

INTERVIEW WITH THE HUNGARIAN SWI FREEWEB SERVICE COMPANY FOR DISCONTINUED ACTIVITIES IN THE MEGATRENDS PROJECT

INTRODUCTION

Date: 5 January 2007.

Company: SWI Ltd.

Place: Budapest, SWI offices

Interviewee: Gábor Agárdi managing director

E-learning activity: **okta.to** learning portal (translate: educator)

Period of activity: 1999-2005

In the first decade of the second millennium a Hungarian educational site called okta.to (EDUCATOR) made visible progress towards on-line learning with many courses offered on a reasonable price. The site was owned by a free-web-service provider SWI and after a very promising start-up, it closed down in 2005. At the time of operation that was Hungary's largest publicly accessible on-line learning opportunity.

CONTEXTUAL FACTORS

The managing director as Teacher of Information technology had written already a book in 1996 for GDF ([link to GDF interview](#)) and has decided to teach it via internet by distance education.

A German Investor (Knorr Capital) decided to invest in SWI and they made a common company. They needed a business plan only from SWI. (The investor has actually never invested the agreed money). This investment helped the company to work hard to develop an on-line learning business based upon the existing infrastructure they had. This infrastructure was quite substantial with UPS protected servers with practically endless storage capacity and thousand of clients who used free web. Free advertisement through free web banners was also given.

The development and learning model was simple: The designer (managing director) wrote 2-3 pages long lessons, and he designed tutor marked assignments as well. The whole course was based upon simple but transparent web pages and e-mail correspondence for feedback.

HISTORY

SWI launched a free-web service in the early nineties, the offer was not very attractive to clients, and the company needed new service ideas. The company experienced dramatic undercapitalisation, so income should have been generated in a way or other. SWI launched the e-learning service in 1999. In the

first two months the number of subscribers went up to 60. It worked very well. The managing director decided to introduce other courses than his own.

SWI used its own free web banner advertising potential to recruit course writers-tutors. They established a filtering system to find the appropriate course writers either in business terms or in terms of quality. There was no special training for writers, only the course content management system, the already done courses, and templates.

SWI asked the applicant (designer) to write the course with the help of SWI model (templates), upload it to the server, and later, when subscribers appear: tutor it. SWI offered publicity, web hosting, IT and course management. Income was split. The model worked and the number of courses and subscribers increased rapidly.

The service started to suffer from quality problems in case of the most popular courses, users complained about their tutors not responding. It was the well known fact that tutors become overloaded with students, but they could not estimate the workload needed to tutor on-line students. The original model was based on the designer-tutor model, so every designer tutored its own course. The company was thinking of changing the model to give the tutoring to teachers who were not writing the material, but this idea did not reach the level of action. The company did not want to invest more energy in the business, so discontinuing seemed to be the easiest way to escape from the "trap".

SWI decided to close down in 2004, but they finished all the courses and postponed the close-down to 2005.

TECHNICAL ISSUES

Preparing for the start-up, SWI designed and produced an own LMS in 2 month enabling multiuser-multitutor activity. (Users could subscribe to many courses) As it was ready this system had to be filled up with courses and users. The programmers did not have any special training in e-learning they programmed the specification of the managing director. The product had basic functions, but it functioned well for the purpose. The courses had linear design: learners could follow the tutorials lesson by lesson. There was no extra function of the LMS.

It was a big challenge to keep the services alive. The director now thinks that courses (materials) should have been more interactive, instead of linear design. The technology should have been upgraded with test designer and test management tool as well.

COURSES

At the peak period they had 40-50 courses ranging from 0-12 000 Ft, the number of users reached 5000. They had users even from Canada and African countries.

Most of the courses were IT courses from basic knowledge to programming languages. There were also arts, like philosophy or so. As the course provider offered the e-learning hosting as a business, all teachers who had the feeling that

their course could be of interest could design their own courses. Design and development time and energy was their own investment to later success.

MANAGEMENT, STRATEGY AND ATTITUDES

The strategy and attitude of this business was simple and avoided any academic theoretical requirement. The company wanted courses to be published and learners who pay for the course. The company wanted income, and was ready to invest IT infrastructure, time and energy. E-learning never becomes the main profile of the company.

The company management however believed that learning is an activity worth supporting, so the low price was also decided to offer easy access. It is visible now, when the managing director is still thinking to offer the archived content for free to customers in order to enrich the service portfolio of the company.

ECONOMY

He launched the service in 1999 with practically no previous investment (other than IT infrastructure, time and energy). The course price was 4000 Ft (16Euros) for the course at that time which was cheap. Face-to face courses ranged from 40 000-80 000 Ft-s for a 20-100 hours classic course (excluding trainings).

SWI used its own free web banner advertising potential to recruit course writers-tutors. So marketing did not cost anything. It was visible that the amount of advertising is in linear relation with the learner numbers.

SWI and the course designer contracted to split the income 50%-50%. This business activity still did not require hard investment other than time and programming. The company administrators could handle course management, payments, contracts, and all administration needed as extra duty.

All went very well at that time. This activity financed basically the free-web profile which was down this period. Although from business point of view the education service the company faced challenges.

The company still regards this e-learning activity as good and profitable business idea, which fulfilled the company requirements.

OTHER FACTORS

SWI is still guarding the materials, they have the record and contact with tutors, and still have the database of former users.

SWI is not regarding the discontinuity as a failure, but a big success, as this period this was the only "mega" activity in Hungary, and generated substantial income which helped the company to be operational still now.

SWI is still thinking of re-offering the distance learning service on a free access basis for their Free-web clients. SWI believes that a matured internet market will need quality web-storage/web-hosting, with extra services among which free learning opportunity could play important role.

CONCLUSIONS

Payment techniques were unresolved at that time, manual bank transfer with pre-payment had to be applied.

This online activity was offered too early in terms of technique:

- No Hungarian standard LMS at that time
- No internet payment attitude at that time
- Educational market was immature.

The company could not perform better with the given singularities:

- lack of investment
- lack of energy (product management)

MD'S BREEF CONCLUSION ON THE FAILURE OF AMERICAN COMPANIES INVESTMENT IN HUNGARY IN THE NINETIES

1. Technology in Hungary was lagging behind.
2. The Hungarian attitude in Hungary did not favour this activity
3. The American business attitude did not work in Hungary
4. Payment was technically problematic in Hungary till recent years.