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Group College is taking a different line

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MANDY BRYAN

The current investment climate may have dented the prospects of online educators but, as they flee the sector, one company is preparing its launch.

What separates this internet venture from its start-up counterparts is that it has been educating around 800 mostly overseas students in Sydney the traditional way for the past two years.

Public and private investors, under the Group College banner, chose to overlay an internet-based distance learning model over an existing bricks-and-mortar college which they bought two years ago with part of the \$6 million raised for that specific purpose.

Via the Broadway-based Central College in Sydney, Group Colleges now aims to export a range of diploma courses to international students via the internet by next year with the first to go live next month.

"I knew the web and education were natural partners. I had a theory that if we first raised some money, we could then take over and convert a going business," said Group Colleges director, Mr Alan Manly, a former computer engineer and business college manager.

"Introducing something new is a lot harder than changing a business that already works," he said.

The move wasn't without risk, however, with the college it bought not overly profitable, according to Mr Manly.

"It was trading satisfactorily, but the business of international education is very mature and mature businesses are low margin and have low returns. Investors want more than 3 or 4 per cent returns.

"Now we have to do something different. A newer and more efficient way of distributing education will be through distance learning and we expect higher returns as a result," he said.

Last quarter, Central College piloted 100 students who, Mr Manly said, took easily to online study, which offers greater flexibility over study time and place.

Next month the college will take some courses live and aims for them all to be online by the end of the year, a move that will enable its 700 overseas students to spend one year of their two-year course in Australia.

"Students do half of their course in their home country, and half in Australia where they can gain western skills," Mr Manly said.

Mr Manly noted that online education start-ups lacked the steady customer base and administrative and professional infrastructure to enable success, while the size and complexity of Australian universities slowed their transition to online.

"We are the first diploma-level college to introduce distance learning," he said. "None of the universities is offering diplomas. That's our niche."

The Australian Financial Review

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