

# Ambient Insight Regional Report

## The 2012-2017 Latin America Mobile Learning Market

Consumers and Academic Buyers Drive the Market into a  
Boom Phase



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## Table of Contents

List of Tables .....	3
List of Figures .....	3
Abstract .....	4
Boom in Mobile Learning VAS .....	5
Large-scale Adoption of Smartphones and Tablets .....	7
The Leapfrog Effect: The Post-PC Learning Experience .....	8
What You Will Find in This Report .....	9
Who is the Buyer? .....	9
What Are They Buying? .....	10
Related Research .....	12
2012-2017 Latin America Forecast and Analysis .....	13
Demand-side Analysis .....	13
Argentina .....	14
Bolivia .....	16
Brazil .....	17
Chile .....	21
Colombia .....	24
Costa Rica .....	25
Dominican Republic .....	27
Ecuador .....	28
Guatemala .....	29
Mexico .....	31
Panama .....	33
Paraguay .....	35
Peru .....	36
Uruguay .....	38
Venezuela .....	39
Supply-side Analysis .....	41
Index of Suppliers .....	43

## List of Tables

Table 1 - 2012-2017 Revenue Forecasts for Mobile Learning by Fifteen Countries in Latin America (in \$US Millions) .....	13
Table 2 - 2012-2017 Latin America Revenue Forecasts for Mobile Learning by Five Product Types (in \$US Millions) .....	41

## List of Figures

Figure 1 - 2012-2017 Top Eight Mobile Learning Five-year Growth Rates in Latin America by Country .....	4
Figure 2 - Primary Catalysts Driving the 2012-2017 Mobile Learning Market in Latin America .....	5
Figure 3 - 2012-2017 Latin America Mobile Learning Five-year Growth Rates by Five Product Types .....	42



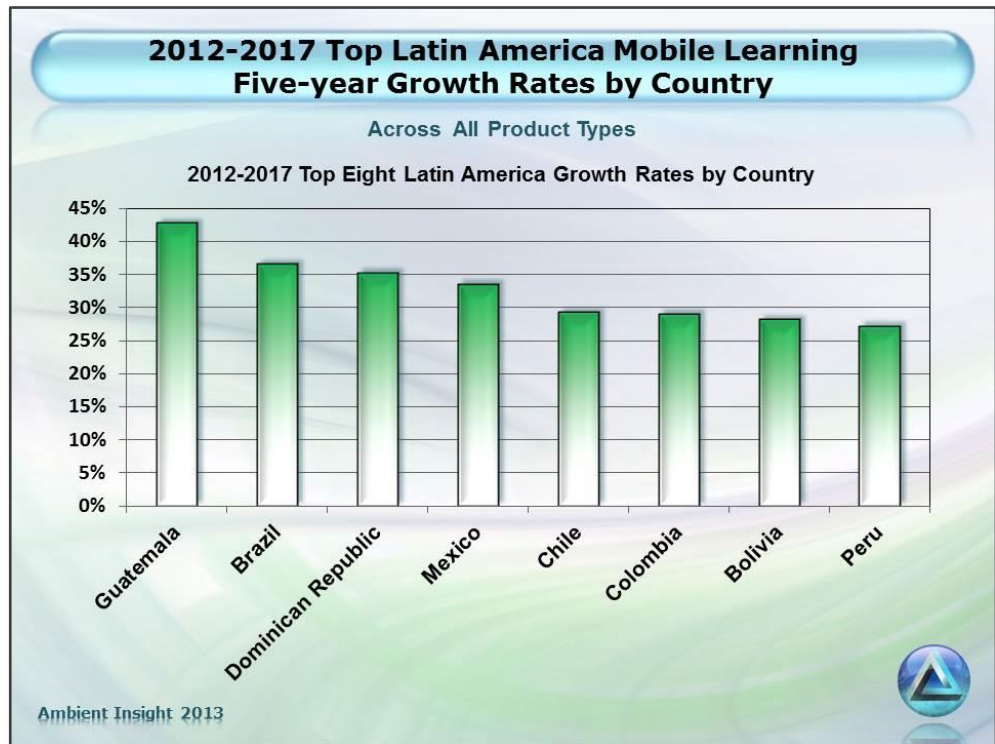
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## Abstract

The growth rate for Mobile Learning products and services in the Latin America region is 32.5%, second highest regional growth rate in the world after the Africa region. Revenues will more than quadruple from the \$362.3 million reached in 2012 to a staggering \$1.4 billion by 2017.

Revenue forecasts in this report are broken out for fifteen countries in Latin America: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Mexico, Panama, Paraguay, Peru, Uruguay, and Venezuela.

**Figure 1 - 2012-2017 Top Eight Mobile Learning Five-year Growth Rates in Latin America by Country**



The highest growth rate is in Guatemala at 42.8%, followed by Brazil, the Dominican Republic, and Mexico at 36.5%, 35.3%, and 33.6%, respectively. The growth rates are quite high for every country analyzed in this report. Twelve of the fifteen countries analyzed in this report have growth rates above 25%.

The "lowest" Mobile Learning growth rate is in Costa Rica at 17.2%, which is actually high in comparison to other countries in the world. For example, Costa Rica has a higher growth rate than Canada or the US and higher than 14 countries in Western Europe.

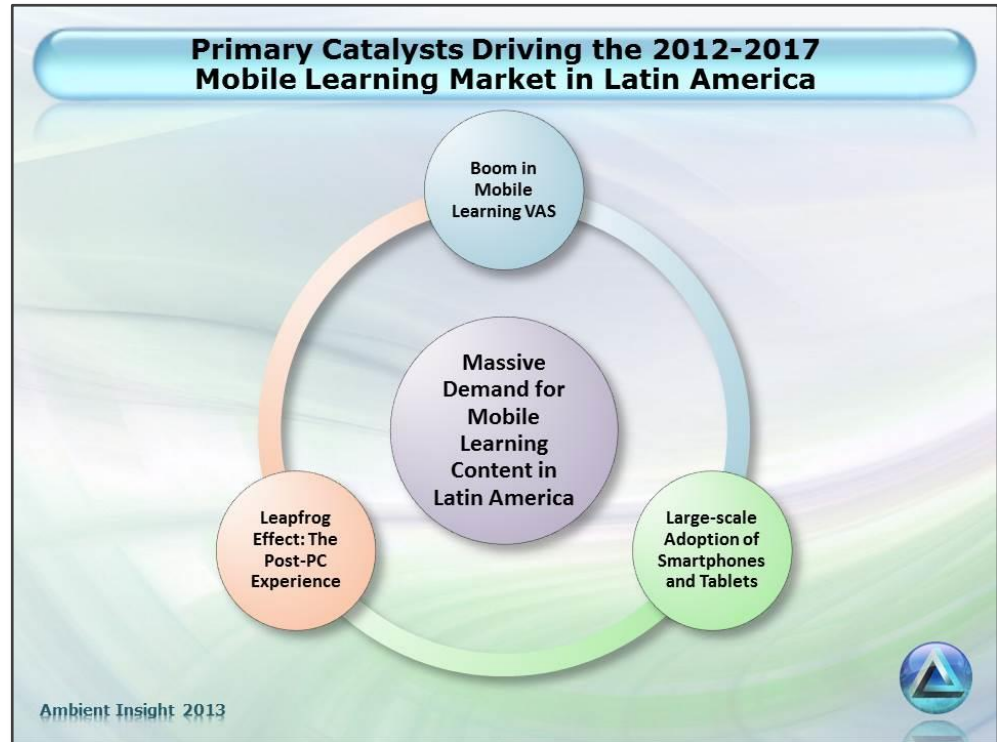
In terms of revenues, the top buying countries in 2012 were Brazil, Mexico, Argentina, Colombia, and Venezuela. By 2017, the top buying countries will be Brazil, Mexico, Colombia, Guatemala, and Argentina. The high growth

Over 125 suppliers operating in Latin America are cited in this report to help international suppliers identify local partners, distributors, resellers, and potential merger and acquisition (M&A) targets.

rate in Guatemala will result in 2017 revenues totaling six times the revenues generated in 2012.

There are three major catalysts driving the adoption of Mobile Learning in Latin America. The primary catalyst is the recent explosion in demand for Mobile Learning value-added services (VAS) products that are now generating millions in new revenues each year for suppliers operating in this region.

**Figure 2 - Primary Catalysts Driving the 2012-2017 Mobile Learning Market in Latin America**



The second catalyst in the Latin America Mobile Learning market is the large-scale adoption of smartphones and tablets connected to wireless broadband. This has effectively created an advanced delivery channel for Mobile Learning suppliers, particularly in the consumer and academic segments.

The third catalyst is the so-called "leapfrog effect" with a user being exposed to the Internet and learning content for the first time not on a PC, but on a mobile device.

### **Boom in Mobile Learning VAS**

The major catalyst is the relatively recent launch of dozens of Mobile Learning VAS (value added services) products across the region. As of May 2013, all but three of the fifteen countries analyzed in this report have commercial Mobile Learning VAS products offered by the telecoms. The

boom in demand for these products has resulted in the wide adoption of Mobile Learning across the consumer segments in these countries.

***The telecoms and device makers that offer Mobile Learning VAS products get their content from third-party suppliers. This represents a lucrative new distribution channel for digital education publishers.***

One of the first Mobile Learning VAS products in the world was launched in Uruguay in 2009 by Claro using English language learning content from a domestic firm called Soloingles. Soloingles now operates in Mexico, Argentina, and Paraguay as well.

US-based Urban Planet Mobile sells English language learning products and is one of the largest Mobile Learning VAS content suppliers in Latin America. Urban Planet Mobile has partnerships with telecoms in Bolivia, Colombia, the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Panama, and Peru.

In February 2013, Urban Planet Mobile indicated that they would launch in six other countries in Latin America in 2013: Argentina, Brazil, Costa Rica, Chile, Ecuador, Nicaragua, and Paraguay.

Another Mobile Learning VAS content supplier is La Mark's Kantoo, which has over 3 million subscribers in Brazil alone. Kantoo also has content agreements with telecoms in Argentina, Mexico, Peru, and Venezuela.

While English language learning is in high demand, there are also Mobile Learning VAS products for Spanish, Portuguese, French, and Italian in Latin America.

There are many Mobile Learning VAS products other than language learning in Latin America. This report identifies the types of educational content that consumers favor in each country.

In May 2013, the Brazilian telecom Vivo combined all their Mobile Learning VAS offerings into a bundle called the Digital Communication for Mobile Education Services platform. Vivo claims to have six million active users that pay the equivalent of \$1.40 a week to access a wide range of educational content, health information, and career advice via SMS messages.

Even with churn factored into the equation, it is clear that even at very low subscription prices, the telecoms that have large customer bases in the millions are generating a significant amount of revenues each year. ***These new revenue streams did not exist prior to 2009.***

Not all Mobile Learning VAS suppliers are telecoms. Telecoms can take up to 60-80% in royalties leaving their content partners with a small percentage, which is a strong incentive for content suppliers to bypass the telecoms. All the content suppliers need is an SMS-server provider to support the delivery of the Mobile Learning VAS content.

In 2010, there were only three Mobile Learning VAS products on the market in Latin America. As of May 2013, there were 27 commercial Mobile Learning VAS products in Latin America.

For example, Wizard Education is the largest private language school chain in Brazil. In early 2012, they launched an SMS-based English language learning service. The telecoms charge the subscribers for the data transfer, but Wizard keeps the majority of the content revenues (less the fees they pay to their SMS-server provider.)

## **Large-scale Adoption of Smartphones and Tablets**

High-speed networks are rolling out across Latin America at a rapid rate. All fifteen countries analyzed in this report will have 4G by 2014. The first 4G networks launched in Latin America in 2011 in Argentina, Bolivia, Brazil, Ecuador, Panama, and Uruguay. In 2012, 4G networks launched in Columbia, the Dominican Republic, Guatemala, Mexico, and Venezuela. Chile's first 4G network launched in early 2013. Costa Rica is on track to get 4G by the end of 2013. Bolivia and Venezuela are set to get 4G in 2014.

The device makers have begun to flood the Latin America region with very low cost smartphones ranging in price from 100-200 dollars. Nokia and BlackBerry announced their low-cost smartphones for the region in early 2013.

LG, Sony, ZTE, Alcatel One Touch, and Huawei announced in February 2013 that they would build inexpensive smartphones on Mozilla's new mobile operating system. The first Mozilla Firefox smartphones launched in Latin America in June 2013 in Brazil, Colombia, Mexico, and Venezuela.

Across the region, sales of tablets have doubled in 2011 and 2012. By 2017, there will be over 400 million tablets in use in Latin America. This is a massive new distribution channel for packaged Mobile Learning content suppliers.

Large-scale adoption of tablets in the academic segments in countries across the region are just starting to gain traction.

- In February 2012, the Brazilian federal government announced that they would purchase 900,000 tablets for use in 58,000 public schools
- In March 2013, Columbia's Minister of Information Technologies and Communications (MinTic) announced that they would purchase 500,000 tablets for the public schools.
- The La Universidad de la República de Uruguay (UdelaR) had 80,000 students in 2012 and announced in December 2011 that they were phasing out print-based textbooks over the next four years in favor of tablets and digital content.
- Tecnológico de Monterrey in Mexico had over 38,000 students by the end of 2012 and started phasing in tablets across the entire faculty and student population in early 2013.

The presence of 3G and 4G in any market is a strong catalyst for smartphone and tablet adoption, which in turn are strong catalysts for the uptake of Mobile Learning content.

Smaller scale academic adoption of tablets at the state (or province) and local level are occurring in six other countries analyzed in this report. It is likely that tablets will be present in the PreK-12 and higher education academic segments in all fifteen countries by 2017.

Many of the largest OLPC deployments in Latin America are now comprised of aging devices. It is likely that during the forecast period a significant amount of these older devices will be replaced with educational tablets and personal learning devices.

***The presence of national, state, and local tablet deployments is essentially a vast new delivery channel for Mobile Learning content suppliers. The deployments also represent significant revenue opportunities for custom content development services suppliers as the schools scramble to provision the devices with localized content.***

One reason the PreK-12 segments in some countries are not migrating to tablets yet is the saturation of laptops. Uruguay is the first country in the world to reach a one-to-one student-to-computer ratio and Venezuela is on track to become the second country in the world to achieve this goal by the end of 2013.

Uruguay is using One Laptop per Child (OLPC) XO devices and as they replace the older machines, they could opt to use the new XO4 device, which is a tablet. Venezuela manufactures their own laptops (and most of their own content) for the schools and just updated their open source operating system to support tablets.

### **The Leapfrog Effect: The Post-PC Learning Experience**

Large rural populations across Latin America are now avid users of Mobile Learning technology, while relatively few have experienced Self-paced eLearning on a PC. In developing economies, PC penetration is often low, yet mobile subscriptions are quite high. Mobile Learning suppliers are targeting the mobile device as the delivery platform of choice in those economies.

As of May 2013, all fifteen of the countries analyzed in this report have significantly higher mobile penetration rates compared to PC-based Internet access. In some countries it is dramatically higher.

Thirteen of the fifteen countries analyzed in this report had mobile penetration rates over 100% by the end of 2012. The highest is in Panama with an astonishing 200% mobile penetration rate. The two countries under 100% are both above 90%.

In many countries in Latin America, accessing the web on a smartphone is often a user's first Internet experience, in what is often referred to as a Post-PC experience. In this scenario, Mobile Learning is their primary learning technology and they may never be exposed to other learning products.

By the end of 2012, six countries in Latin America (the Dominican Republic, Ecuador, Guatemala, Panama, Paraguay, and Uruguay) were spending more on Mobile Learning than on Self-paced eLearning.

According to the Guatemalan government, as of May 2013, Guatemala had a mobile penetration rate of over 142% compared to a PC-based Internet penetration rate of only 27.8%.



In the developed economies, Mobile Learning is often seen as a disruptive learning technology, particularly in the consumer and academic segments. It is ostensibly disrupting the legacy PC-based eLearning industry. This is referred to as "product substitution" in market research.

***Buyers in Latin America are not substituting Mobile Learning for eLearning, they are leapfrogging eLearning altogether.***

This leapfrog effect is not limited to PCs. Users are also leapfrogging feature phones. At the Mobile World Congress in February 2013, Bharti Airtel's CEO said in his keynote that "emerging market consumers were ready to leapfrog basic phone models and go straight for smartphones. People in the developing world are going straight to the mobile Internet."

## ***What You Will Find in This Report***

There are two sections in this report: a demand-side analysis and a supply-side analysis. In the demand-side analysis, a detailed breakout of revenue forecasts is included for fifteen countries in Latin America. The supply-side section breaks out the addressable revenues for five Mobile Learning product types across the region.

All revenues in this report are in \$US dollars based on the exchange rate for each country's currency as of May 2013.

## **Who is the Buyer?**

The two major buying segments across Latin America are the consumer and academic segments. Mobile Learning adoption is just starting to expand into the other buying segments, with the highest growth rates in the healthcare and NGO segments.

Consumers accounted for the majority of revenues in 2012. Consumers buy packaged content and subscribe to Mobile Learning VAS products. By 2017, the expenditures made by the combined academic segments will be on par with consumers spending.

In the 2012 market, private academic institutions were more likely to purchase Mobile Learning products. This will change over the forecast period as major digitization efforts roll out across the public schools in the region. Public schools systems in the region are administered by government agencies, and while the government is the actual buyer, this report categorizes those expenditures as PreK-12 spending.

Except for telecom companies and commercial language learning companies that buy Mobile Learning products and services to meet the needs of their customers, there is very little adoption of Mobile Learning for corporate training across the region. This mirrors the weak corporate adoption of the product type found in other regions.

The consumer buying behaviors in each of the countries analyzed in this report are quite different. This report identifies the mobile educational apps in the highest demand in each country.

Governments, NGOs, and non-profit foundations are starting to deploy custom mobile content for literacy, human rights, cultural heritage, civics, health and wellness, public safety, and agro-information. They hire content suppliers to develop educational apps for their constituents.

### **What Are They Buying?**

This report identifies the revenue opportunities across the region for specific product types. The supply-side section provides revenue forecasts for five types of Mobile Learning products and services including:

- Packaged content
- Value added services
- Custom content development services
- Authoring tools and platforms
- Personal learning devices

All of the Mobile Learning product types have healthy growth rates in Latin America. Four of the five products have growth rates above 30%.

The Mobile Learning product type that will generate the highest revenues in Latin America throughout the forecast period is packaged content. In many countries in Latin America, the app ecosystem is relatively new. In the space of less than two years, the educational app market across Latin America has exploded. The telecoms have just recently expanded the reach of their app stores in the region.

For example, América Móvil launched their iApps Application Stores across Latin America in February 2012. América Móvil has over 240 million subscribers and operates in 14 of the fifteen countries in this report. Their app stores are running on Appia's white label platform, which supports all the mobile operating systems and includes hundreds of educational apps in Spanish, English, and Portuguese.

The telecoms have a significant advantage in the developing economies as they offer the **only** electronic payment gateway. As of the end of 2012, up to 60% of consumers in Latin America do not have credit cards. Direct carrier billing is also convenient for consumers shopping in third-party stores in developed economies.

Telefónica operates in twelve of the fifteen countries analyzed in this report and has over 212 million subscribers in the region. In 2012, Telefónica announced direct billing agreements with Microsoft, Facebook, and RIM (now rebranded as BlackBerry.)

In May 2013, they announced a global direct billing agreement with Samsung. "Under the terms of the global framework agreement, Samsung Hub and Samsung Apps' customers will be able to purchase apps and music, video, books, games **and learning services** from their devices by simply charging the payment to their phone bill."

Telefónica's deal with Samsung allows subscribers to make purchases in Samsung's Learning Hub store (a dedicated educational content store) and be billed directly by Telefónica. Samsung's Learning Hub store launched in February 2012 with "6,000 free and paid learning units in collaboration with

some 30 domestic and foreign education services companies." Samsung is targeting both schools and consumers.

In June 2013, Nokia announced a direct billing agreement with América Móvil allowing customers to buy mobile apps from the international Nokia Store without a credit card. The agreement provides direct billing to subscribers across all fifteen countries analyzed in this report.

Apple and Microsoft have also recently expanded their localized stores across the region.

The Mozilla Firefox smartphones now available in Brazil, Colombia, Mexico, and Venezuela include direct billing via the carrier.

- Apple made a major push in Latin America in December 2011, expanding beyond Bolivia, Mexico, and Uruguay and opening app stores in Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Nicaragua, Panama, Paraguay, Peru, and Venezuela. Apple's iTunes U app is the top free downloaded educational app in seven of the fifteen countries analyzed in this report. In fact, it ranks in the top four downloaded apps in every country profiled in this report.
- By September 2012, Microsoft had app stores open in Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Peru, Uruguay, and Venezuela. In December 2012, Microsoft opened app stores in the Dominican Republic, Honduras, and Paraguay.

What is interesting is the unique app buying behaviors in each country. No two countries analyzed in this report exhibit the same consumer buying patterns. This report identifies the specific types of education apps that generate the highest revenues in each country.

Mobile Learning VAS products account for the second-largest revenues in Latin America. Revenues for Mobile Learning VAS will more than quadruple over the forecast period.

There is a significant demand for custom content development services in the region, particularly in the public and private academic segments. This report includes the forecasts for Mobile Learning content developed for several types of handheld devices including:

- Dedicated handheld gaming devices
- Mobile phones (feature phones and smartphones)
- Personal media players (PMPs)
- Tablets and slates
- Mobile clinical assistants
- eReaders
- Personal learning devices (PLDs) designed solely for learning and performance support

Very few PLD suppliers develop their own digital content. Most of the personal learning device suppliers collaborate with third-party education publishers for content.

***Personal learning devices (PLDs) are a new distribution channel for educational publishers and packaged content suppliers.***

In essence, these are dedicated educational tablets. The devices are attractive to consumers (parents) and academic buyers because they are:

- Designed solely for education
- Preloaded with vetted educational content
- Priced significantly lower than general-purpose tablets

One common feature in most of the new PLDs is the use of touch screens on the tablet form-factor.

### ***Related Research***

Buyers of this report may also benefit by the following Ambient Insight market research:

- [The Latin America Market for Self-paced eLearning Products and Services: 2011-2016 Forecast and Analysis \(Regional Report\)](#)
- [The Latin America Market for Digital English Language Learning Products and Services: 2011-2016 Forecast and Analysis \(Regional Report\)](#)
- [The Worldwide Mobile Location-based Learning Market: 2011-2016 Forecast and Analysis](#)
- [Ambient Insight's 2013 Learning Technology Research Taxonomy](#)



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