

Finland of opportunity

Finland's Sanoma Learning is the leading publisher in some of Europe's best school systems. Now it has its eye on emerging markets, finds **Daniel Thomas**

Northern Europe is well known for having some of the best school systems in the world, but less is said about its publishers.

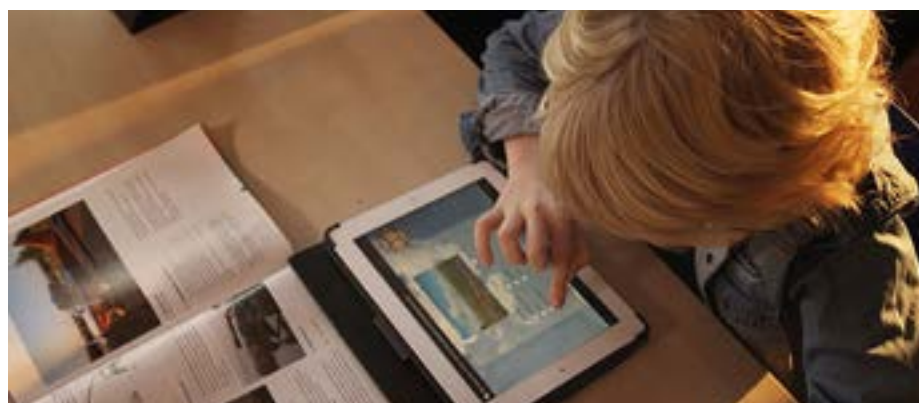
Consider Sanoma Learning, a division of Finnish media conglomerate Sanoma and specialist in K-12 resources. It attracts few of the global headlines of players like Pearson, and yet it is a market leader not only in Finland, but Belgium, the Netherlands, Poland and Sweden; all countries, bar Sweden, that excel in the Pisa tables.

The business also reached about 10 million pupils and one million teachers across Northern Europe last year and sales were around €300 million (£216 million). With its eye now on global markets, one suspects we will be hearing more about this publisher in the next few years.

When I meet chief executive John Martin he is fresh from speaking at the Ed Tech Europe conference in London and keen to talk digital (his expertise in



John Martin, chief executive, Sanoma Learning



this area being one of the main reasons Sanoma picked him to head the division in the first place). The Briton tells me he joined the business in 2009 as chief operating officer after stints at publishers Wolters Kluwer and Swets & Zeitlinger. Then in 2011, he was whisked off to lead the group's digital and strategy teams before returning to Sanoma Learning as chief executive in 2014. "I learned even more about digital during that time but it was always the plan to come back and lead Sanoma Learning's digital transformation," he says.

Today roughly half of the business's sales come from print, €100 million from blended offerings and €50 million from pure-play digital. Sanoma products span learning platforms to school management systems, e-text books to personalised learning services. Its most unlikely success has been the gamified learning exercise Bingle, which is used by 75% of all pupils in Flanders and has recently been exported to Finland, Sweden and Wallonia.

"It was a big surprise to us because Belgium is not especially digital. There were many reasons for not doing it but in the end it turned out to be a rapid, runaway success," Martin says.

The shift to digital has challenged publishers across the spectrum but

Martin is optimistic. He acknowledges the investment required, and the struggles some have with multi-channel delivery, but says technology promises great learning advantages and new business opportunities too.

"From an investment perspective the markets value a digital company more highly than a print company because they see it as faster growth and more future proof. Some companies that aren't investing as heavily in digital might have higher profit margins but probably a less sustainable business."

Sanoma has navigated digital transition well but faces other problems. Sales fell by 8.6% to €135.3 million in the six months to 31 June and operating profit was down from €2.7 million to €18.7 million.

The firm blamed ordering patterns in Finland and policy changes in Poland where the textbook market is likely to remain depressed. It expects to offset this with new products and services as well as cost savings, but only partly so.

Martin bristles when I ask if being part of a wider group offers protections not afforded to other education publishers. Most of the Sanoma group's €1.9 billion sales last year came from media, television and marketing. But Martin emphasises that Sanoma Learning is run separately



from the media divisions due to different customer bases and limited synergies.

Where the division does have an advantage, he says, is in its multi-market presence which helps spread risk. "In education the curriculum cycle is very important, and when one market is at the best point in that cycle another might not be. This gets evened out much more if you're in lots of countries."

Emerging markets

In a logical extension of this Sanoma is exploring new markets, although not the UK and US which are saturated. "Because we're the leader in some of the world's best education systems we get a lot of interest from global markets like China. They want support in making their systems more digital and it's a great opportunity for us. We serve 10 million pupils in Europe but there are 200 million pupils in K-12 education in China alone, 20 times as many," Martin says.

He says the firm is building a position in China and working with local players; it's also working on new partnerships in emerging markets, although he prefers not to say which.

Sanoma Learning continues to seek other partnerships, bolt-on acquisitions and to carry out R&D. It is working with

Knewton for instance, the US-based adaptive learning provider, and launched its own incubator in Holland last year incorporating pupils and teachers.

Martin clearly watches the ed tech sector closely, but he is realistic about the practical application of technology in schools. "In the digital space everybody is looking to Silicon Valley for disruption, but the biggest disruptive forces in education are governments. They are often the regulator and the payer, and if they change policy it causes much more disruption in our market than a start-up with a great new concept."

Reflecting this, he still sees print as a vital part of the mix and suggests that it's unhelpful to view digital as separate. One of the firm's guiding principles is that solutions must help teachers achieve better outcomes, and so form always follows function.

"Some solutions happen to play on print, some on digital, there might be flash cards there might be games. The real question is, what do you need as teacher to give great teaching."

He believes teaching resources will be enabled and disrupted fairly quickly by technology, but that changes to the service model of education, a potentially much bigger market, could take more than

a decade. He's also grounded about how far new innovations like adaptive learning will go. "I do think there are going to be changes to the service model but I don't believe we're going to replace teachers with adaptive learning platforms. They will be a great enabler not a replacement."

Asked where we'll see the next big innovations in K-12 he points first to workflow. With teacher shortages looming in many markets, services that improve efficiency and save time will be paramount, he believes.

Then there's big data to enable more incisive, personalised learning. "There is a really big prize here in achieving better transparency, results, efficiency and engagement."

Regulation will remain a challenge, he suggests, wearing his realist's hat again. As a result, tech innovation is most likely to come out of private schools or emerging markets seeking radical new solutions. Without doubt Sanoma will be alive to these shifts and take its cues from the market: parents, teachers and pupils.

"While we will see technological change in established markets, it's likely to be a journey of evolution rather than revolution," Martin says. "The teacher will remain the killer app in education and we want to enable them in that role." ■