

Opportunities for US Training Companies in China

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"In ten or twelve years, China will be the second largest economy on the face the earth. Only the United States will have a bigger economy." - Former US Secretary of Commerce, Mickey Kantor



As you land at the Guangzhou airport in southern China, as we did on a recent trade mission to China organized by the **International Association for Technology Trade (IATT)** in partnership with the **International Society of Technology in Education (ISTE)**, it suddenly hits you that you have arrived in a country that is fast transforming from its historic, closed-door past into a modernized and 21st century technology savvy future. China acceded to the WTO symbolizing its ongoing integration into the world economy.

Less than an hour drive to the southeast of Guangzhou, and two hours north of Hong Kong, is the region of Dongguan in the province of Guangdong. This remarkable city provides a further glimpse of a country on the move. With an average annual GDP growth rate of 22%, Dongguan is one of the fastest growing economic regions in China. Since China's economic reform and opening to the outside world, Dongguan has invested heavily in the construction of city infrastructure to build up an excellent foreign investment environment and Dongguan government officials recently announced plans to invest US \$500 million in city-wide technological infrastructure upgrades. So far, the investment strategy seems to be working as Dongguan has attracted over 15,000 foreign-funded enterprises with an accumulative total investment of US \$18 billion from more than 30 countries around the world.

Christine Shaw, Executive Director of IATT said that, *"Dongguan is one of the regions identified by the China National Development and Reform Commission as having the highest potential return on investment for foreign investors and IATT offers a unique opportunity for US companies to build relationships with high-level Dongguan city government officials and potential strategic partners."*

Country Overview

China is the fastest growing economy in the world with a GDP of US \$1.4 trillion. While China has expanded at an average of 9% annually, rapidly developing regions are reporting GDP growth of nearly 20%. And every week, China receives more than US \$1 billion of foreign direct investment. **China's rapid growth has created an increasing demand for higher education, secondary education and corporate training products and services.** According to the China Software Industry Association, the number of university and college graduates in China has

increased 34.5% over the past four years. According to China Computer World Research, IT investment in the education sector is expected to grow significantly with an emphasis on customized solutions and a shift of focus from Beijing and Shanghai to the rapidly developing rural regions.

Chinese enterprises need to build a workforce of tomorrow, recruit graduates with internationally recognized standards of education, and create up-to-date employee training programs to stay competitive in a global economy.

China needs innovative products and services and foreign expertise as it aims to transform the country into an ambitious economic power. China's middle class, whose population exceeds the entire population of the US, is often willing to spend up to 10 percent of their savings on education. This represents a US \$80 billion consumer education market. **With over 1500 universities and colleges and over 500,000 schools, China is seeking products, solutions, and technologies to invigorate its educational system and upgrade the skills of millions of professionals.**

One of the key delegates from the US, **Don Knezek**, CEO of ISTE (several of ISTE top member companies attended the IATT/ISTE China Trade Mission) said, *"there is a unity of both vision and resolve across China to improve education and skill development in order to sustain and accelerate that country's emergence as a world economic power and global leader in information technology industries. These conditions present spectacular opportunities for advisory, technology, and direct delivery services across all levels of industry and education as leaders seek the expertise, systems, and services to realize the shared vision for China in the next decade and beyond."*

China also provides a rich reservoir of technology and services that it can offer to the education and training industries by providing high quality offshore manufacturing and IT services at very low cost. Many education technology and equipment companies are already beginning to take advantage of China's manufacturing industry strengths.

2005 China Educational Technology Conference and Expo

In response to the increasing demand for educational technology products and services in China, the International Association for Technology Trade (IATT), in partnership with the International Society for the Technology in Education (ISTE), will co-sponsor the **2005 China Educational Technology Conference and Expo to be held in Dongguan, Guangdong, China from October 13, 2005 to October 16, 2005 as part of 2005 Collaboration Week.**

Conference organizers are expected to draw over 40,000 attendees from the K-12 education, higher education and corporate training industries making it the largest education technology conference in the world. It is anticipated that attendance will be split between educators and educational technology decision makers. Participating US educational technology companies will be assured a high level of visibility throughout the event, facilitation of private business development meetings, and an opportunity to present their educational technology products and services to a targeted audience of educational technology decision makers from the K-12 education, higher education and corporate training industries.

TrainingOutsourcing.com is partnering with IATT and ISTE to help organize the Corporate Training track within the 2005 China Educational Technology Conference and Expo.

Doug Harward, CEO of TrainingOutsourcing.com said, *"We are really pleased to be working with outstanding organizations like IATT and ISTE to organize the corporate training track at the 2005 China Educational Technology Conference. TrainingOutsourcing.com represents the best in class on corporate training content, technologies, and services companies in the world and the participation of many of the sponsoring training suppliers will greatly enhance the quality of the conference."*

While the potential for education, training, and technology trade between US and China is very strong, there are however a number of concerns that surfaced during the IATT/ISTE China Trade Mission.

Besides distance, language, and cultural barriers, US trade mission delegates cited intellectual property as a key concern with regards to doing business in China. Recognizing the importance of intellectual property protection, IATT, in partnership with the China Intellectual Property Protection Association, is co-sponsoring the **1st Chinese/American Intellectual Property Forum** in conjunction with the 2005 China Educational Technology Conference. Business leaders and top legal counselors from both the US and China are expected to participate at this landmark event.

Getting Started

So how does one begin the journey toward training related trade and business opportunities in China?

The first step is to do market research to identify a match between your training, education, or technology offerings and needs in the Chinese market for such products, services, and training.

The next step is to establish strategic partnerships and relationships with local companies in China so that win-win business models can be defined.

The best way to start is to have a dialog with the potential Chinese buyers in your segments (K-12, Higher and/or Corporate Education) either through trade missions, one-on-one meetings, and networking at conferences, seminars, and events. IATT (www.technologytrade.org) organizes highly effective China trade missions and the US Department of Commercial Services (www.export.gov/cs) offers industry specific reports and market research. **Cameron Werker**, Commercial Officer at the US Embassy in Beijing, China said that their main objective is to help US based companies to sell in China.

The worldwide market for education and training is reported to be over US \$2 trillion and what was clearly confirmed during the recent IATT/ISTE China Trade Mission is that the world is becoming increasingly flat and it offers an exciting new playing field for those who wish to learn and expand business opportunities.

About the Author

Harvey Singh is the founder and CEO of Instancy, a multi-national learning technology company that provides training outsourcing solutions (onshore and off-shore) in the areas of technology infrastructure and content management systems. Harvey is also the Co-Founder of TrainingOutsourcing.com, LLC.

Prior to founding Instancy, Harvey co-founded, MindLever in Research Triangle Park, North Carolina. MindLever was acquired by Centra Software (Real-time collaboration and content management provider) in 2001. Harvey has served on the Board of Advisors for eLearning standards initiatives IMS, SCORM, and DoD's Advanced Distributed Learning and was nominated as eLearning Executive of the Year in 2001. In 1993, Harvey co-founded Empower, a pioneering turnkey learning product design company focusing on advanced multimedia, simulation, and learning product outsourcing. Harvey holds graduate degrees in both computer science and education technology from Stanford University.

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