

MR. FREEMAN: Yes. Thank you, Chairman D'Amato and Commissioners, for the opportunity to be here.

I realize it is getting late and that you've been here since nine o'clock. So I will try to make my remarks brief.

My name is Brian Freeman. I am Vice Chairman of a new company called UNext.com. It is a new Internet education company. We are using advances in technology and in cognitive science and the vast and transforming development of the Internet to create and deliver educational services to people all over the world.

At this, the first stage of our efforts, we have formed a consortium with Columbia Business School, University of Chicago School of Business, Stanford University, London School of Economics, and Carnegie Mellon to deliver primarily business and management training to employed adult learners throughout the world.

Ultimately our efforts will expand and include information technology, English as a second language, and other aspects of lifelong learning.

We formed the company because we believe that the future belongs to the educated, to the people who have the knowledge and skills to work effectively

and efficiently in knowledge-centric businesses and occupations.

We believe that there is an enormous global demand for education and particularly for tertiary education.

We believe further that the current system of facilities-based tertiary education, the basic supply-side form of providing education which to date has been the only technologically available to satisfy demand, cannot succeed in meeting that demand today, let alone in the future.

Facilities-based tertiary education, especially the U.S. variety, is regarded throughout the world as the jewel of higher education. It is surely America's best nonexported product which we will be exporting, and we would hope that this Commission as well as others focuses on it as a major potential export product.

U.S. tertiary education is excellent in design and in accomplishment. American research universities are acknowledged everywhere to be superb institutions. Elite research universities must be nurtured, cherished, and grown.

But facilities-based higher education is simply uneconomical as a method of delivering skills and practical knowledge to the pervasive worldwide

market. And equally important, it is unsuited as a form of delivery of lifelong learning for employed adult learners.

Facilities-based universities simply cannot operate at world scale. To use the language of the technology industries, the provision of tertiary education predominantly by the facilities-based model is doomed to fail as a mass method of delivery to countries such as China, India, Brazil and the like, because that model is not scalable.

When we say the model is not scalable, we mean that facilities-based education is a luxury that only the very wealthiest can afford, and that alternative delivery of education is the only way to make high quality education available pervasively.

It is for this reason, among others, that in many areas of the world today most people have no reasonable access to quality higher education. There will always be a central place, indeed, a critical place, for facilities-based research universities and colleges. These institutions will continue to be the research centers at which new knowledge and technology are created and facilities-based institutions offer opportunities and benefits of great value, the most important being the intense learning community created

by congregate living and full-time devotion to learning.

These facilities make full-time attendance at facilities-based schools highly rewarding for those who can afford to attend them. But we at UNext believe facilities-based universities and colleges are not the institutions alone to bring skills-based learning to the pervasive global market.

To take a pathological, shocking example: if China were to achieve the college participation rate of the United States, and it obviously lacks the resources to do so quickly, it would need to build roughly 24,000 average U.S. colleges. This level of investment surely is unfinancable. It is especially so in the presence of an alternative and vastly less expensive technology that could rapidly and inexpensively be used to offer high quality education, including skills-based education immediately to many people. And distance delivery can be effective immediately without a massive commitment of physical capital that is both immobile and irreversible.

We at UNext are building a company that gives people all over the world instantaneous access to world-class educational services. This we are doing through the development of interactive learning by

doing software engines and the creation of a monitored and mentored human support system.

Our educational services are active, not passive. They engage learners and force them to act. We are not creating a TV university. We are developing just in time interactive learning because we believe that employed adults throughout the world, as well as young people, have a hunger for education.

In short, we believe that education is a lifelong activity, an activity that is global in scope, and an activity that technology can and will transform within the next few years.

I need not, nor do I have the time to go through the economic evidence on the value of education. We're all aware of it, including in particular in recent years the writings of my colleague and fellow board member, Gary Becker, of the University of Chicago.

We've described this in summary fashion in our written notes.

Why does our current effort matter? In one sense, it matters to us because we are building a business. But it also matters in this case in a much broader and basic way. Our success will mean a democratization of education; the lock on learning that the wealthy and wealthy countries, such as the United

States, possess is broken when learning can be delivered in a scalable form.

The solution that distance education offers is no less transforming in terms of creating opportunity and breaking the shackles of class and culture than was, for example, the rise of other technologies over the last century.

Technology and production and distribution transformed America and caused success increasingly to depend upon ability and effort, and not the accident of privileged birth. We intend to do the same in the education field.

Today, there is no way for employed adults at work in Sao Palo, Singapore, Moscow or Paris easily to gain access to high quality, skills-based education, or for the masses to do so in those or other jurisdictions. But tomorrow this will be possible. Success then, even more than today, will not depend on the accident of birth or on location and proximity to high quality facilities-based schools.

Rather, success will depend on effort, determination, and ability. And the opportunity for the United States, which is the world's best creator of tertiary education, to lead this revolution is both obvious and a duty. Our policy should be to foster the export of education through regulatory support,

financial commitment, including perhaps loan programs for foreign students buying U.S. education and the like.

The existence of firms like our own and others, firms that can only flourish in this country with its vast supply of financial and human capital, with modest support from our government will succeed in exporting this great American product. With that change will come the opportunity for people all over the world to realize their hopes and dreams, because they can finally make an investment that pays the best return.

Now, we at UNext are going to be successful. We've already received massive course commitments throughout the world. However, that's not adequate to make education a fully viable export product for the United States.

There are two sets of problems throughout elsewhere in the world. One is the legal systems that exist, and the other is the absence of money for governments and masses to pay for products. This is particularly the case in Asia, the former CIS, and parts of Latin America.

The opportunity for our government is to address those issues in addressing the valuable export

opportunity that education provides for the United States.

Thank you.

CHAIRMAN D'AMATO: Thank you, Mr. Freeman.

Dr. Pisano.