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Life in the cloud

Uniservity's third generation learning platform leaves it well positioned for international expansion, its chief executive tells **Jonn Elledge**

Matt Clarke is feeling pretty pleased with himself. When we meet, to discuss his two years as chief executive of Uniservity, he tells me that the education technology firm "has a fantastic story to tell." In 2009, Uniservity made an operating loss of £2.2 million. Clarke was brought in with an explicit remit to bring the company to profitability.

It made a profit for the first time last year, of £660,000, despite the recessionary crunch meaning turnover fell slightly. Now it's sitting on what Clarke describes as a "substantial war chest", and is looking to make bolt-on acquisitions. It also has its eye on international expansion. Next year, it's planning for turnover of £4 million, up 25% on 2011.

Clarke credits the firm's success to two main things. One is simply that it has matured. For the last few years,

Uniservity poured a fortune into R&D. Now, though, that research has been done, and the company thinks it's got a handle on what works, so it can begin to reap the rewards.

The other thing that Clarke credits for the bounce in the firm's profitability is the new version of its system it launched earlier this year, the Life Learning Cloud. It's a "web 3.0" product about which he's distinctly evangelical, telling me, "It's a real next generation thing... A real differentiator. The feedback we're getting is fantastic."

Any tech company chief executive who didn't describe their products in such glowing terms probably wouldn't be doing their job properly, of course, but Life does have something of the zeitgeist about it. It's a cloud-based system - that is, one which cuts costs by storing its software on distant servers, accessed via the internet, rather than within the school - providing learning platform technology to schools in some 90 local governments

company profile: uniservity

worldwide. Its 'Life Foundation' uses social networking to link users around the globe, so that a class of British kids studying the rainforest, say, can discuss their project with kids in Belize who actually live in one. It even comes with its own app-store, the 'Life Learning Exchange', where users can pick the bits of the product that are most useful to them.

So far, about 60% of the firm's customers are ready to upgrade to the new version, and the company says its renewal rate is running at 98%. That's perhaps not quite as exceptional as it at first sounds – schools that have invested heavily in one particular system are less likely to switch unless they're experiencing real dissatisfaction – but it's impressive nonetheless.

Uniservity, as the name suggests, wasn't originally aiming its products at schools at all. The company was founded in 1999, with the intention of offering web-based community services to student unions and other university societies. Its products did have some applications as learning technologies, but these were very much second fiddle to their social aspects.

As the years went on, though, universities increasingly began to build their own virtual learning environments, and the firm instead found itself approached by schools who wanted to do something similar. This part of the business got a boost late in 2006, when it won a place on the education technology quango Becta's newly-launched learning platform framework agreement. Through this government backing Uniservity built a 35% market share, second only to Fronter. Today the firm's platforms have built up 2 million users across 3,500 schools and 28 local authorities around

the UK.

The demise of Becta, and schools' greater control of their own budgets, are both potentially an opportunity to increase market share in areas where councils favoured other systems – but they're an opportunity to Uniservity's rivals, too. Technology firms can no longer trade on their place on a defunct framework, but must instead spend more time marketing their products to individual schools.

That is a challenge, admits Clarke, who says the firm is employing a number of strategies to deal with it. One is to get renewals locked down as quickly as possible: those 60% of customers that are already signed up to Life will guarantee a certain amount of revenue over the next few years.

Another is simply to ensure the product meets schools' needs. It's to that end that the firm invented the Learning Exchange "app store" element of My Life, to ensure that schools don't, in Clarke's words, have to pay for "300 bits of functionality that they don't need". It also makes its tools portable, so that students can take the resources they want with them for free if they move school.

The third prong of the firm's strategy, though, is to provide evidence that its product works. Much of the firm's growth has come from word of mouth, believes Clarke. But "you have to prove there are real learning outcomes from it," he adds. "If you can do that, it sells itself". The new product thus includes systems to monitor what content is proving popular with teachers, and to automatically offer alternatives that users might find helpful. Teachers also have the option of seeing what's 'trending', very much like Twitter and other social networks.

Internationally, Uniservity is focusing

its attention largely on two markets, North America and Australia. They have the advantage of being rich and English speaking, of course. But both Oz and the individual US states the firm focuses on, notably Texas, are also the right kind of size to find partners to distribute the product. Uniservity licenses local companies, such as Melbourne-based Learnology, to distribute its products on its behalf. This cuts the need for capital outlay; it also means spending less on marketing, as the firm can partner with firms that already have the contacts in schools. "In effect," says Clarke, "we've created a distribution model, rather than a subsidiary one."

Back home, the Reading-based firm is on the hunt for bolt-on acquisitions that offer extra functionality or access to a new customer base. "We're looking for partners that'll work with us and become part of the management team," says Clarke. "The questions we're asking are whether the technology is a good fit, can they add to the top line – we're less worried about the bottom line – and whether they have a good domestic/international split." Although he won't name names, he says there are "about five businesses" the firm is looking at the moment.

When he joined the firm, Clarke repeats, his focus was on "getting the business into profit as quickly as possible. Now," he adds with a hint of satisfaction, "we can enjoy the benefits." ■



Matt Clarke,
chief
executive,
Uniservity

Out of the red

	2009	2010
Cost of sales	£631,000	£484,000
Administrative expenses	£5,000,000	£2,200,000
Operating profit/(loss)	(£2,200,000)	£600,000