

VIETNAM EDTECH SCOPING STUDY

SUMMARY REPORT

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Australian Government

Austrade

1. VIETNAM COUNTRY CONTEXT AND THE DEVELOPMENT OF E-LEARNING AND EDTECH

1.1 Snapshot of socio-economic development

Vietnam has a population of 97 million, of which 70% are under 35 years of age¹. Currently, it has about 16 million students at primary and secondary education levels, with approximately 1.7 million students enrolled in universities.

Vietnam successfully transitioned from being one of the poorest countries in the world to a lower middle income country in 2010. Economic growth has since continued to grow on average at 6% GDP annually, with 6.8% growth in 2019 and an annual per capita income of US\$2,343².

However, there are challenges. The growing demand for talent and highly-skilled workers in Vietnam far outstrips supply. Vietnam needs a new growth model to reduce the risk of a lower middle-income trap and to realise its vision of reaching upper middle income status by 2030. To make the transition, Vietnam is aspiring to:

- › A workforce of graduates and employees that employers believe in, and invest time and resources in, as part of a high-performing skills development system.
- › An education system that offers programs for life-long learning and inclusive access to TVET and tertiary education, irrespective of household income.
- › A labour market that grants universal social protection and where labour market institutions are ready to adapt to the change unfolding in the labour market itself.

In line with these aspirations, the digital economy in Vietnam is already booming, with ICT one of the fastest growing sectors. It has a high internet penetration rate and a significant number of digital consumers, with more than 70% of the population owning a smart phone and spending an average of almost seven hours online daily. Widespread digital uptake in Vietnam has paved the way for a fast-developing prospective market for, technology investors and edtech businesses alike.

1.2 History and the development of edtech

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.

As a result of dominant internet provider Viettel's sponsorship, 29,559 institutions including universities, colleges, schools and authorities at all administrative levels had access to internet connectivity by the end of 2010. Such widespread access marked a significant milestone for Vietnam's education sector in its digitalisation journey. In particular:

- › About 25 million education managers, lecturers, teachers and students have benefited from connectivity in order to improve the quality of education and training as well as research activities.

¹ Vietnam Overview, World Bank 18 October 2019

² World Bank Press Release 17 December 2019

- › The partnership of MOET and Viettel also removed barriers for remote and unprivileged education institutions to get internet access, narrowing the gap between urban and rural areas in IT application in education sector³.

E-learning was introduced in Vietnam in 2007, during the early days of internet rollout. Hoc Mai and eGame were among the few private providers at that time with an education portal from K-12 and online education games.

In 2013-2014, e-learning programs evolved to include content available on tablets and smartphones. New education apps appeared and English Language Training (ELT) content started to receive high interest from learners.

Some key providers included Dream Viet Education with Kyna or Rockit Online.

Over the period of 2015-2019, Massive Open Online Courses (MOOC) providers have developed rapidly and started growing as a new market segment.

The edtech market is expected to continue growing quickly along with consumers' strong interest in advanced technology such as Augmented Reality, Virtual Reality, Artificial Intelligence and Gamification.

The evolution of the e-learning and edtech market in Vietnam continues to be driven by key factors, including:

- › The rising demand for multimedia content, low-cost-and time-efficient learning options.
- › The Government of Vietnam's strong initiatives in start-up promotion and ICT application.

1.3 Government policies and regulations

The Government of Vietnam's commitment to edtech is demonstrated through policies, master plans and national initiatives, as follows:

- › The **Resolution No 17/NQ-CP** dated 7/03/2019 sets specific tasks, priorities and responsibilities of ministerial agencies in the implementation of egovernment.
- › 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.***
- › 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, MOET now has specific provisions on joint training conducted via online and blended mode.

In addition, MOET has actively provided guidance on implementation at education provider and local authority levels through different instructions and circulars.

1.4 National projects related to online education policy and regulations

The project **Building Vietnam's Quality Assurance Capabilities of Blended and Online Higher Education Courses and Qualifications** is funded by Australia's Department of Education, Skills and Employment (DESE). It is designed to assist Vietnam in developing and implementing policies,

³ MOET "Final report on internet connection programme in education sector" 18 December 2010 ("Báo cáo tổng kết chương trình kết nối mạng giáo dục")

procedures and capabilities that will quality assure the delivery of blended and online higher education courses and qualifications.

Since July 2019, Australia's Department of Education, Skills and Employment (DESE) has been working with the Higher Education Department of Vietnam's MOET to develop two key documents, expected to be released in early 2020, as follows:

- › A legislative instrument to assess and license blended and online higher education providers jointly delivering qualifications in Vietnam.
- › A second legislative instrument for the quality assurance of Vietnamese higher education qualifications delivered either through blended or online modes.

Once the above legal documents are available, this will pave the way for Australian businesses (particularly HE institutions) to collaborate with local partners using more innovative partnership models and diverse delivery modes.

2. CURRENT MARKET OPPORTUNITIES

2.1 Overview

According to Topica Founder Institute, there were about 150 edtech businesses in Vietnam in 2017 and most were start-ups and B2C businesses. In 2018, edtech was among the top five most profitable areas for Vietnamese start-ups behind fintech, e-commerce, traveltech and logistics. In 2018, there were four investment deals worth US\$50 million across the two areas of logistics and edtech.

The Government of Vietnam has been actively supporting start-ups with about 30 business incubators and 10 business accelerators recently established across the country. Vietnamese corporations also play an active role in supporting the start-up ecosystem, with significant investments in venture capital funds that aim to support research in science, technology and innovation.

2.2 Existing providers and products in market

Higher Education and Vocational Education and Training (VET)

Vietnamese public universities have been developing and delivering e-learning 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 higher education sector has achieved certain results in addressing the needs for continuing education of Vietnamese people. The two leading institutions in this endeavour are Hanoi Open University and its sister provider Ho Chi Minh City (HCMC) Open University.

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

Not all institutions in Vietnam have their own, in-house-developed platform for e-learning programs. For those who cannot afford setting up their own Learning Management System (LMS) platform, they opt to partner with Topica Group (owner of Topica Founder Institute, above). This group owns a cyber university that delivers bachelor programs using Topica's platform, with technical and academic support provided for learners.

VET institutions in Vietnam have become more active in new modes of VET delivery. However, there are fewer opportunities for Australian online providers in this subsector. It is hoped that the Government initiative of developing high-quality vocational colleges may enable new opportunities to emerge.

Online Universities in Vietnam

Despite the fact that the Government of Vietnam is still developing legislation for online education and accreditation, there are already two pioneers in this emerging online education sector. They are FUNiX (owned by the largest information technology service company in Vietnam – FPT Group) and Topica Uni (also owned by Topica Edtech group) which have started attracting greater recognition amongst Vietnamese young learners.

ASEAN Cyber University (ACU)

The ASEAN Cyber University (ACU) project was funded by the Government of the Republic of Korea (ROK) in 2011. It aims to support four ASEAN member countries (Cambodia, Laos, Myanmar and Vietnam) to acquire technology and knowledge related to e-learning systems and to help students in remote areas access higher education. Hanoi University of Science and Technology (HUST) was the chosen university in Vietnam.

Despite the fact that the ACU project has been strongly supported by ROK, 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.

Key challenges for e-learning development in the HE sector include:

- › 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.
- › Vietnam remains a price sensitive education market on tuition fees.
- › 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 an obstacle for Vietnamese students.

School sector

Current edtech companies in Vietnam focus on three key products and services: digital content provision targeting learners of various age groups; LMS; and integrating advanced technology such as Augmented Reality, Virtual Reality, and AI.

In terms of digital content, the market is crowded with service providers offering low quality content. Below is an overview of their offers:

- › **Early childhood:** mainly focused on English language subjects and game-based learning content targeting different age groups.
- › **K-12:** A large number of providers offering test preparation, self-study options, access to ebooks and tutoring service searches.
- › **English Language Teaching for students and adults.**

The founders of young Vietnamese edtech start-ups are mostly “third generation” edtech (since 2015), many of whom have studied abroad.

Local edtech companies have also attempted to diversify their product content to other skill development areas (e.g. Mathematics) in addition to ELT programs. This aligns well with the emerging desire of Vietnamese parents for their children to develop STEM skills and achieve academic excellence.

The edtech market for digital content in Vietnam has also attracted foreign edtech groups in the growing trend of utilising digital content by local schools. They have managed to access the market through their local sales agents which have strong relationships with education authorities.

Apart from digital content provision, local edtech businesses also provide Learning Management System (LMS) solutions for the school sector, ranging from school administration, to teaching and learning innovation, to tutoring and assessment services.

With regards to solutions incorporating AR or VR technologies, most of the current providers are from foreign countries, notably Singapore, Malaysia and Korea.

2.3 Competitor overview

Vietnam e-learning and edtech is an attractive market for many foreign countries and they have strived to gain their foothold through different initiatives. The Republic of Korea (ROK), United Kingdom (UK) and Finland have clearly prioritised IT and edtech as the key areas of business expansion.

ROK is one of the most active edtech players in Vietnam. There are about 10 to 20 edtech companies participating in trade missions organised 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 **UK** is also actively interested in Vietnam’s edtech sector. The Department of

Investment and Trade (DIT), an equivalent agency to Australia’s Austrade, names edtech as one of its key priority sectors in its activity plan for Vietnam. The British Educational Services Association (BESA) will collaborate with DIT to organise a British Education Service Supplier Show (BESS) Vietnam in March 2020, building on the success of the first BESS event in March 2019.

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.

In addition to the three countries listed above, edtech service providers from the US, Singapore and Israel, have also established a presence in Vietnam in their own right, without local partnerships.

3. OUTLOOK OF EDTECH OPPORTUNITIES IN VIETNAM

Vietnam has great potential for edtech market development and hence offers opportunities for Australian edtech businesses. Key drivers of sector growth include:

- › The education sector plays an important part in realising the digital transformation agenda of the Government of Vietnam.

- › The comprehensive education reforms in Vietnam from early childhood to tertiary levels (i.e. raising education quality to be on par with international standards) have cultivated strong interest and participation across all key stakeholder groups, including policy makers, educational managers, lecturers, teachers and students.
- › The broader Vietnamese population continues to place a strong emphasis on the importance of education and life-long learning.
- › Vietnam has high rate of internet users and a very tech-savvy population⁴.

To capitalise on the full potential of the edtech market in Vietnam, Australian edtech providers need to navigate existing challenges, such as:

- › The time required for systemic and curriculum transition from conventional face-to-face classroom delivery to online education for both individuals and corporates.
- › The hesitation of some teachers/lecturers to engage in online education delivery.
- › The broadly low-level perception of the value or status of an online education.
- › Lack of evidence for market willingness to pay for online courses.
- › The need for greater quality assurance in online education.

4. OPPORTUNITIES FOR THE AUSTRALIAN EDTECH SECTOR IN VIETNAM

4.1 Higher Education and Vocational Education and Training

Despite the fact that recruitment for a fully online degree program remains challenging, both Australian and Vietnamese partners could explore collaboration in the delivery of micro-credentials recognised 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.

Australian 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.

Australia's Department of Education, Skills and Employment (DESE) is currently providing technical assistance to Vietnam's MOET on online education policy. Once the official circulars on online education delivery and quality assurance are in place (anticipated in the first quarter of 2020), they will pave the way for Australian institutions to access and capitalise 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.

4.2 Early Childhood Education

The Early Childhood Education sector is a niche market in Vietnam, which offers potential business opportunities in private kindergartens responding to the Government's strategic sector development plan. In particular, opportunities for edtech businesses in this sector include, but are not limited to:

- › Designing ELT content for children to learn a foreign language as well as fundamental 21st century (soft) skills.

⁴ [We Are Social: Digital in 2018](#)

- › Teacher training solutions provided on digital platforms or integrated into an ecosystem providing both content and teacher professional development tools.
- › Sharing experience and professional expertise in curriculum development, quality assurance and managing digital agenda implementation at an institutional level.

4.3 School

Vietnam's K-12 education system is massive, with 15.8 million students in 2017 (8 million in primary, 5.3 million in lower secondary, and 2.5 million in upper secondary)⁵ and presents promising opportunities for edtech products and services from Australia.

The Government of Vietnam has undertaken significant education system reforms, seeking to bring Vietnam's quality of human resources in education to international standards.

General education (grade 1-12) has undergone tremendous reform in all areas. 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.

Potential business opportunities for Australian edtech partners include:

- *Digital content*: particularly in STEM/STEAM subjects to be aligned and if possible integrated into the current curriculum of Vietnam.
- *E-textbook*: the new general education curriculum which sets out a framework for core competencies will no longer depend on a single set of textbooks.
- *Teacher training*: a critical factor in ensuring the new general education curriculum is delivered effectively to achieve the expected outcomes. [The current challenges for provincial DOET 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 Australian partners to provide digitalised teacher training content to complete the ecosystem.]
- *Assessment products (particularly for ELT)* will be a value-add product to be delivered in Vietnam in compliment to tutoring services and digital learning content.

Opportunities for Australia's edtech 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.

4.4 Corporates

Vietnam's e-learning market also offers 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 centres in order to achieve effective human resource development. Potential industries include banking, tourism and hospitality.

⁵ Statistics of Ministry of Education and Training. Available at <https://moet.gov.vn/thong-ke/Pages/thong-ke-giao-duc-tieuhoc.aspx?ItemID=5392>