a logical path of

development for them, on the one hand, and it is a factor increasing their investment attractiveness, on the other hand.

Having analyzed all the data available, we can formulate the following hypothesis venture financing of a startup in the Latvian online education:

The classic “investment route” with a consistent venture financing has been available only to the flagships of EdTech industry so far.

Most investments are of a sporadic nature.

There are preconditions for favorable changes in the investment climate are possible.

2. SCENARIOS ASSUMED FOR THE DEVELOPMENT OF THE LATVIAN ONLINE EDUCATION MARKET

We would like to highlight that diversified digital companies and corporations are developing faster than specialized companies. Diversified companies are not just experimenting with online education; they are also building an ecosystem around EdTech. Almost all structures of such a kind have their own EdTech projects (such as YA Class, EDURIO, Summarise BOT) and others.

Supposedly, there are two possible scenarios for the development of the Latvian online education market.

I. Clustering of the Latvian EdTech companies along with the formation of a leaders’ corps: several large specialized companies, both existing and new ones, will join the leader

II. Consolidation of the Latvian EdTech; in this case, corporations are to become the leading power centers of the market.

What products will possibly be demanded by Latvian investors in the near future?

Basing on the primary research results, a hypothesis can be developed that educational online programs as well as solutions for creating one’s own educational content will be in great demand in the near future.



Fig. 1. Products that can be demanded by Latvian investors in the near future

Products that can be demanded by Latvian investors in the near future:

- Content and course development tools
- Online courses/lessons for schoolchildren and students
- Programs for soft skills development
- Programs for digital skills development
- Vocational training and retraining programs
- Designing skills profile
- Marketplaces and search engines of educational content by interest
- Learning foreign languages
- Catalogues of educational materials for teachers
- Management of an educational organization
- Educators' training

For example, in the sector of school education, there is a strong demand for services managing administrative processes (receipt of applicants' documents, planning schools' educational activities, etc.) and arranging communication (between employees, and with students and/or parents). School principals are also interested in tools for creating test materials as well as their own training courses. Demand for products developing teaching skills and career guidance (гид) is beginning to emerge.

3. OVERVIEW OF PARTICULAR SEGMENTS OF THE LATVIAN EDUCATION MARKET

As a result of the research, it becomes obvious that further school education of the online segment of the global market is now showing rapid growth, and Latvia is keeping up with the general trend: modern parents are increasingly investing in the education of their children.

According to the authors' preliminary estimates, 5% of Latvian schoolchildren participate online in further secondary education programs.

Average tuition fees vary by region, educator (in or out of school) and form of learning.

The statistics of distributing students according to age is interesting: 15-17-year-old students make only 14% of the audience of further school education. Meanwhile, it is known that this segment remains the most active in terms of commercial return.

The segment of further school education is visibly fragmented, and private tutors working offline make its significant part.

The segment of continuing education is markedly fragmented, and a significant part of it is made up of private tutors working offline.

Among the players who operate online the company BalticNet School stands out.

4. HIGHER VOCATIONAL EDUCATION

According to our research into higher education (HVE) market of 2019-2020 we can highlight the following important trends:

- a) a downward demographic trend in the studied age group is being replaced by recovery;
- b) in recent years, demand for higher education on a commercial basis has been growing, coupled with an increase in the annual cost of such education;

c) the share of representatives of the 17-25 age group receiving higher education keeps on increasing slowly.

Private universities cannot compete with more prominent state institutions. The average amount of tuition fee per term in private universities is about 5,000 euros per year, while it is 25% less in state universities.

We can also notice a trend of transition from MOOC, which stands for open mass educational courses, to online program management (OPM), during which “EdTech companies are systematically cooperating with educational institutions. Thus, websites offering courses are gradually turning into education services.

At the same time, it should be noted that the transition process is at its early stage, and only a small number of universities have realized the need for a paradigm change.

Currently, the MOOC market as an “online textbooks source”, with or without particular service elements, is stagnating. This applies to both educational products developed by universities themselves and those that are produced by independent third-party market players.

The academic environment is very diverse in terms of the degree of mastering online technologies. Leading Latvian universities treat MOOC as a tool, as a part of an educational program, and are intensively employing digital technologies: simulators, and their own proctoring systems. They are also actively developing digital footprint analytics and psychometrics.

Here are some examples. Besides the Latvian State University in Riga, high-quality online courses are available at RISEBA University, Riga Transport and Telecommunication University, I. Stradins Medical University.

5. NOW LET’S LOOK AT LATVIAN EDUCATIONAL STARTUPS.

YaClass, a web-based learning platform for school programs, is an educational resource registered in Riga. It was founded in 2007, and its capitalization is estimated at 4-5 million euros.

Edurio is a Latvian, Riga-based startup that was founded in 2015. It provides adult education, enterprise software, online surveys, data analysis and reporting tools to improve teaching and adults’ learning. It is estimated at 2-3 million euros.

SummarizeBot is an educational platform teaching to work with artificial intelligence. It is registered in Riga, Latvia and was founded in 2018. The company develops unique artificial intelligence algorithms for communicating any information. It is estimated at 7-8 million euros.

Exonicus (also known as Anatomy Next), a Latvian, Riga-based company, works in the field of health education creating a human body simulator for arranging medical education in virtual reality. It provides digital 3D tools for teaching and learning human anatomy. It is a healthcare technology startup that provides tools to learn anatomy in virtual reality (VR) for students, educators, and healthcare professionals. Having raised \$500,000 in the first round of funding, Exonicus is currently participating in the second round of funding. According to (Sandis Kondrats, CEO of Exonicus). Their main competitive advantage is relationship with the US Department of Defense, and the fact that product development is located in Latvia.

6. PROBLEMS

However, there are several problems currently experiencing by the Latvian online education market in AVT (additional vocational training). They include the following:

- severe shortage of personnel trained in online education.
- lack of popularization of online education itself (a significant part of the population is still treating it cautiously);

- although the Latvian EdTech market demonstrates some growth potential, its capacity of ATV segment is extremely small given a European scale.

7. CONCLUSIONS

Currently, the authors are researching the audience of additional online education for adults: their image, financial situation, and preferences. We are interviewing online 2 thousand residents of Latvian cities with the population of over 30 thousand people who already have or are going to participate in paid-for online courses in the coming year.

The research objective are follows:

- to build a profile of students participating in online AVT programs
- to determine new audience features (фиче) in this niche,
- to clarify their educational goals and preferences,
- to find out about most popular educational programs
- to learn about average tuition fees

According to preliminary surveys (the data are provided by the authors), on average, the most “affordable” tuition fees are in the field of IT and design.

Typical average income of a student taking an online course is 1200 euros per year, both among those who have completed training and among those who are planning to start it.

IT field is the most common for people who wish to get a new profession and learn from scratch. This is particularly true for representatives of “new students learning online” who are about to start their courses.

The most acceptable form of continuous assessment of the academic performance is checking homework. It is usually done by mentor or a teacher, or homework may be automatically checked by the platform tools. It is very important to check homework effectively as due to the lack of homework or the routine of cross-checking students may form a negative impression of an educational service.

Student tuition fees for learning on online platforms vary considerably, but it can be assumed that the median makes 100 euros per month.

In 2019, 15-17-year-old students made only 14% of the audience of further school education. But parents nowadays tend to pay more attention to education of their children, both in and out of school, and are beginning to consciously invest in their children’s studies. According to preliminary data, in Riga, in 2020, the share of families spending money on further online education of their children, has risen up to 30%.

The Latvian market of online services with respect to further education is complexly structured. Unfortunately, not all of its segments are transparent for making estimates. For example, a noticeable part of the niche is the “grey area” covering independent online tutors. Among the current leaders of Latvian EdTech, in the field of further school education, are BalticNet School and LoNet Academy.

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