



# **Vietnam Online Education Industry Report**



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# 1 | Vietnam Online Education market overview

## Vietnam Online Education industry is still at a nascent stage, despite the relatively early entry in 2007

Introduction of Online Education in Vietnam, with Hoc Mai and eGame among the **few private providers** at that time with an education portal from K-12 and online education games



2007



2013 -  
2014

Online Education evolved to include **content** available on **tablets and smartphones**. New education apps appeared and English Language Training content started to receive high interest from learners. Some key providers included Dream Viet Education with Kyna or Rockit Online

**Massive Open Online Courses** providers have developed rapidly and started growing as a new market segment, in addition to the rapid development of **Learning Management System** providers

2015 -  
2018



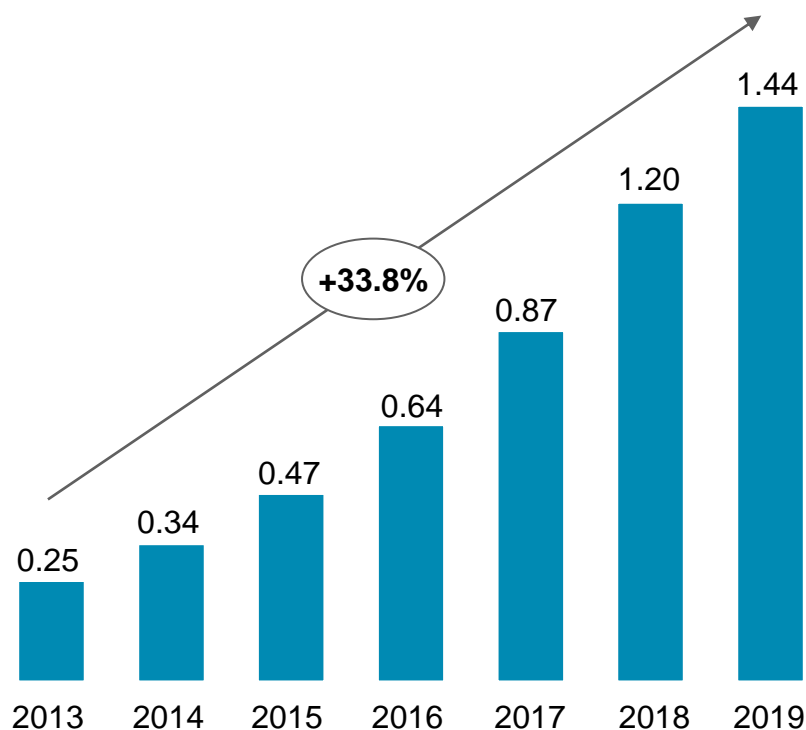
2019 -  
2020



Market continues growing quickly along with consumers' strong interest in **advanced technology** such as Augmented Reality, Virtual Reality, Artificial Intelligence and Gamification, a long with **entry of foreign players**

The industry has been growing rapidly with a CAGR of ~34% since 2013, and is currently valued at USD ~1.4 BN in revenue

Vietnam Online Education market size by revenue  
2013 – 2019, USD BN

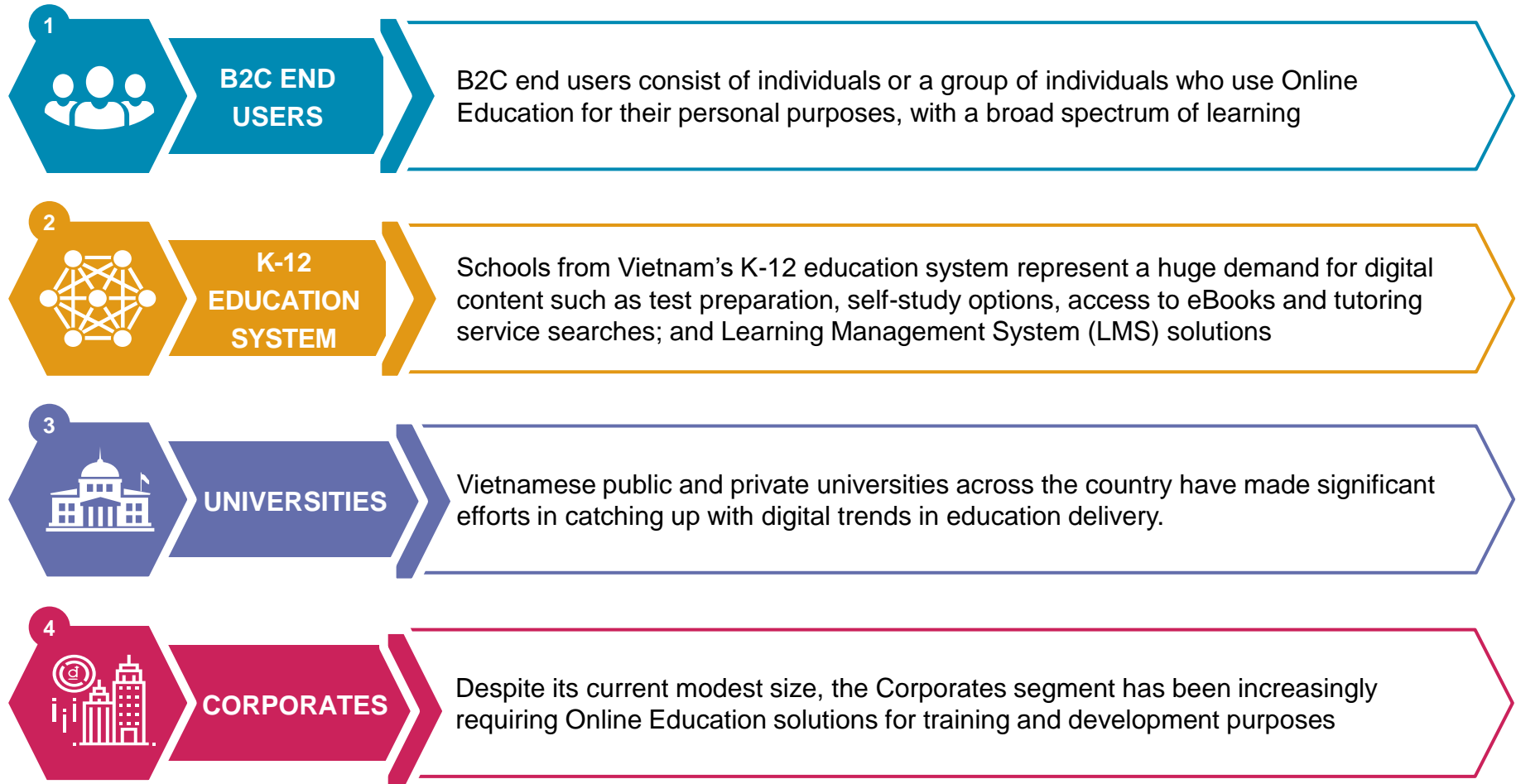


Source: Ken Research, OCD analysis

### Key observations

- Vietnam Online Education industry **market size by revenue** has **increased** from **USD 0.25 BN** in the year 2013 to **USD 1.44 BN** in the year 2019
- The impressive **34% CAGR** in the period 2013 – 2019 has been driven by the **rise in government and household expenditure** in the education sector, the **increase in Internet connectivity** and the **increase in the number of smartphone users**
  - Internet services officially became available in Vietnam in 1997. Since then, the internet has penetrated and influenced all areas of life as well as the education sector.
  - The Ministry of Education and Training (MOET) has made tremendous efforts in getting the sector fully connected with internet, facilitating the adoption of IT systems in management, teaching and learning activities.
- Due to an **increase in the number of players entering** the market and the **movement of market structure** towards the growth phase from the nascent phase, the growth rate slowed down a little in recent years, but still remained strong at double-digit figures

## Vietnam Online Education industry could be divided into **4 distinct segments**, by type of end users



# 1 B2C end users

## B2C represents the largest segment of Vietnam Online Education industry

### General segment development trends Vietnam



- B2C represents the **largest segment** in Vietnam Online Education industry at the moment, as the broader Vietnamese population places a **strong emphasis** on the importance of education and life-long learning.
  - This demand, however, could not be addressed in their respective schools/ workplace and people have to seek online courses on their own
- In addition, individuals altogether have a **broader spectrum of learning** as compared to schools and universities
- Schools and universities cater to only technical courses whereas single individuals use Online Education for their **personal growth and development**
  - Individuals also take into account learners who use Online Education as a tertiary form of learning apart from school and tuition teaching (e.g. students who actively take online English classes by themselves)
  - The increase in **smartphone penetration** in Vietnam to **38%** in 2019 has led to easier access to Online Education in all households, therefore even home makers have started using E-learning for the development of their personal skills

Source: Kyna.vn, OCD research, Expert interview

### Case study: KYNA – an all-age Online Education solution for everyone

Tất cả khóa học 	Khóa học combo 	Kinh doanh 	Marketing - Truyền thông 	Vị tính văn phòng 	Kế toán - tài chính - đầu tư 
Thiết kế, đồ họa và video 	IT và lập trình 	Kỹ năng cho công việc 	Ngoại ngữ 	HR - Phát triển nguồn lực 	Phát triển cá nhân 
Phụ nữ và gia đình 	Nghệ thuật và Đời sống 	MC - Truyền hình 	Luyện thi - Học Bổng 		

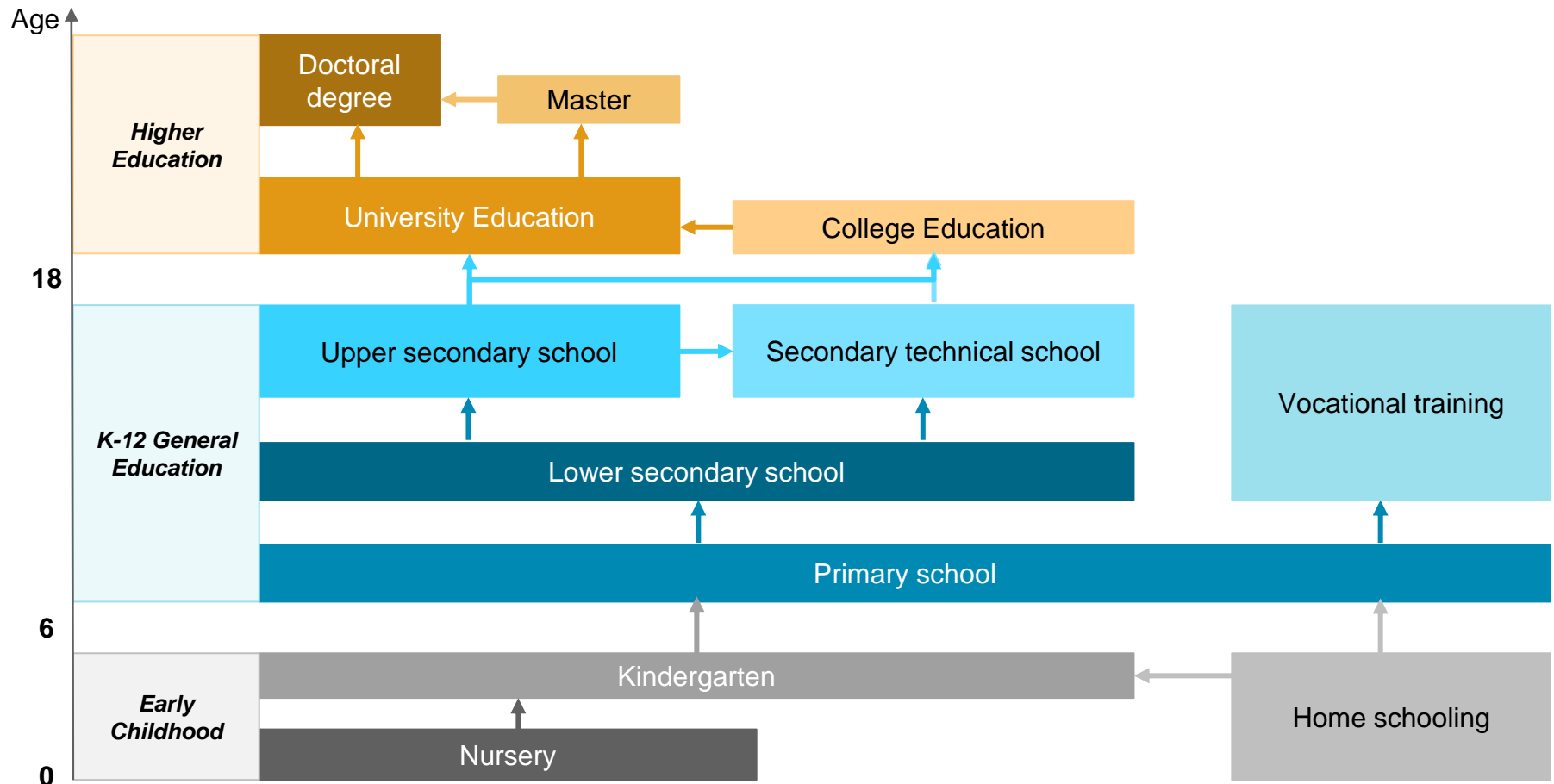
- KYNA – one of Vietnam's **most promising edtech** company, provides a wide range of online courses from business and marketing, financial investment to art and life, raising a child and personal development.
- In five years, KYNA has attracted **more than 600,000 learners** from all age ranges. Its products include Kyna.vn, an online short courses in different topics for adults and Kynaforkids, an online courses for children from age 5 to 12 years old.



## 2 K-12 education system

Schools from K-12 represent the second largest segment of Vietnam Online Education industry

### Vietnam Education System

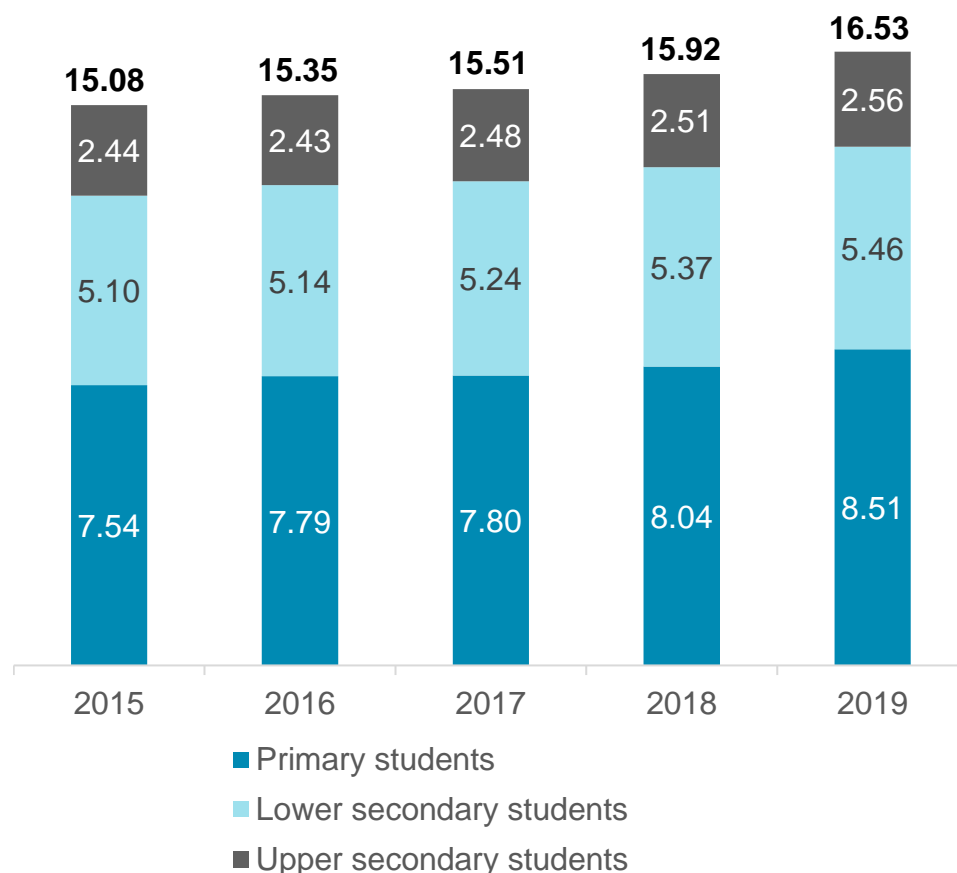


Source: Vietnam Ministry of Education and Training

## 2 K-12 education system

The number of K-12 students in Vietnam have been rising steadily over the years across all levels

Number of K-12 students in Vietnam  
2015 – 2019, millions



Source: Vietnam Ministry of Education and Training, OCD research

### Key observations

- Vietnam's K-12 education system is **massive**, with **16.5 million students** and **26 thousand schools** in 2019, presenting promising opportunities for Online Education products and services
- The Government of Vietnam has undertaken **significant education system reforms**, seeking to bring Vietnam's quality of human resources in education to international standards.
- For instance, a new competency-based curriculum has replaced conventional delivery based on a single set of textbooks, and attempts to integrate STEM/STEAM into the curriculum have put strong emphasis on **innovative delivery modes and methods**.
- In the upcoming year, even more government initiative to **promote technology** in the learning system of the country will be implemented. Teachers will also get acquaint with the new styles of teaching and the traditional style of teaching will fade away gradually

### 3 Universities

Vietnamese public and private universities across the country have made significant efforts in catching up with digital trends in education delivery

#### General segment development trends Vietnam



- Vietnamese public universities have been developing and delivering Online Education courses and programs since 2007. There are in total 237 universities in Vietnam of which 22 are currently **delivering distance learning** programs, with e-learning as one of the delivery modes.
  - In the last ten years, the University sector has achieved certain results in addressing the needs for continuing education of Vietnamese people. The two leading institutions in this endeavor are Hanoi Open University and its sister provider Ho Chi Minh City (HCMC) Open University.
- Not all institutions in Vietnam have their own, **in-house-developed platform** for Online Education programs. For those who cannot afford setting up their own **Learning Management System** (LMS) platform, they opt to partner with Topica Group. This group owns a cyber university that delivers bachelor programs using Topica's platform, with technical and academic support provided for learners.
- Overall, this segment is relatively smaller in size compared to B2C and K-12 schools.

#### Key challenges for the development of Online Education in the University segment

- The number of public and private providers delivering online training programs **remains limited**, with less than 10% of the total number of institutions in Vietnam.
- Vietnamese students have not yet appreciated the **intrinsic value of online study** due to a generally social perception of "online" modality, a lack of understanding of the merits of an "online degree" and the recognition of online education by MOET.
- The online education degrees currently issued are referenced as "distance learning" and perceived as an **inferior, informal** alternative for learners with poor academic achievement or economic conditions.
- The **dropout rate** of e-learning courses remains high with approximately 30-40% out of registered learners not completing their program.
- Challenges relating to **quality assurance** and **accreditation** for online training programs.
- **Low English language proficiency** is another big obstacle for Vietnamese students.

### 3 Universities

Besides traditional universities, online Higher Education also presents potential opportunities in the coming period, despite its young history

#### Online Universities

- Although the Vietnamese government is still developing **legislation** for Online Education and **accreditation**, there are already **two pioneers** in this emerging online education sector:
  - FUNiX (owned by the largest information technology service company in Vietnam – FPT Group)
  - Topica Uni (owned by Topica Edtech group) which have started attracting greater recognition amongst Vietnamese young learners.



#### ASEAN Cyber University

- The ASEAN Cyber University (ACU) project was funded by the Government of the Republic of Korea in 2011. It aims to support four ASEAN member countries (Cambodia, Laos, Myanmar and Vietnam) to **acquire technology** and **knowledge** related to Online Education systems and to help students in remote areas access higher education. Hanoi University of Science and Technology (HUST) was the chosen university in Vietnam.
- Although the ACU project has been strongly supported by Korea, which is very experienced in operating cyber universities, there has not been a **fully online bachelor degree program** delivered at an e-learning centre (known as BKE) of HUST, as all current programs are short courses only.

#### Postgraduate online courses

- Online delivery of postgraduate studies is currently **not permitted** in Vietnam, except for the Master of Business Administration program offered by South Columbia University of the US, which is supported by the Vietnam Association of Education Encouragement.



**COLUMBIA  
SOUTHERN**  
UNIVERSITY

VIETNAM  
PROGRAM  
*since 2002*

## 4 Corporates

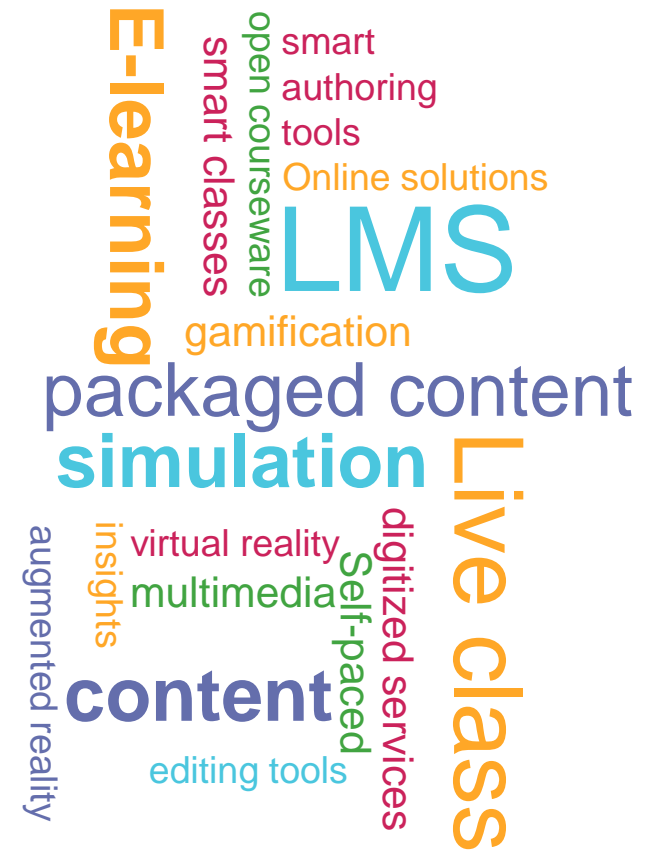
Corporates represent the smallest segment of the Online Education industry in Vietnam

### General segment development trends Vietnam



- For the past years, companies have been **hesitant** in using Online Education for training and development as they have not been fully equipped and they considered some amount of **risk** in training their employees with the use of technology
  - Corporates still believed traditional training is more **reliable** and has more **accountability**
- However the future is bright. Experts believe that Vietnam's Online Education market will soon offer the potential for **online training products** for corporate customers.
  - There is a rising demand for the use of **LMS** to integrate conventional in-house corporate training processes and effectively deliver to large numbers of staff in Vietnam.
  - Examples include *Electricity Vietnam* and *Vietcombank* which have set up their own e-learning centers in order to achieve effective human resource development. Potential industries include banking, tourism and hospitality.

### Key potential Online Education products



Source: OCD research, Expert interview

## 2 | Competitive landscape

## Competitive landscape overview

Vietnam Online Education still remains a highly fragmented market, with many players competing across different segments





# Key player deep-dive: **Topica Edtech Group**

## #1 Online Education provider company in Vietnam and Southeast Asia



### Background

- Established in 2008, with the original aim of helping learners get a **university degree online**, by partnering with domestic and foreign universities
- Over the years, Topica has expanded and **evolved into a leading online education provider in Southeast Asia**, being the first organization in Vietnam to **successfully export** Edtech overseas

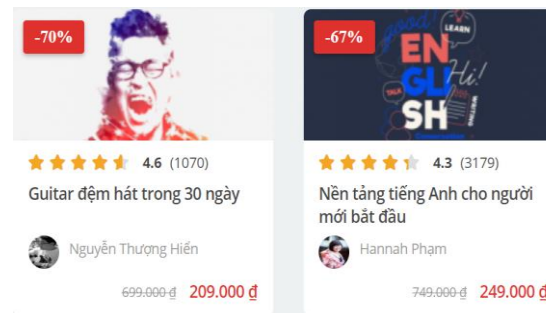
### Business model

- Diverse range** of products and services, with **extensive use of advanced technologies** such as AR/VR, AI, Big Data...
  - Topica Uni*: first online university in Vietnam, partnering with 16 universities, including top-tier institutions, in the USA, Philippines and Vietnam
  - Topica Native*: provides online English speech tutoring courses in Thailand, Indonesia and Vietnam using Augmented Reality technology via Google Glass
  - Topica Edumall*: the largest platform of short-skill courses in Thailand and Vietnam, offering video learning content on popular topics from Excel to guitar and raising kids
  - Topica Founder Institute*: Early-stage startup accelerator

### Success factors

- Technology is key** – extensive investments in advanced technology to attract mass users beyond Vietnam
- Pioneer in innovative business models** – combining online education with e-commerce via Edumall where instead of consumer goods, thousands of short-term courses are traded in all fields, from cooking, beauty health to programming.

### Illustration



*Edumall – e-commerce platform where people can buy and sell self-developed courses.*



*Topica Native – first app in the world using AR for speech training via Google Glass*



# Key player deep-dive: Hocmai

## Pioneer in online K-12 education in Vietnam



### Background

- Established in 2007 – the **first private provider** of Online Education services in Vietnam. Instant success with 150,000 users registered within the first year
- Almost **4 million users** as of today, with 200 prestigious teachers all over the country

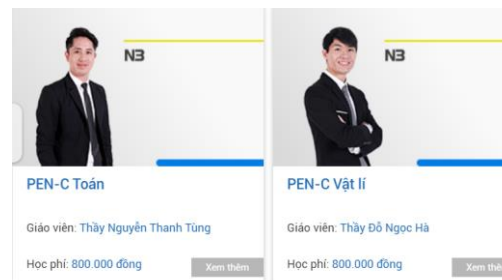
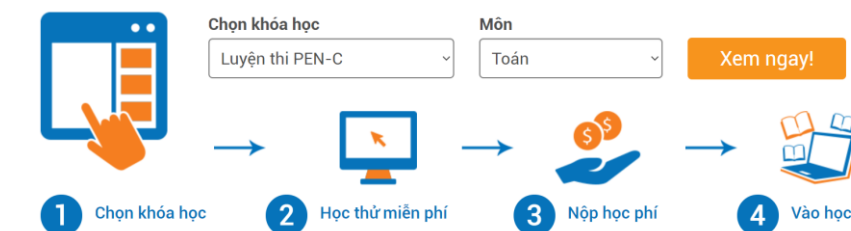
### Business model

- The core business model of *Hocmai* is **relatively simple**, students register for online courses with a wide selection of teachers across levels and subjects
- Focus on **K-12 education**, especially exam preparation (end-of-year exam, graduation exam, university entrance exam...)
  - Include a **complementary library** of resources and materials, and a **forum** for students to exchange knowledge and queries
- Recently **diversified** to other areas
  - Speakup* – 1-on-1 online English learning with foreign teachers
  - XiSo* – the first online coding school for students grade 6 to 12. A partnership between Hocmai and FUNix (an online university owned by FPT Group)

### Success factors

- Focus on the **high quality** of education, with careful selection of teachers and experts. The teacher rating system allows students to choose the most suitable teachers as per their needs
- Sustainable development - maintain **healthy growth** with little outside investments, avoid expanding too quickly at all costs

### Illustration



- Free trial courses available*
- Students are able to view teachers' profile, fees, ratings and reviews...*

# Key player deep-dive: Kyna

## Taking in foreign investments to evolve into a comprehensive ecosystem

### Background

- Established in 2013 – the **first online B2C skills training platform in Vietnam**
- More than 25,000 video lectures, 600 courses and 200 experts on diverse topics for learners from all age ranges
- Previously belonged to Dream Viet Education, received **strategic investment** from Navigos Group in 2019 and since then developed under Navigos's business strategy

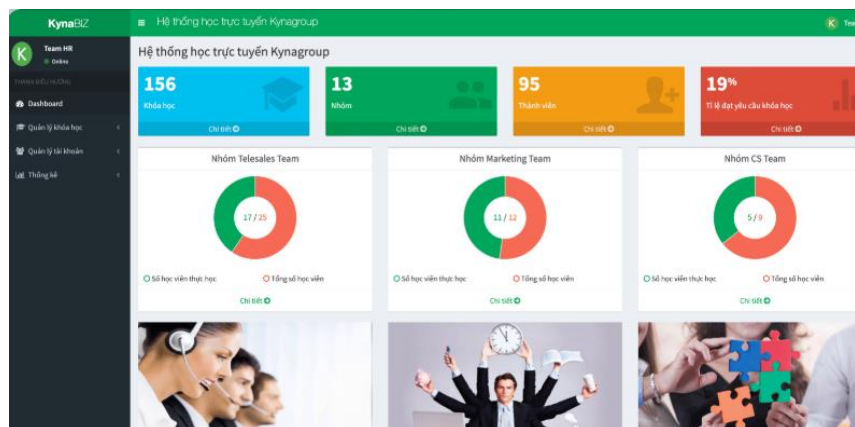
### Business model

- Aim to become a **comprehensive Online Education ecosystem** in Vietnam with a wide range of services
  - Kyna.vn*: online B2C learning platform for **adults**
  - KynaBiz.vn*: one-stop e-learning solutions for **corporates** and businesses
  - Kynaforkids.vn*: leading online school for **children**, focusing on early childhood education
- By integrating into Navigos Group and taking advantage of its **extensive experience** in the field of human resources, Kyna.vn and KynaBiz.vn are expected to become leading online learning platform for professionals and corporates
- Dream Viet Education meanwhile will continue focusing its efforts on developing Kynaforkids.vn

### Success factors

- Focus on a **diverse range** of learning topics, catering to users' needs from all age ranges
- Impressive growth of 3x-5x/year, through receiving a series of **foreign investments** from CyberAgent Ventures and Navigos Group and **partnering** with prestigious organizations such as International Business Training Association (IBTA).

### Illustration



*Learning Management System solution for corporates developed by KynaBiz*

# Key player deep-dive: **Edmicro**

## Bringing advanced technologies into online education



### Background

- An online education start-up, established in 2018
- Recently gained pre-series A **funding** from Insignia Ventures Partners, a Singapore-based venture capital firm
  - This investment is helping Edmicro to develop further their “learning ecosystem called **Onluyen.vn**” to achieve their goal to “help more than 30,000 students practice and master what they’re learning each month.”

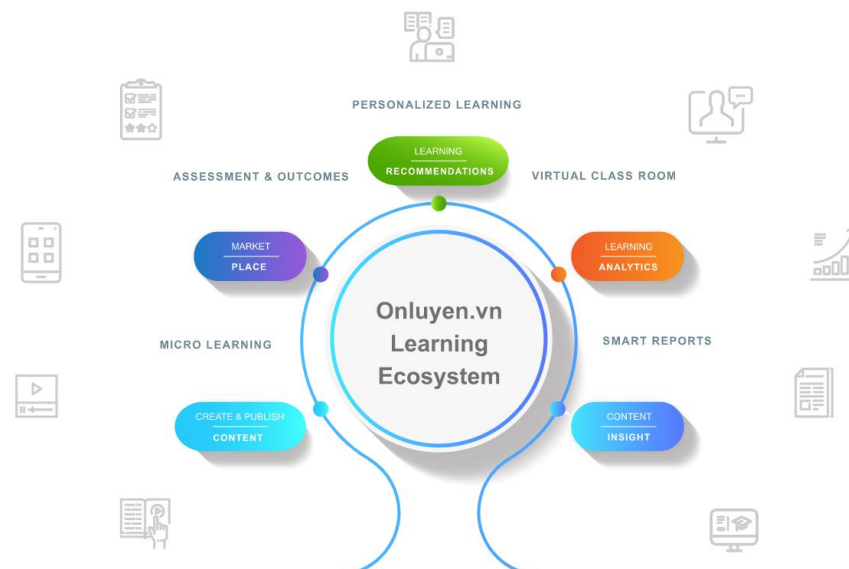
### Business model

- Focus on **personalized** and **micro-learning** using powerful AI engine to create shareable databases, assessments, and learning progress charts.
  - Allow both the student and teacher to track progress while offering **gamified** learning to help keep students engaged.
- Solve the challenges of **scaling personalized learning** through automating resource generation, automatically aligning content to learning objectives or competencies and adapting to the learning profile and knowledge gaps of every learner with one click
- Plan to **expand** to other Southeast Asian countries in 2021 with the disruptive business model

### Success factors

- **Extensive use of advanced technologies** such as Machine Learning and Big Data to customize the learning journey for each learner according to their capability.
- **Disruptive business model**, addressing the challenge of current online education providers through providing scaling personalized learning

### Illustration



Source: Edmicro, Expert interview

# Key player deep-dive: **ELSA Speak**

## World's best English pronunciation app



### Background

- Billing itself as the “World’s best English pronunciation app,” ELSA (English Learning Speech Assistant) is proving popular, having achieved almost **4.5 million downloads** to date and winning 4.5-star ratings from users.
- Following on from its 2018 funding of \$3.2 million USD, ELSA raised another \$7 million USD in Series A funding early in 2019 from Gradient Ventures

### Business model

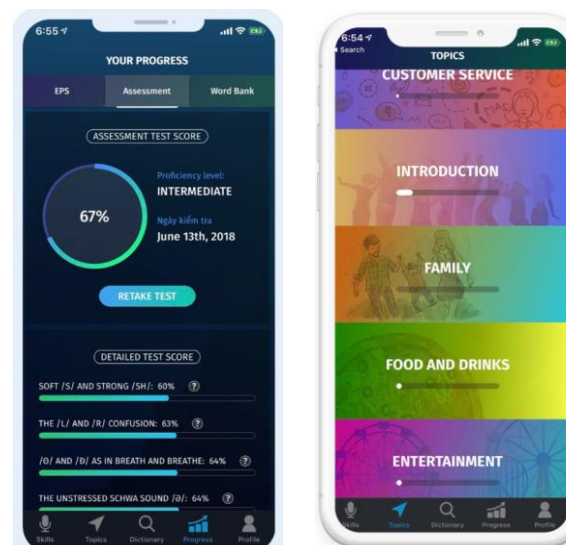
- ELSA app uses “short fun dialogues” and “instant feedback” to deliver pronunciation assistance to users, with the help of **artificial intelligence** and **speech recognition** technology
- Users first take a five-minute assessment test which identifies their pronunciation proficiency and identifies where they still have challenges. This information is then used to build out a **personalized** curriculum, tailored to their current abilities.
- Generate revenue through **subscriptions**, priced at \$3.99/month or \$29.99/year
- Recently implemented new features for corporations and schools to manage employees and students’ English learning journey

Source: ELSA, Expert interview

### Success factors

- **Self-developed advanced speech recognition** with excellent accuracy, ensuring high quality learning for users
- **Fully AI-empowered**, simple and easy to use, thus able to attract mass users from more than 100 countries to download and subscribe
- Bite-sized, 2-minute long lessons that get progressively harder make it **interesting** for users to follow

### Illustration



*Free assessment test to identify user's proficiency and build out personalized, tailored curriculum across different topics*

# Key player deep-dive: Everest Education

## Bring education from offline to online front



### Background

- Founded by Tony Ngo (Harvard Business School and Stanford University) and Don Le (Stanford University) in 2011 to help students **prepare for international education opportunities**.
- In 2019 they raised **\$4 million USD** through Hendale Capital (Hong Kong), Viet Capital Ventures (Vietnam) and Nullabor (Singapore) in a Series B financing round.

### Business model

- Everest Education currently offers programs for primary, middle, and high school students through a combination of online and offline tuition and resources.
  - This allows students to get the best of both worlds as they strive to secure places in elite boarding schools and top global universities, all through the medium of English
- Current online classes include online Math, online English and online IELTS lessons
- In addition, Everest Education also offers college admission consulting, summer camps and test prep services

### Success factors

- Started as an offline tuition centre, Everest Education possesses a **large existing customer base**, which could be **leveraged** as it diversifies into online education area
- The founders and teachers have an **extensive network** with partner schools around the world, thus enhancing credentials and facilitating capital raising

### Illustration

#### EVEREST ONLINE CLASS

Make online learning more engaging with E2 Online class!

- 💡 The online learning platform is designed to resemble the physical class
- 📱 Study everywhere, on any device!
- ⚡ Apply personalized learning methodology, which helps students to build a strong foundation of knowledge and improve their skills faster!



# Key player deep-dive: Kidtopi

## Online 1-on-1 English learning with ‘Topi’



### Background

- **New online education start-up**, established in 2019, focusing on online 1-on-1 English learning for kids with foreign teachers
- 100% foreign teachers having international teaching certificates such as CELTA, TESOL, TEFL...

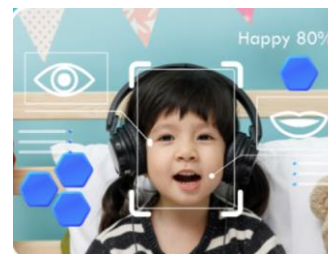
### Business model

- Providing only online 1-on-1 English lessons for kids with **innovative and interesting features**:
  - Parents are able to select different tutors after every lesson if necessary
  - Daily reports containing more than 30 criteria are sent to parents to track learning progress
  - Apply Artificial Intelligence technology to measure children sentiments during class
  - Solid knowledge base with the Common Core State Standards (CCSS) of America
  - Foundation for international English exams such as Cambridge Young Learners English Test and TOEFL Primary

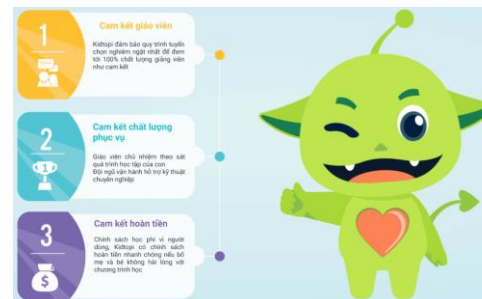
### Success factors

- **Strategic cooperation** with leading partners in the US and the UK such as Harvard Business School and Pearson to ensure the teaching curriculum quality meet international standards
- Developed around the central avatar “Topi” – a lovely virtual cartoon character assisting children throughout their learning journey.

### Illustration



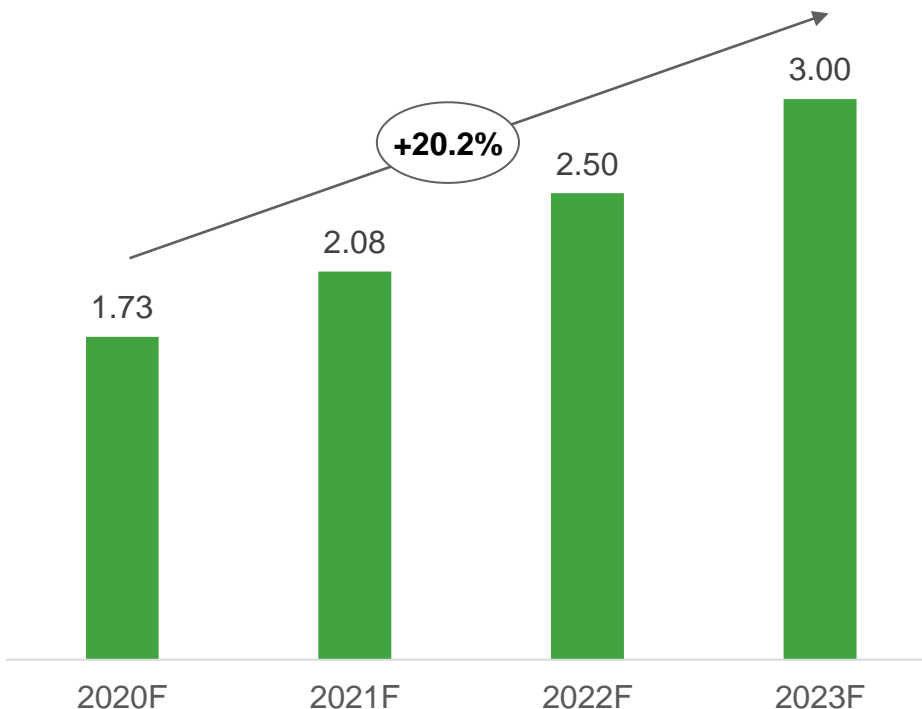
*AI technology use with facial recognition to adjust lesson based on children's emotions*



*“Topi” character, ensures 100% refund if users are not satisfied with lessons*

## Vietnam Online Education industry is expected to continue its strong growth of ~20% CAGR to reach USD 3 BN by 2023

Vietnam Online Education market size by revenue  
2020F – 2023F, USD BN



### Key growth drivers

- With the advent of technology, there will be a boom in the **internet and smartphone penetration** in Vietnam in coming years.
  - In the race of betterment amongst increasing working population, we will see **higher enrolments** in vocational training for people to maintain edge over others.
  - The need of corporates to **strengthen the quality** of their human resources will lead to increased investments in training of employees
  - Rising demand for content in the form of video, audio and text formats (digitized services) will lead to further uploading of courses on the various online platforms such as **LMS, MOOCs** and others, thereby driving market growth
  - Schools will be introducing **advanced solutions** with the power of ICT such as smart classes and LMS, helping students learn per their needs
  - **Rising government initiatives** to improve Vietnam's quality of education by adopting various Online Education systems and focusing on the delivery of digital content primarily for e-Learning

Source: Ken Research, OCD analysis

## 3 | Notable development trends



The following notable market trends will continue to support the development of the Online Education industry in Vietnam in the near future

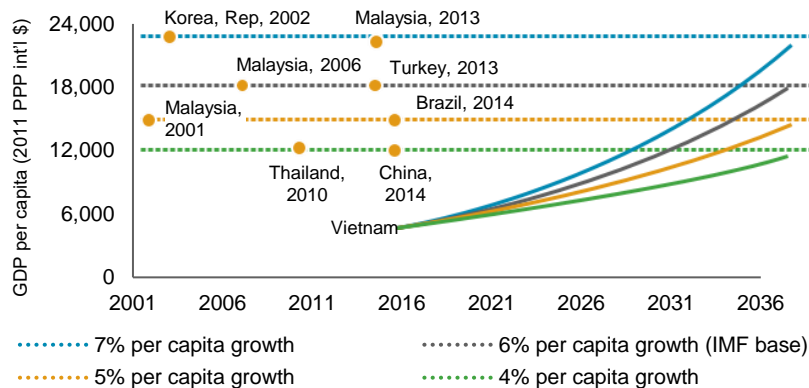
Market trends	Description
1 <b>Favourable macroeconomic development</b>	<ul style="list-style-type: none"><li>• Vietnam is expected to undergo strong per capita growth over the next few years, leading to a rapidly increasing middle class</li><li>• Demand for high quality education, including online education, will boom as a result of this macroeconomic development.</li></ul>
2 <b>Technology advancement</b>	<ul style="list-style-type: none"><li>• Rising Internet coverage and smartphone penetration is expected to pave ways for the widespread usage of Online Education by the public</li><li>• Increasing integration of advanced technologies such as AI, Big Data and Machine Learning offers ease of accessibility and flexibility for mass users</li></ul>
3 <b>Government supportive initiatives</b>	<ul style="list-style-type: none"><li>• The Vietnamese government has been showing commitment to developing online education in Vietnam through a series of policies, master plans and national initiatives</li></ul>
4 <b>Increasing foreign investments</b>	<ul style="list-style-type: none"><li>• Vietnam online education industry is an attractive market for many foreign countries and they have strived to gain their foothold through different initiatives.</li><li>• South Korea, the United Kingdom and Finland are the top countries who have clearly prioritized IT and online education as the key areas of business expansion in Vietnam.</li></ul>

These market trends will be covered in more details in the following slides

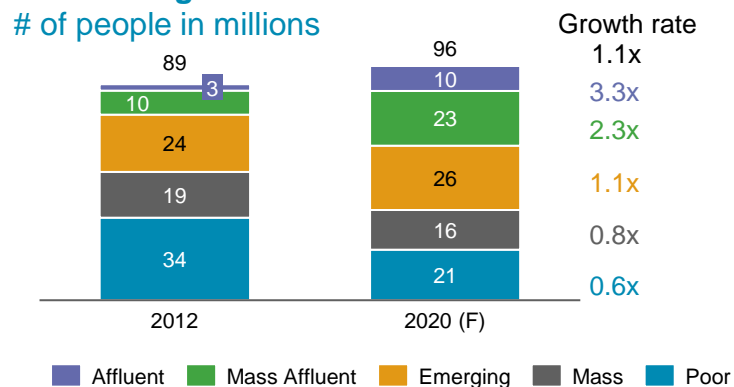
# 1 Favourable macroeconomic development

## Vietnam's strong per capita growth is expected to help the middle class reach substantial numbers

Vietnam is expected to undergo strong per capita growth over the next few years...



...leading to significant growth in established & affluent segments



### Perspectives

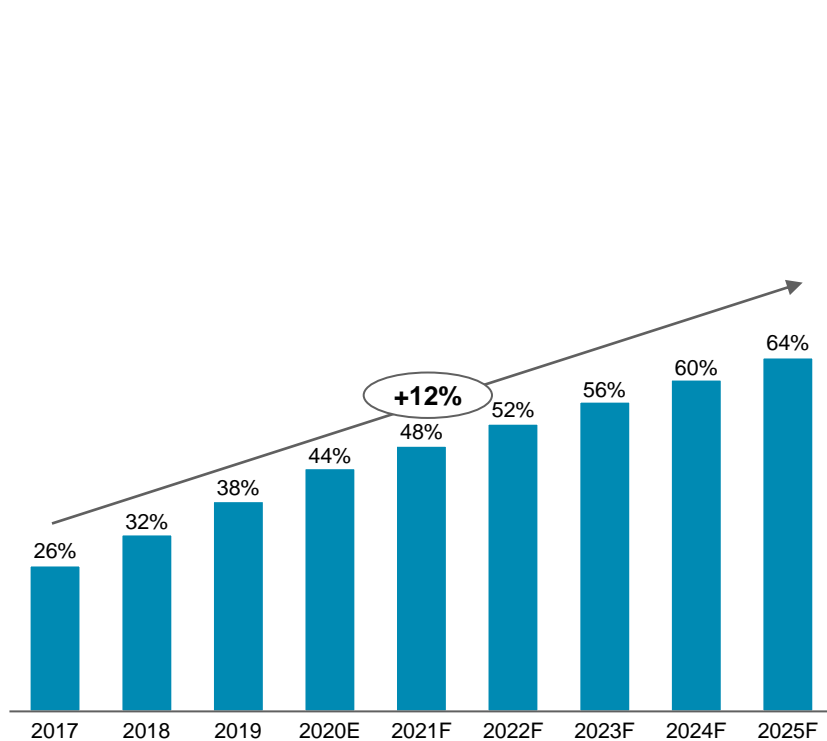
- Significant demographic change in Vietnam, with the emerging and above segments expected to introduce ~ **20 Million** more people into the segments
- With more disposable income than in years prior, young Vietnamese, with the support of their parents, are eager to **obtain the skills and knowledge** which meet the ever-increasing demands of the labor market.
- Emerging, Mass Affluent & Affluent* segments are expected to be prime targets for education institutions
- Sub-segments such as **digitally savvy millennials** provide an interesting entry point for online education providers to build a long term relationship.
- With better income, Vietnam's rising middle class prefers the private education sector over the public and traditional school method due to **better quality of services**. This, in turn, will translate into strong demand for online education services

Note: Affluent segments defined as population with yearly income of more than 200 mm VND & Mass Affluent defined as population with yearly income above 50 mm VND  
Source: World bank, Euromonitor, industry reports, news reports, OCD research and analysis

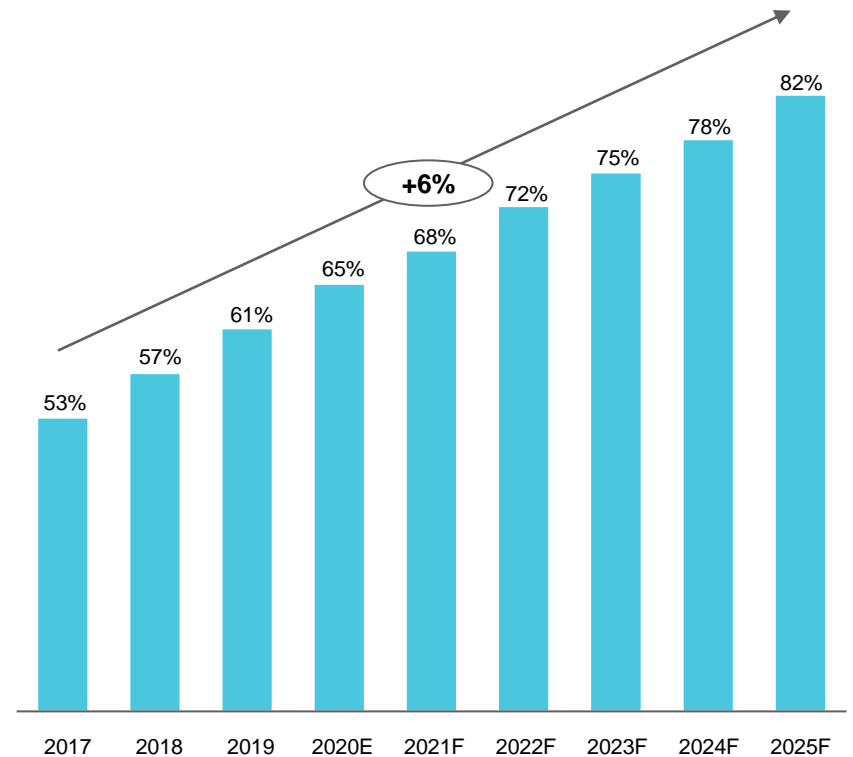
## 2 Technology advancement

### Smartphone penetration and Internet adoption rising rapidly ...

Smartphone penetration rate as share of total population  
%, 2017 – 2025F



Internet penetration rate as share of total population  
%, 2017 – 2025F



Source: Statista, World Bank

## 2 Technology advancement ...coupled with advanced mobile and data analytics capabilities would present Online Education companies new ways to conduct business

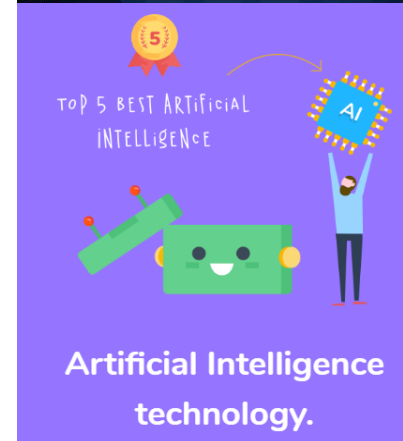
### Case study: Edmicro's powerful AI engine allows for development for personalized learning design



- Edmicro is the pioneer in Vietnam at applying **learning sciences to Big Data**.
- Onluyen.vn is a **cloud-computing platform** designed by Edmicro's learning scientists to measure and predict performance and progress in any digital learning product, using **advanced machine-learning algorithms** to analyze learner data and illuminate underlying patterns and relationships.
  - The platform can draw from diverse sources—learning activities, assessments, and parent/educator input, and even from different products—to produce a holistic picture of the learner's proficiency, progress, preferences, and passions.

Source: Edmicro, ELSA SPEAK, Expert interview

### Case study: ELSA SPEAK's AI-powered speech recognition technology



- ELSA team developed state-of-the-art *speech recognition technology* in-house, ranked among Top 5 Best Artificial Intelligence Apps
- *Personal virtual pronunciation coach* to help users adjust their learning progress

### 3 Government supportive initiatives

## The Vietnamese government has been showing a great deal of support to promote the development of Online Education in Vietnam

The Vietnamese government's commitment to Online Education is demonstrated through policies, master plans and national initiatives, as follows:



- The **Resolution No 17/NQ-CP** dated 7th March 2019 sets specific tasks, priorities and responsibilities of ministerial agencies in the implementation of the electronic government for the period 2019 – 2020 with vision towards 2025.



- The **Digital Vietnamese Knowledge Platform project** launched in January 2018 is designed to facilitate knowledge-sharing on an open platform.



- **Decision 117/QD-TTg** dated 25 January 2017 approved the national project for the education sector, *strengthening ICT application in management and support to teaching and learning, scientific researches, contributing to quality education in the period of 2016-2020, with vision to 2025.*



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In addition, **the revised Decree 86**, released in May 2018, *regulating foreign cooperation and investment in the education sector* provided a green light for online and blended learning in joint (twinning) programs at the tertiary level. As a result, the Ministry of Education and Training (MOET) now has specific provisions on joint training conducted via online and blended mode. MOET has also actively provided guidance on implementation at education provider and local authority levels through different instructions and circulars.

# 4 Increasing foreign investments

## Vietnam Online Education industry has proven to become an attractive market for many foreign investors

### The Republic of Korea



- The Republic of Korea is one of the **most active** online education players in Vietnam.
- There are about 10 to 20 edtech companies participating in **trade missions** organized by Korea in Vietnam annually, offering a wide range of educational solutions and technologies.
- The most recent event was *Korea Edtech Roadshow* in November 2019 in Hanoi and Ho Chi Minh City with 20 companies, many offering **ELT digital solutions** targeting diverse groups of learners, from primary education level to adult learners.

### The United Kingdom



- The UK is also actively interested in Vietnam's online education sector.
- The Department of Investment and Trade (DIT) names online education as one of its **key priority sectors** in its activity plan for Vietnam.
- The British Educational Services Association (BESA) will collaborate with DIT to organize a *British Education Service Supplier Show* (BESS) Vietnam in 2020, building on the success of the first BESS event in March 2019.

### Finland



- Finland has emerged as another strong competitor in this area.
- There are currently about 80 edtech companies in Finland and many of them are keen on business development in offshore markets, of which Vietnam is a potential destination.
- With **strong Finnish government support**, Finland has started setting its foothold in Vietnam's education sector, notably with the newly launched *Vietnam-Finland International School* in Ho Chi Minh city 2018.

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Online education service providers from the US, Singapore and Israel have also established a presence in Vietnam in their own right, without local partnerships

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## 4 | Legal framework and key insights

# There are three options for a foreign online education company to invest in the Vietnamese market

## Option 1 – Establish a new enterprise



Set up as a wholly owned subsidiary or as a joint venture with foreign or Vietnamese partners

### Pro

- ✓ Direct presence, no need to inherit any local existing business
- ✓ Full control over the operation of the new enterprise

### Cons

- ✗ Potentially lengthy approval process with lots of procedures such as registering an 'investment project', obtaining an Investment Registration Certificate and applying for an Enterprise Registration Certificate

## Option 2 – Acquire an existing enterprise



Acquire all or part of an existing local enterprise who is already operating in the business

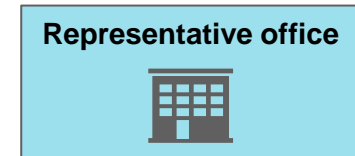
### Pro

- ✓ Approval process might be faster, especially for tech companies
- ✓ Quick setup process and go into operation immediately

### Cons

- ✗ No full control over the new enterprise, might lead to conflict/ disputes in management

## Option 3 – Representative office



Open a representative office first to seek and expedite opportunities for the commercial activities in Vietnam

### Pro

- ✓ Able to test the local market and explore the potential first before actually making investments

### Cons

- ✗ Not an independent legal entity
- ✗ Must not directly conduct profit-making activities

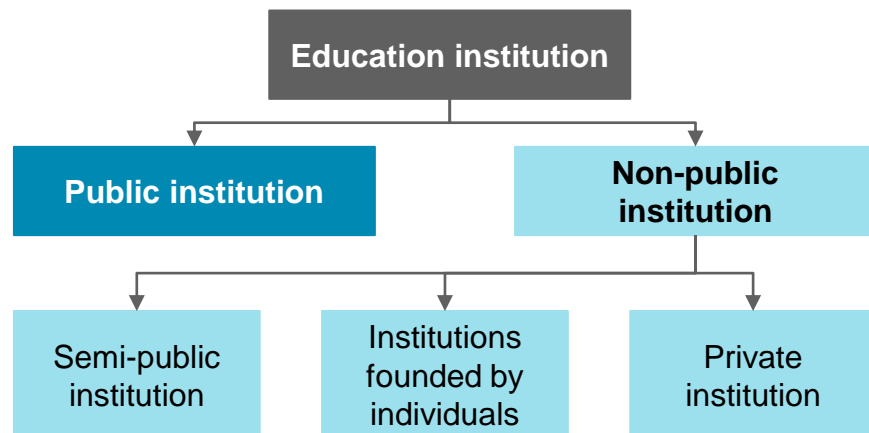
Foreign companies should seek consultancy from a legal advisor for the exact and detailed procedures of each option



## Setting up an education institution in Vietnam

In addition, a foreign online education provider could consider setting up a physical education in Vietnam first to gain initial users and market recognition

### Classification



- Regardless, all educational institutions must use the *same curriculum* and operate as per Vietnamese laws
- As per Vietnam's commitments to the World Trade Organization (WTO), investors can have a 100 percent foreign-owned education institutions in Vietnam.
- In addition, the government allows a foreign-owned company to form foreign education institutions such as short-term training institutions, pre-schools, compulsory education institutions, higher educational institutions and branch campuses of foreign-invested higher education institutions.

Source: Vietnam Briefing, MOET, Expert interview

### Minimum capital requirements for educational institutions



**US\$ 1,300**

Pre-schools



**US\$ 2,100**

Compulsory schools



**US\$ 217,000**

Vocational training schools and colleges

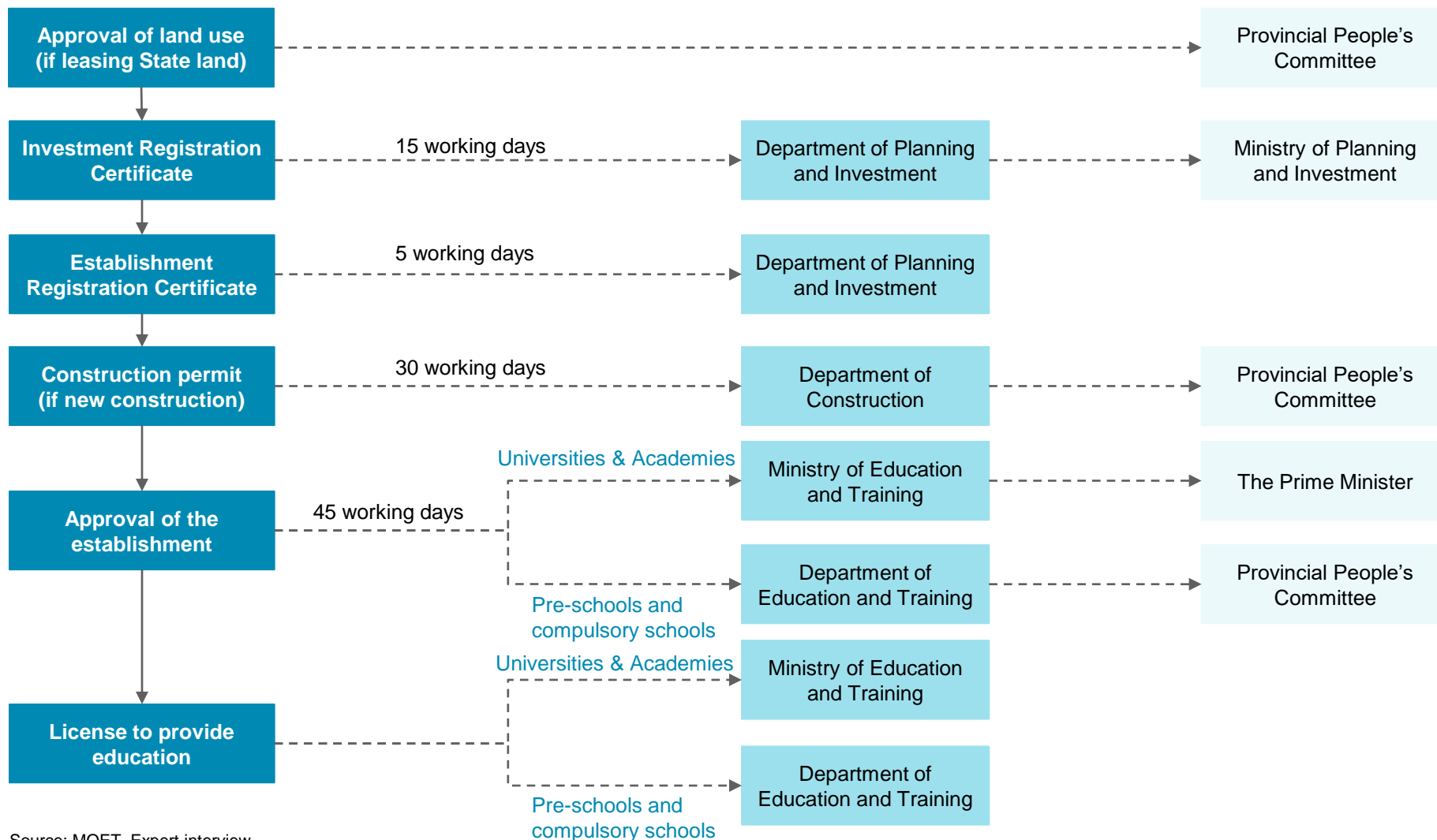


**US\$ 21.5 million**

Universities

# Setting up an education institution in Vietnam

Below lists out the relevant steps and approvals required for setting up various educational institutions in Vietnam



Source: MOET, Expert interview

## Case study: ProSeeds

### One of the first foreign edtech companies entering Vietnam



#### Background

- Established in 2005 in Japan, entered Vietnam market in 2017.
  - One of the first **foreign edtech companies** present in Vietnam.
- More than 2,400 organizations and brands have used ProSeeds' e-learning solutions to date. Notable customers include Rakuten, IBM, FamilyMart, Honda..

#### Business model

- Focus on a relatively **niche segment** of Vietnam online education industry – **corporates**. Main products and services include:
  - Learning Ware*: a Learning Management System solution, helping corporations with employee training and development
  - E-learning courses*: ProSeeds also provides companies with e-learning courses, helping to develop and deliver effective content
  - Recently partnered with GlobalExam, a leading global provider of language examinations and certificates such as TOEIC, TOEFL, IELTS..., to expand business to online exams for Vietnamese professionals

#### Success factors

- Pioneer in targeting the corporates segment in Vietnam, where **competition is relatively low** and **potential is high**
- Leverage tech capabilities** and **extensive experience** from parent company in Japan to offer comprehensive solutions for Vietnamese enterprises

#### Illustration



*ProSeeds' e-learning solution for corporates*

## Opportunities for foreign online education providers in Vietnam Higher Education (HE) and Vocational Education and Training (VET) Sector

- Despite the fact that recruitment for a fully online degree program remains challenging, both foreign and Vietnamese partners could explore **collaboration** in the delivery of **micro-credentials** recognized by industry, e.g. *Tourism and Hospitality, IT, Design and Communication*.
- Academic institutions on both sides could also consider engaging relevant industries to form a **multilateral partnership** that aligns with industry and employer needs.
- Foreign HE institutions should consider a range of partnership models and options in order to identify the most appropriate alignment or complementarity with own capabilities, risk appetite, networks and resources. **Blended learning** offers in partnership with Vietnamese partners could be considered with local partners playing the role of a *recruitment hub and in-market assessors*.
- Once the official circulars on **online education delivery** and **quality assurance** are implemented by Vietnam's Ministry of Education and Training (anticipated in the last quarter of 2020), they will pave the way for foreign institutions to access and capitalize upon additional business opportunities in Vietnam.
- **Partnerships with vocational colleges** which have been recognized as high-quality institutions, and have long-term vision on skill development, may provide an entry point for exploring new collaboration for online VET delivery.

# Opportunities for foreign online education providers in Vietnam

## Higher Education (HE) and Vocational Education and Training (VET) Sector

	Description
1	Despite the fact that recruitment for a fully online degree program remains challenging, both foreign and Vietnamese partners could explore <b>collaboration</b> in the delivery of <b>micro-credentials</b> recognized by industry, e.g. <i>Tourism and Hospitality, IT, Design and Communication</i> .
2	Academic institutions on both sides could also consider engaging relevant industries to form a <b>multilateral partnership</b> that aligns with industry and employer needs.
3	Foreign HE institutions should consider a range of partnership models and options in order to identify the most appropriate alignment or complementarity with own capabilities, risk appetite, networks and resources. <b>Blended learning</b> offers in partnership with Vietnamese partners could be considered with local partners playing the role of a <i>recruitment hub and in-market assessors</i> .
4	Once the official circulars on <b>online education delivery</b> and <b>quality assurance</b> are implemented by Vietnam's Ministry of Education and Training (anticipated in the last quarter of 2020), they will pave the way for foreign institutions to access and capitalize upon additional business opportunities in Vietnam.
5	<b>Partnerships with vocational colleges</b> which have been recognized as high-quality institutions, and have long-term vision on skill development, may provide an entry point for exploring new collaboration for online VET delivery

# Opportunities for foreign online education providers in Vietnam

## Early Childhood Education Sector

	Description
	The Early Childhood Education sector is a <b>niche market</b> in Vietnam, which offers potential business opportunities in private kindergartens responding to the Government's strategic sector development plan. In particular, opportunities for online education businesses in this sector include, but are not limited to:
1	<b>Designing English Language Teaching content</b> for children to learn a foreign language as well as fundamental 21st century (soft) skills.
2	<b>Teacher training solutions</b> provided on digital platforms or integrated into an ecosystem providing both content and teacher professional development tools.
3	<b>Sharing experience</b> and <b>professional expertise</b> in curriculum development, quality assurance and managing digital agenda implementation at an institutional level.

# Opportunities for foreign online education providers in Vietnam

## K-12 Sector

	Description
1	<b>Digital content:</b> particularly in STEM/STEAM subjects to be aligned and if possible integrated into the current curriculum of Vietnam.
2	<b>E-textbook:</b> the new general education curriculum which sets out a framework for core competencies will no longer depend on a single set of textbooks.
3	<b>Teacher training:</b> a critical factor in ensuring the new general education curriculum is delivered effectively to achieve the expected outcomes. (The current challenges for provincial departments of education and training and local schools are to develop and implement training and professional development programs in order to embrace teaching practices with technologies. This presents opportunities for foreign partners to provide digitalized teacher training content to complete the ecosystem)
4	<b>Assessment products</b> (particularly for English Language Teaching) will be a value-add product to be delivered in Vietnam in compliment to tutoring services and digital learning content.
5	Opportunities for foreign online education companies also exist in other provinces in addition to the major cities like Hanoi and Ho Chi Minh City with the encouragement of the Government of Vietnam for implementing smart city projects.

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