

TECH

# Creating 'Apple' of online education

Simon Leung is leading Netdragon Websoft to build an ecosystem for lifetime learners

By MA SI  
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Simon Leung, the former Greater China CEO of Microsoft Corp, is determined to lead a local company to compete in the global online education sector.

Now the vice-chairman of Netdragon Websoft Inc, a leading Chinese game and mobile app developer, Leung said he wants to create a company that would emerge as the Apple Inc of the digital education sector.

"Apple has a very mature ecosystem where its hardware, software, platforms, big data technologies and third-party applications are intertwined to promote each other," Leung said. "Our goal is to build a similar ecosystem for lifetime learners in online education."

His logic is straightforward: the Fuzhou-based company will take care of all the technologies needed to support the ecosystem while seeking partners to create learning content.

Towards this end, the Hong Kong-listed company, which sold its app store to Baidu Inc for \$1.85 billion in 2013, is investing heavily to acquire both domestic and overseas companies.

In September, NetDragon completed a \$130-million acquisition of Promethean World plc, a British education technology company whose learning software and interactive whiteboards are helping over 2 million teachers and 30



NetDragon Websoft Inc promotes its online business during an Internet business exhibition in Beijing. PROVIDED TO CHINA DAILY

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Simon Leung, vice-chairman of Netdragon Websoft Inc

million students around the world.

"The acquisition of Promethean is helping us reach over 100 countries and boosting the brand image of NetDragon in international markets," Leung said, adding the deal is the company's first step towards going global.

"We'll continue buying companies that boast cutting-edge technology, best talents and those that can help us expand the global presence," the seasoned IT executive said.

On the company's shopping spree, Leung said: "This is the most time-efficient way to build an ecosystem. We already have some of the best education technologies. But it takes too long to develop all products ourselves."

Currently, NetDragon is building a cloud computing platform where app developers can use the company's online resources to develop a wide range of mobile applications to facilitate the communication between students, teachers, parents and schools.

In June, the company also acquired a voice recognition company in Suzhou, whose self-developed technology can be used to evaluate and score students' oral speeches in English examinations.

"I had spent years on helping foreign companies enter the China market. Now it is time for me to help Chinese enterprises go global," Leung said.

He joined NetDragon in 2014 after serving as the Greater China head of Microsoft and senior vice president at Motorola Inc.

Leung said he is very interested in India and the US markets. "Over half of India's population is under 35 years old. In future, we will expand China's successful business model to India."

Zhu Zhu, an analyst at the Beijing-based Internet consultancy Analysys International, said, "NetDragon is building a sprawling presence in the education sector. But China is a new player to the global education market. It remains to be seen whether NetDragon's technological edge can marry well with the local content in international markets."

INTERNET

# Online travel firms see turning point

By SHI JING in Shanghai  
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While competition is intense in the Chinese online travel industry, the relatively low penetration rate compared with Western peers indicates there may be much room for growth for Chinese market players.

According to the latest numbers provided by UBS Investment Research, the penetration rate of online travel agencies was only around 10 percent in 2015, while the number in the United States was over 40 percent and that for Europe was nearing 50 percent.

Regarding the low penetration rate and Chinese tourists' increasing enthusiasm for both domestic and overseas trips, Xu Ming, analyst at UBS Investment Research, predicted that this year will be a turning point for online travel agencies.

Those which have not made profit yet, will start to turn in a satisfactory balance sheet, and those that are already profitable will seek even faster growth.

Travel agencies which provide non-standard trip products will perform extremely well, including Nanjing-based online outbound travel service provider Tuniu Corp, Xu said.

Yu Dunde, chief executive officer of Tuniu, agreed growth opportunities abound for online travel agencies as consumers' demand is more diverse now than in the past.

"Travel agencies used to classify their products simply according to tourists' consumption level. But as people travel more frequently, travel products should have different characteristics. Thus, we now

have products such as family trips, cruise trips and trips tailor-made for the elderly," Yu said.

Tuniu introduced a family trip package late December targeting three different age-groups of children: 2-5, 6-11 and 12-15 years. The idea is to avoid homogenized competition. It is also one of the three focus areas, said Yu.

Enhanced service quality figures among Tuniu's priorities. The company has set up more offline service centers, whose number rose from 15 in 2014 to 150 by the end of last year. It will set up overseas offline service centers this year.

"By 2017, we shall have 1,000 offline service centers in China and more than 100 overseas. Apart from providing services at destinations, we will start our services at the departure stage itself, which consumers value a lot," he said.

Increased efficiency in the supply chain is Tuniu's third priority. In the past, it was not aware of consumers' needs in real time as there were too many intermediaries. Tuniu will now work directly with suppliers, and, by extension, consumers, through its own communication system. The goal is to ensure the output of one Tuniu team-member is twice the industry average.

"It is true that some Chinese Internet companies are undervalued in the US. But the most important thing is not seeking short-term profit in the capital market. What we should really do is to seize the unprecedented chance in the Chinese online travel market right now," Yu said.

**10 percent**

The penetration rate of online travel agencies in 2015, according to the latest numbers provided by UBS Investment Research.

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