

GROWING EDTECH EXPORTS

Developing an innovation plan for the edtech sector

INNOVATION PLAN

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EDUCATION TECHNOLOGY INNOVATION PLAN

Developing an innovation plan
for the edtech sector.

SEPTEMBER 2020

EdTech New Zealand (EdTechNZ) undertook an analysis of the New Zealand edtech sector to identify opportunities to initiate innovative approaches to support sector growth. This work was supported by the Government agency, Education New Zealand (ENZ), as part of their COVID-19 response work and conducted by Dave Moskovitz from Thinktank Consulting.

EXECUTIVE SUMMARY

This innovation plan has been developed by EdTechNZ to propel innovation in New Zealand education technology (edtech) companies and educational institutions so they can improve their effectiveness in both Aotearoa New Zealand and overseas markets. This plan outlines key areas for innovation to support the success of edtech companies and educational institutions.

The plan reviews survey results to help determine stakeholders needs, and describes a number of potential projects including sector collaboration, funding and investment, and overseas market entry. These potential projects include;

- Project 1: EdTechNZ Meetups
- Project 2: Establish a Ministry of Education Embassy
- Project 3: Simplify Procurement
- Project 4: Ecosystem Map
- Project 5: Online course/Seminar series (funding & investment)
- Project 6: Investment Clinics
- Project 7: EdTech Accelerator
- Project 8: Establish Specific Purpose Funds
- Project 9: Online course/Seminar series (overseas market entry)
- Project 10: Market Immersion Programme

Only some of these proposed projects will be relevant for ENZ to support or get involved with. Others will need industry support or alternative partners. The next steps include re-engaging with the edtech sector to help prioritise the options.

BACKGROUND

The pandemic of 2020, COVID-19 has severely disrupted education in New Zealand and overseas. Edtech companies have undergone drastic change in market conditions. Once healthy distribution channels are now in disarray. In many parts of the world, students are still unable to attend their educational institutions in the way they have in the past. This is unlikely to change in the foreseeable future. Many education providers are new to working remotely, which can cause delays in planning, decision making, implementation and support. Due to increased border controls, it is no longer straightforward to visit partners, customers and prospects to close deals or resolve issues. The 'new normal' presents many challenges.

Education providers have been severely affected by border closures, decimating the number of overseas students studying in New Zealand, and greatly curtailing traditional marketing activities.

However, the new normal also presents many opportunities. Solutions that perform well in remote learning environments now have new relevance. New Zealand's excellent performance through the pandemic has raised our mana and improved awareness of ingenious Kiwi solutions. Economic disruption means that more learners will be available for and interested in further education.

Education New Zealand has partnered with EdTechNZ to explore innovative approaches that will improve the prospects of the edtech sector, enabling edtech companies to better deliver products and services, as well as support institutions to thrive in the new normal.

DEVELOPING AN INNOVATION PLAN

The project to develop an EdTech sector innovation plan was carried out by EdTechNZ during July and August 2020.

The analysis phase began with a survey of EdTech providers and institutions providing courses to determine sector needs, identify common blockers to innovating and selling more products and services in New Zealand and overseas. There were 58 survey respondents ranging from single person companies to large universities, throughout New Zealand. Respondents included a diverse range of companies offering edtech products and services, as well as courses. Survey results were collated and responses clustered. Common themes were then identified.

COMMON THEMES

SECTOR COLLABORATION

Survey respondents yearn for a truly collaborative platform, and feel that EdTechNZ and Education New Zealand have not fulfilled their potential in providing this. Respondents would like more meetups, networking events and conferences where they can connect with potential industry partners, supporters, meet new customers and learn more about best practice.

Many respondents also said it was difficult to meaningfully engage with the Ministry of Education, believing they didn't appear to want to work with local companies. Perhaps some of this perception is due to a lack of understanding of the Ministry's role and policy, but it's clear that as a key stakeholder, the Ministry could be more engaged with the sector and play more of a coordinating role.

FUNDING AND INVESTMENT

Most local edtech and content companies struggle to find the required funding to expand. Many would like better access to local and overseas investment, as well as to Government assistance.

OVERSEAS MARKET ENTRY SUPPORT

A number of different themes emerged related to the challenges edtech firms can experience trying to enter overseas markets and in selling to offshore customers.

Market knowledge

Small local startups can have difficulty researching and selecting which markets they would like to operate in, and how those markets function. Education systems are structured differently from country to country, and even regionally within countries.

Access to talent, expertise and mentoring

It can be challenging finding people with experience developing and distributing in overseas markets, expertise in specific areas related to the company's operations in the local context, and mentors who can help the company progress and better adapt to unknowns.

Channel partners

Distribution channels can be one of the critical success factors in entering a foreign market. Finding and selecting appropriate channel partners can often be challenging, daunting and expensive.

Difficulty in doing business overseas

Aside from Australia and the Pacific, New Zealand is relatively isolated from every market. In other markets, business culture can be subtly different, but similar in different jurisdictions. Cross-jurisdiction legal and accounting issues including intellectual property licensing and transfer pricing can be arduous.

MARKETING

Many companies said that marketing was one of the most difficult aspects of connecting with customers. In New Zealand, many felt that having to connect with individual schools or teachers was extremely difficult. Overseas this was even greater, with the added complexity of cultural differences, education systems and general lack of market knowledge in countries in which they wish to operate.

COMPETITION FROM OVERSEAS PROVIDERS

Most New Zealand edtech companies and publishers are competing with larger, more well funded international companies. In New Zealand, many felt it was unfair that the New Zealand Government seemed to favour overseas solutions over local solutions. Some have found it difficult to break into markets where large established players held a dominant position.

SCHOOL BUDGETS

More than one respondent suggested that if schools had more money, they'd be able to purchase paid for software rather than relying on free versions from larger overseas suppliers. Better funded schools would also be able to provide more training for teachers to make better use of technology.

DIGITAL DIVIDE

The digital divide still exists in New Zealand, especially outside the main centres. This makes it difficult to provide online services or course delivery that requires the student to have good bandwidth and recent hardware.

MARKET SIZE AND SOPHISTICATION

Some respondents felt that the New Zealand market was relatively small and unsophisticated, making it less attractive to service than overseas markets. For companies selling edtech or content overseas, key areas of concern include market knowledge; access to talent, expertise, and mentoring; finding and establishing relationships with channel partners; and general difficulties in the mechanics of doing business overseas, especially with respect to border closures.

CLOSED BORDERS

With border closures remaining in place around the world, it is more difficult for local institutions to sell classes delivered in New Zealand to overseas students. It is also more difficult for New Zealand companies to close sales deals, in person overseas.

PROPOSED PROJECTS

This research highlighted a number of suggestions for potential projects and solutions. Following an analysis of the common themes, EdTechNZ proposes the following projects, categorised in three categories:

1. Sector Collaboration.
2. Funding and Investment.
3. Overseas Market Entry.

Each category of projects has been assessed for their potential impact on sector behaviour, sector business models, sector products and sector capability. The following section reviews these impacts and outlines the projects.

SECTOR COLLABORATION PROJECTS	
Sector behaviours	These projects will enable the sector to organise itself, work more closely with each other, and learn from each other by identifying areas for mutual cooperation.
Sector business models	Companies will be able to form alliances and aggregate their products, services, and business models into a more holistic 'NZ Inc' model.
Sector products	These projects anticipate a wider variety of products and services as the sector upskills itself, and it becomes easier to develop and sell products.
Sector capability	These projects will help build capability by cross-fertilising ideas between successful New Zealand edtech companies, enabling the sector to understand and learn from others and become better at selling their products.

FUNDING AND INVESTMENT PROJECTS	
Sector behaviours	These projects will enable edtech companies to obtain required funding to fuel growth. This will enable more product development and sales.
Sector business models	These projects could result in significant business model innovation.
Sector products	These projects will result in a higher level of research and development resulting in new and improved products.
Sector capability	These projects will build capability in companies, in the areas that produce innovation.

OVERSEAS MARKET ENTRY	
Sector behaviours	These projects will enable edtech companies to better enter overseas markets. They will be more willing to work with each other and government agencies, and more confident to take their products onto the world stage.
Sector business models	Companies will need to adjust their business models to meet overseas market expectations. This will include working with local in-country channel partners.
Sector products	It is anticipated that once a company is in an offshore market they will be exposed to a much wider variety of needs than in New Zealand. This will likely result in greater product innovation.
Sector capability	These projects will build capability in local leaders to become entrepreneurial powerhouses internationally.

SECTOR COLLABORATION PROJECTS



Collaboration

PROJECT 1: EdTechNZ Meetups

This project aims to connect EdTech entrepreneurs, educators, and other stakeholders regularly, virtually as well as physically.

This will be achieved by holding regular meetups, alternating between physical meetups (initially in Auckland, Wellington, Christchurch) and online. Meetups will be themed, as determined in consultation with members.

Regular meetups will engage ecosystem participants and help them learn more about specific topics, as well as about each other.

Outcomes and benefits include:

- Upskilling ecosystem participants.
- Introducing potential partners to each other and building 'social fabric'.
- Finding common ground and purpose to build an 'NZ Inc' approach.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> • Set up planning group at EdTechNZ • Assign (paid) person to execute plans, organise speakers, venues, publicity. • Socialise via existing groups and social media. 	Planning: Oct 2020 Execution: Nov 2020	National meetup facilitator (1.5 days per month). Travel expenses. Minimal venue and marketing costs.	\$20,000 per year.

PROJECT 2: Establish a Ministry of Education Embassy

This project aims to establish a bi-directional information flow between the edtech sector and the Ministry of Education. It will do this by scheduling regular meetings between Ministry officials and sector participants. It will engage horizontally and vertically within the Ministry, and across different elements in the edtech sector.

Outcomes and benefits include:

- Better understanding within the Ministry of the opportunities that technology can provide to the education system.
- Better understanding by the sector of the needs and aspirations of the Ministry, as well as policies and future direction.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> Establish Terms of Reference. Gain high level buy-in from the Ministry. Establish regular meeting schedule and programme. 	Planning: Early 2021. Execution: Early 2021.	EdTechNZ Ambassador. 1 day per month.	\$13,000 per year.

PROJECT 3: Simplify Procurement

This project aims to make it easier for New Zealand schools, educators, parents and students to gain clear visibility of New Zealand developed technology solutions. It will also provide local edtech companies a clear path to providing solutions to New Zealand schools, educators, parents and students.

It will do this by establishing a marketplace with validated solutions, that comply with Ministry criteria including security, privacy and data sovereignty. It will engage with all suppliers and purchasers of edtech solutions.

Outcomes and benefits include:

- Making it easier for New Zealand suppliers and purchasers to find the local resources they seek.
- Supporting local businesses to thrive, creating more employment and better solutions.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> Publish a paper on options for establishing a New Zealand edtech marketplace. 	Start: Late 2020. Implementation: 2021.	Analyst.	\$10,000 for scoping. (implementation costs depend on the paper published).

PROJECT 4: Ecosystem Map

This project aims to produce an ecosystem map of the New Zealand EdTech landscape, including companies, academic institutions, support organisations and Government agencies.

For each, it will identify relevant products and services, geographies serviced, target customers, web address and contact person.

It will do this by providing an online searchable database along with suitable APIs which will make it easy to find New Zealand edtech resources or companies. It will engage with all elements in the New Zealand edtech ecosystem.

Benefits include:

- Enabling edtech companies to easily find partners, customers, and Government assistance.
- Enabling agencies to find suppliers for required services.
- Being able to quantify the size, scope, and economic contribution of the EdTech ecosystem.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> • Define, agree requirements and scope. • Secure budget based on requirements and scope. • Define how users will interact with the map. • Develop or procure map system. • Collect data on each entity. • Input data into map system. • Test. • Release. • Commit to and resource keeping the map up to date. 	Start: 2021.	Analyst.	\$10,000 for scoping. <ul style="list-style-type: none"> • implementation costs depend on the requirements and scope. • There will be significant ongoing costs to maintain the map.

FUNDING & INVESTMENT PROJECTS



Funding

PROJECT 5: Online Course/Seminar Series – Funding & Investment

This project aims to educate edtech providers on how to obtain funding for their projects and initiatives. It will do this by creating an online course on relevant funding options, including:

- Callaghan Innovation.
- Ministry of Education.
- New Zealand Trade and Enterprise (NZTE).
- Angel investment.
- Venture capital.
- Strategic partnerships and joint ventures.
- Private equity.

This course would contain lectures, collections of relevant course materials, self-assessed activities and potentially access to mentors. It could also be curated as a series of lectures and publicly accessible online. It will engage edtech companies and potentially connect them to funding sources.

Outcomes and benefits include:

- Increased effort for innovation activities, research and development.
- New and higher quality products and services.
- Better resourced edtech companies.
- Greater employment in the sector.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> • Scope the course. • Secure resources to develop courseware. • Distribution. • Maintenance. 	Scope: late 2020. Implementation: 2021.	Analyst (for scoping). Course designer. Courseware developers. Delivery and support.	\$10,000 for scoping. Delivery: TBD.

PROJECT 6: Investment Clinics

This project aims to enable companies get specific advice they need to attract investment.

It will do this by holding (initially) a two hour investment clinic online every month. This will be divided into three half hour sessions, with one company per session. Each session will be hosted by an experienced edtech investor, who will advise the company on how to become investment ready. Companies will be attended to on a first come, first served basis.

This project will engage startups and investors, and better connect the edtech and angel investment communities.

Outcomes and benefits include:

- More investment ready edtech startups.
- More investment into edtech startups.
- More innovation funding.
- More innovative products and services.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> • Find investor mentors. • Source EdTech startups. • Hold sessions. 	Execution: late 2021.	Investor mentor.	\$12,000 per year.

PROJECT 7: EdTech Accelerator

This project aims to help edtech companies rapidly validate new product or service ideas and achieve investment, to scale these new initiatives.

It will do this by partnering with an accelerator programme provider (for example, Lightning Lab or similar) and providing an intensive 12 week programme, for up to 10 initiatives. This will include training on innovation techniques, problem discovery, customer development, sales, marketing, growth hacking, investment, culminating in a Demo Day investor event.

It will engage edtech companies and the startup ecosystem of support organisations, funding agencies, academia, overseas collaborators and investor syndicates.

Outcomes and benefits include:

- Rapid validation of new product ideas.
- 12 week time boxed fast succeed or fail approach.
- Potentially complete three years of product development in three months.
- Better ecosystem interconnection.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> • Scope project. • Select partner. • Run programme. 	Scoping: early 2020 Execution: 2021	Analyst. Project Manager. Delivery partner.	\$200,000 - \$400,000 total. Consider potential partnership with Callaghan Innovation.

PROJECT 8: Establish Specific Purpose Funds

This project aims to define special purpose funds, for deploying technology solutions to the most significant problems in education.

It will do this by delivering a policy paper to relevant Government agencies describing the cost, benefit, and impact of supporting initiatives to delivering fit for purpose technology solutions to New Zealanders and overseas.

This project will engage Education New Zealand, MBIE, Callaghan, Department of the Prime Minister and Cabinet (DPMC), Tertiary Education Commission (TEC), New Zealand Qualifications Authority (NZQA), educators, and other stakeholders. This engagement will help define desired outcomes and funding sources designed to achieve those outcomes.

Outcomes and benefits include:

- Achievement of agency goals through collaboration with innovators.
- Increased funding available for innovators to deliver new solutions to market.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> • Needs analysis. • Work with agencies. • Draw up proposals. • Work towards acceptance. 	2021.	Policy Analyst.	\$30,000 (estimated) to set up funds. Additional funding required to fulfil funds.

OVERSEAS MARKET ENTRY PROJECTS



Market Entry

PROJECT 9: Online Course / Seminar Series - Overseas Market Entry

This project aims to educate edtech providers on how to research and enter offshore markets.

It will do this by creating an online course covering the following subjects:

- Researching markets.
- Competition.
- Distribution.
- Marketing.
- Attracting employees and partners.
- Intellectual property and licensing.
- Structuring your business for success.
- Tax and legal.
- Investment.
- Additional assistance (including NZTE, ENZ, Callaghan, ASEAN New Zealand Business Council (ANZBC)).

This course would contain lectures, collections of relevant course materials, self-assessed activities, and potentially access to mentors. It could also be curated as a series of lectures and publicly accessible online.

This project will engage edtech companies and connect them to a wide variety of stakeholders and overseas networks.

Outcomes and benefits include:

- Companies will be better prepared for going offshore.
- Increased edtech export revenue.
- Less work for NZTE and ENZ, as they won't have to teach the basics of market entry to these companies.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> • Scope the course. • Secure resources to develop courseware. • Distribution. • Maintenance. 	<p>Scoping: 2020.</p> <p>Execution: 2021.</p>	<p>Analyst (for scoping).</p> <p>Course designer.</p> <p>Courseware developers.</p> <p>Delivery and support.</p>	<p>\$10,000 for scoping.</p> <p>Delivery TBD.</p>

PROJECT 10: Market Immersion Programme

This project aims to help edtech companies enter overseas markets by spending time in-market and building relationships with potential customers, suppliers, channel partners and investors.

It will do this by working in partnership with ENZ and NZTE to develop individualised itineraries for each prospective company, and part-funding the companies to spend time in their target countries.

This programme will engage edtech companies with potential overseas customers, suppliers, channel partners, investors, ENZ and NZTE.

Outcomes and benefits include:

- Companies will be better prepared for going offshore.
- De-risked offshore opportunities for companies.
- More edtech export revenue.

Key Actions	Timeframes	Resources	Estimated Budget
<ul style="list-style-type: none"> • Scope programme. • Obtain budget parameters. • Design prototype programme. • Minimum viable product with one company in one country. • Iterate and scale. 	2021.	Programme designer. Programme manager. NZTE and ENZ.	\$10,000 for scoping.

OTHER OPPORTUNITIES

These proposed projects address the most pressing areas of concern as outlined by our survey results. The issues of marketing, competition from overseas providers, school budgets, the digital divide, New Zealand market size and sophistication, and closed borders are considered out of scope for the current plan, but may be addressed in future. EdTechNZ, the Tech Alliance, and Education New Zealand should consider working with other organisations to further progress in these areas.

PROJECT SUMMARIES

Project	Project Name	Project Type	Estimated Budget
1	Meetup Series	Sector Collaboration	\$20,000 per year.
2	Ministry of Education Embassy	Sector Collaboration	\$13,000 per year.
3	Simplify Procurement	Sector Collaboration	\$10,000 for scoping.
4	Ecosystem Map	Sector Collaboration	\$10,000 for scoping.
5	Online Courses - Funding	Funding & Investment	\$10,000 for scoping.
6	Investment Clinics	Funding & Investment	\$12,000 per year.
7	EdTech Accelerator	Funding & Investment	\$200,000 -\$400,000.
8	Special Purpose Funds	Funding & Investment	\$30,000 to establish, plus the fund.
9	Online Courses – Market Entry	Overseas Market Entry	\$10,000 for scoping.
10	Market Immersion Programme	Overseas Market Entry	\$10,000 for scoping.

NEXT STEPS

This innovation plan outlines a number of projects, many of which commence with a scoping phase. The precise cost of these projects is difficult to determine without exploring their scope in more detail. It will almost certainly not be possible to complete all of the projects within the initial allocated budget.

Education New Zealand funded this work, the development of an EdTech Sector Innovation Plan, and have set aside additional funding to support the establishment or delivery of part of the plan. While ENZ will assess the options and determine the project most aligned with their needs, this does not prevent the sector from undertaking other projects. In fact, a key purpose of ENZ's investment in this work, was to help the sector identify innovative new ways to grow.

EdTechNZ's next step will be to re-engage with the sector, providing an opportunity to help prioritise the project ideas. Following this consultation, EdTechNZ will collaborate with the sector and other support agencies to activate as many of these opportunities as possible.



Education Technology New Zealand's (EdTechNZ) vision is to empower learning with technology that embodies our unique Aotearoa New Zealand identity.

We are a purpose driven, membership-funded organisation. EdTechNZ is the voice of education technology in New Zealand, supporting the growth of the sector. Our purpose is to help facilitate learning through innovative education technology.

EdTechNZ aims to raise awareness and increase understanding to enable our nation to embrace the best opportunities education technology offers us daily, helping us live better, smarter and more productive lives.

EdTechNZ is a neutral centre of gravity for discussion, debate, policy development and collaboration around education technology in New Zealand.

DISCLAIMER

Any opinion and analysis presented in this Briefing Paper are the opinion of the author of the paper, not the opinion of the members of EdTechNZ. Any EdTechNZ information that is to be used in press releases or promotional materials requires prior written approval from EdTechNZ.

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