

Landscape Assessment of the EdTech Market



Digital transformation in the education sector



March 2022



Technological Evolution in the Education Sector

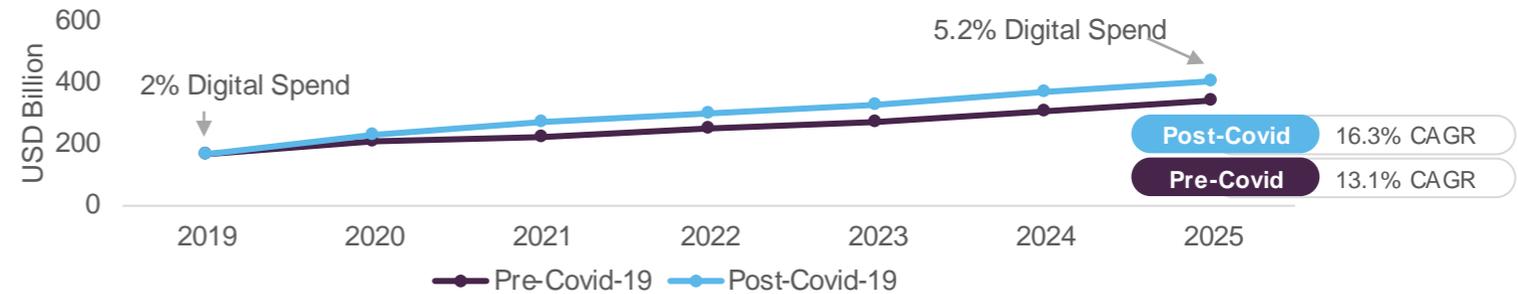
The global EdTech market currently stands at USD 85 bn and is expected to reach USD 181 bn by 2025 at a CAGR of 16.3%



- EdTech has been around for two decades, but it gained prominence worldwide during the COVID-19 pandemic. Educational institutions were forced to adopt digital solutions to ensure learning continuity.
- While the pandemic helped understand the immense potential of digital learning, it also revealed how unprepared traditional education systems were.
- As EdTech user base continues to expand, the short-term demand peak will translate into increased digital adoption after the lockdowns are lifted.
 - Technology spend on the global education market is forecast to post a CAGR of 16.3% during 2019–2025 and is expected to reach USD 404 bn by 2025
 - In 2020, the global EdTech VC funding in 2020 stood tall at USD 16.1 bn – more than twice of that in 2019 and the previous record of USD 8.2 bn in 2018. VC funding in the sector is expected to reach USD 87.1 bn by 2030



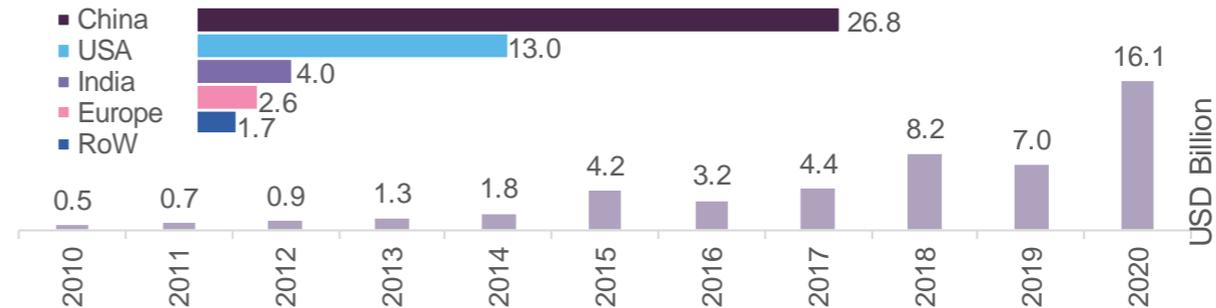
Global EdTech Expenditure During 2019–2025 (USD billion)



The global EdTech and digital expenditure stood at only 2% of the total education market expenditure in 2020. It is expected to reach 5.2% of the USD 7.3 trillion education market in 2025



Global EdTech VC Funding During 2010–2020 (USD billion)



The global VC funding in EdTech is concentrated in Asia (~65% of total). VC funding for 2020 was a record high with more than twice the 2019 levels.

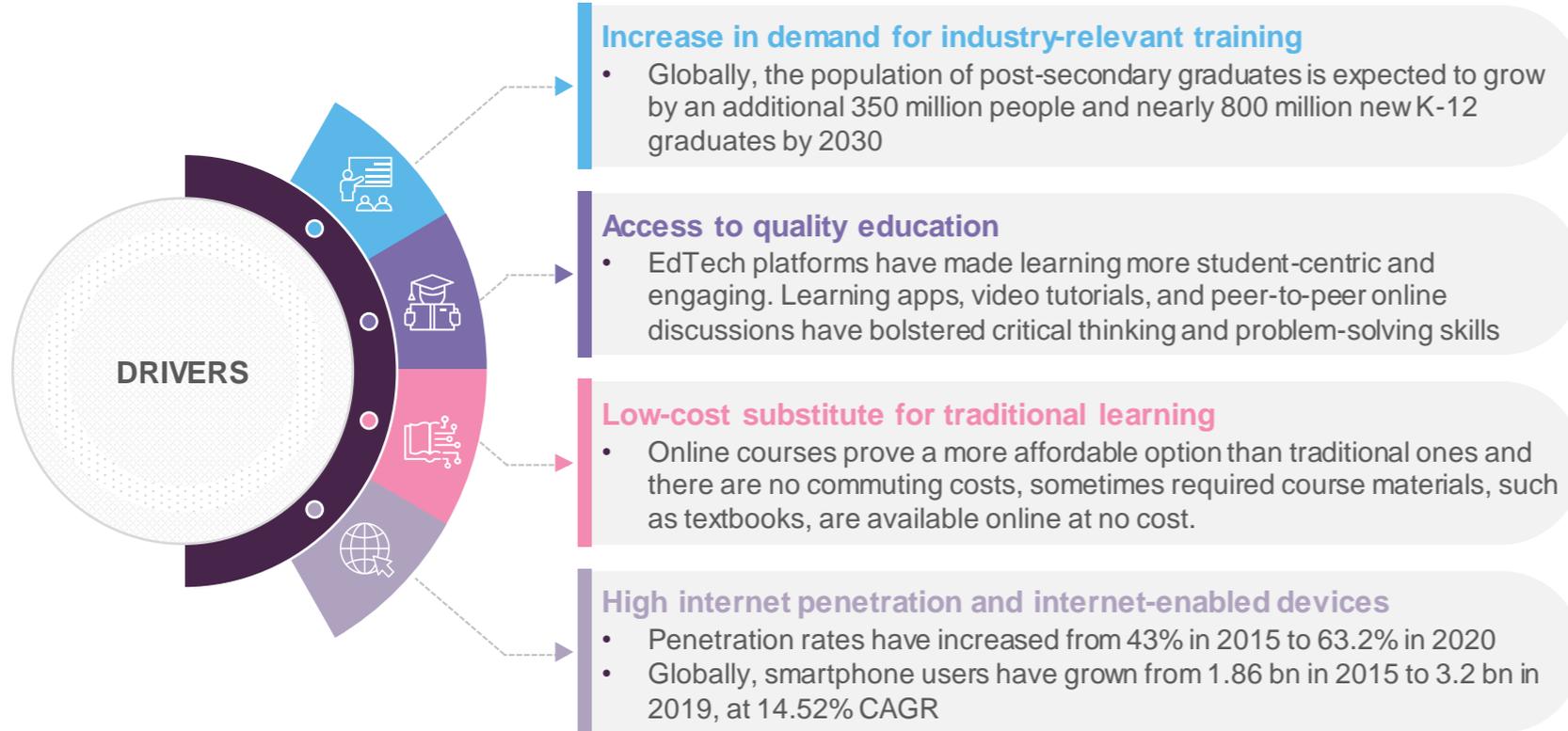
Sources: HolonIQ- [Link 1](#), [Link 2](#), [Link 3](#), [Link 4](#); [MarketandMarkets](#)

Market Drivers: Infrastructure and Affordability

What is enabling the EdTech market to increase digital expenditures and attract VC funding?

Market Influencers

EdTech spend on AR, VR, robotics, and blockchain is expected to reach USD 22.7 bn in 2025, up from USD 4 bn in 2018, at a CAGR of 28%.



Analysis of COVID-19 Impact

Globally, the COVID-19 outbreak affected more than 91% or ~1.6 bn students. The only way to give quick access to education was via online EdTech services. Governments, NGOs, and public-private organizations all took initiatives to offer e-learning and meet this urgent need. This led to a significant increase in demand for e-learning technologies, resulting in a spike in the market, starting from 2020 and to date.

The pandemic revealed weaknesses in higher education business models, particularly in colleges and universities that were highly dependent on global students and had not created an effective online strategy. Corporates also began tying up with e-learning players to offer training in industry-relevant courses to their employees. EdTech companies also launched courses by creating content in collaboration with these organizations.

EdTech players are witnessing increased interest of users in online courses and an uptick in enrolment numbers. This is because of people's increasing interest in taking up online courses either to make use of extra time or become upskilled or reskilled.

Mediators: Content Generators, Curators, and Interface Providers

Out of top 10 emerging Unicorns* in the technology education sector, 6 are from North America

Company	Country	Services	Valuation (USD bn) As of Jul 05, 2021	Funding from Jan '20 to Jun '21 (USD bn)
BYJU's 		Tutoring, K-12, Competitive Examinations, Coding	16.50	1.58
Yuanfudao 		Tutoring, Zebra AI Course, Xiaoyuankousuan, Yuantiku, Yuanfudao App, Yuanfudao and Xiaoyuansouti Xiaoyuan	15.50	3.50
Zuoyebang 		Tutoring, K-12, Schoolwork, Efficient Learning	10.00	2.35
VIPKid 		Language Learning (English)	4.50	Not Disclosed
Articulate 		Corporate Learning, Application Production for Online Training	3.75	1.50
Udemy 		Online Post Secondary / Skills, Online Courses	3.30	0.13
ApplyBoard 		International Recruitment	3.20	0.42
Masterclass 		Upskilling under Various Categories (Cooking, Sports, Writing, etc.)	2.75	0.32
Age of Learning 		Early-age Learning, Pre-K	3.00	0.35
Duolingo 		Language Learning (English)	2.40	0.04

Sources: [HolonIQ](#), Crunchbase, Company Websites; Unicorn*: A privately held startup company valued at over USD 1 billion

Enablers: Corporates, Affiliates, ISPs, OEMs, and Software Developers

Which elements of the ecosystem act as the backbone of the market?

Significant Activities

Players in this Space

Corporates

- June 2020:** Capgemini partnered with Coursera to add 4,000 courses (business, technology, data science, and personal development) into its internal digital learning hub, NEXT. The courses are taught by the world's top university and industry educators
- July 2020:** Google partnered with Coursera to offer 3 new online certificate programs in data analytics, project management and user experience design. Certificates will be considered as the equivalent of a 4-year college degree



Affiliates

- July 2021:** Careerera partnered with EdX to offer accredited certificates from Ivy League universities
- July 2021:** Top universities such as Deakin Business School (Australia), Duke CE (US), Michigan State University (US), and Liverpool Business School (UK) offer 100+ courses in collaboration with UpGrad



Internet Service Providers (ISPs)

- November 2020:** AT&T started offering discounted, unlimited wireless data plans and content filtering services to more than 135,000 public and private K-12 schools, colleges, and universities
- September 2020:** T-Mobile launched Project 10 Million, a historic \$10.7 bn initiative, to close the homework gap and connect students for free



OEM – Tablets

- April 2021:** Samsung launched the Back-to-School campaign in India, under which it offered exciting discounts to students on Galaxy tablets
- June 2021:** Lenovo was selected to deliver 2 million tablets, along with services, to help upgrade Japan's educational system



OEM – PCs / Laptops

- July 2020:** Lenovo has committed more than \$15 million around the world to support communities, in response to COVID-19, and has donated more than 2,100 tablets, phones, and computers to students, hospitals, and NGOs
- April 2020:** Kano, in partnership with Microsoft, has released the Kano PC, a cheap, powerful, and repairable Windows laptop aimed at the education market



Software Developers

- June 2021:** TalentSprint and IIT Hyderabad, India, partner to build visual design and user experience expertise among professionals
- December 2020:** The Creative Media Industries Institute (CMI) at Georgia State University partnered with software developer Reallusion to establish real-time animation and motion-capture lab software for students and studios



Investors / VCs

- July 2021:** Articulate raised \$2.5 bn in series A round, led by General Atlantic with participation from Blackstone Growth and Iconiq Growth
- October 2020:** Yuanfudao raised \$2.2 bn in G1 and G2 rounds. Tencent led the G1 funding round and DST Global led the G2 funding round



Sources: *Education For All in the Time of COVID-19: How EdTech can be Part of the Solution*; Press Search: [Link 1](#), [Link 2](#), [Link 3](#), [Link 4](#), [Link 5](#); Company Websites

Innovation: Emerging Technologies Facilitate EdTech Growth

Which technologies are transforming the current education landscape?



Gamification

Gamification is being used to make serious subjects such as math interesting and easy to understand. It encourages participation, engagement, and collaboration, as well as improves context-based comprehension through adaptive and personalized learning.

December 2020: EdTech start-up LEAD School acquired QuizNext, an AI-based gamified practice app

July 2020: Nazara purchased a majority stake in gamified EdTech venture – Kiddopia. With this move to acquire Kiddopia, Nazara strengthened their position in the kid's edutainment vertical.



AI & ML

AI helps online learning companies offer profile-based customized course suggestions to learners. They allow learners to make better choices when it comes to the type of course, its contents, and the duration.

Machine learning is helping online learning platforms provide detailed feedback to users, depending on past performance, usage pattern, and total time spent.

April 2020: Coursera launched AI tool CourseMatch to match classes in schools' on-campus course catalogs with its catalog.

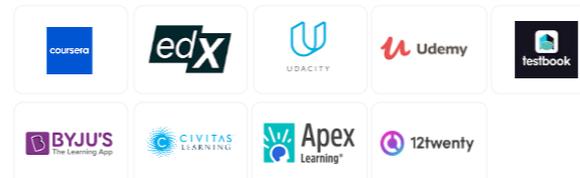


Big Data Analytics

When learners interact with EdTech platforms, they tend to create digital footprints. These are collected by systems to record performance.

The data is then used to map user profiles, depending on their usage and professional background, which drives purchasing behavior among them

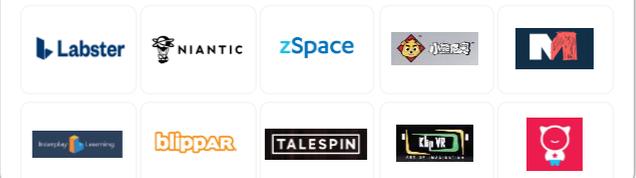
For example, Byju's content creation process is based data analytics as a lot of data and insights are generated in house. If a sizable section of students commits errors in a specific concept, Byju's goes back and makes the videos easier to understand, provides additional content, and makes the questions simpler to enable the system to develop a smoother learning curve.



AR & VR

Virtual labs help online platforms to add modules that involve higher practical, or laboratory courses compared with theory-based courses. Facial recognition systems are also being used to authenticate learners and ensure reliability.

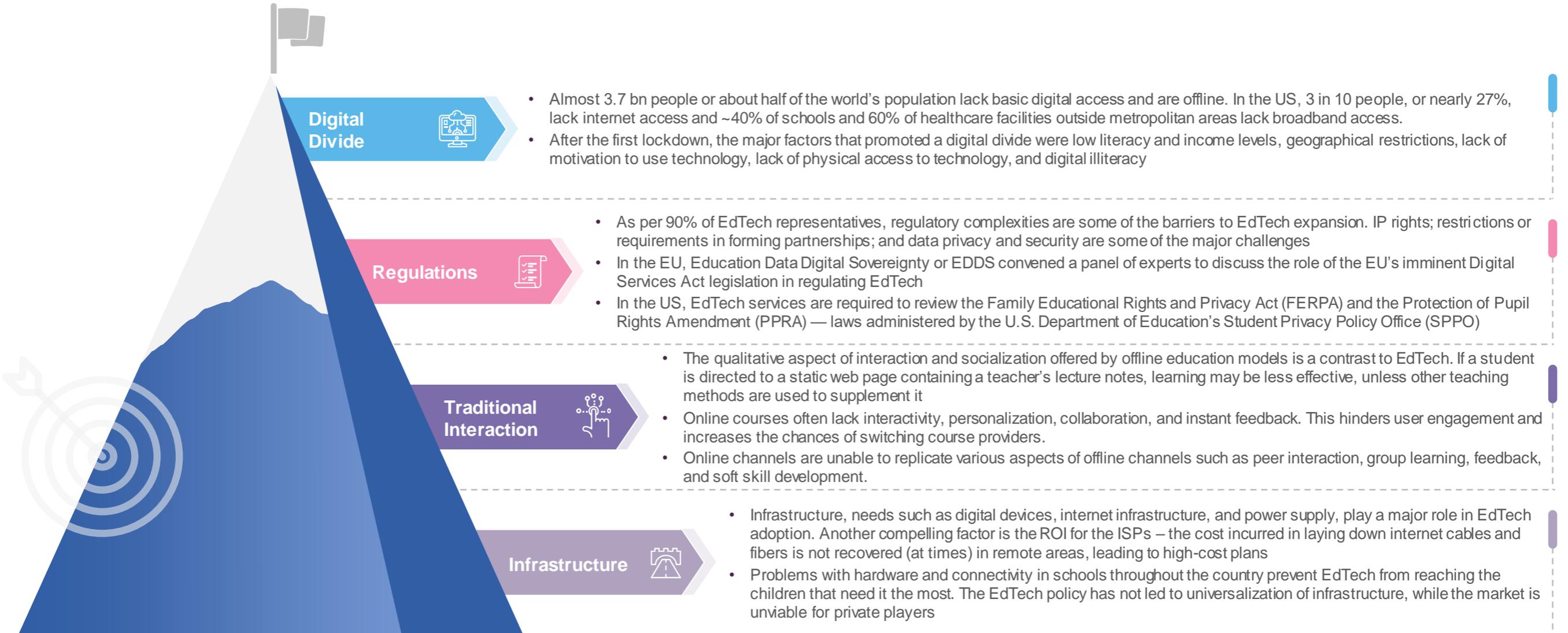
June 2021: Ryerson and Nextech received a joint grant of up to \$ 150,000 from eCampusOntario, a provincial program in Canada. The grant was given for the creation and delivery of AR learning experiences within post-secondary education institutions. Its focus is to drive student engagement, adoption of technology through ease of use and accessibility while measuring impact of experiential learning through AR



Sources: Press Articles- [Link 1](#), [Link 2](#), [Link 3](#), [Link 4](#), [Link 5](#), [Link 6](#), [Link 7](#), [Link 8](#) ; Company Websites

Challenges: Roadblocks to Technological Education

What are the factors responsible for the slow adoption of technology in EdTech?



Sources: [ITU](#), [PewTrusts](#), Press Articles: [Link 1](#), [Link 2](#), [Link 3](#)

The Way Forward

How will EdTech change the dynamics of the education sector?



Near-term outlook based on emerging trends, evidences, and implications

Our analysis suggests high EdTech growth over the next two years and a strong appetite for hybrid learning, supported by new-age technologies such as AR/VR and AI, in Asia, Europe, and the US



Some trends and their implications are noted as under



Emergence of 3Ps – portability, participation, and personalized

New learning models emerging: Students are being given more control of their learning. Education is becoming more engaging and beneficial as instruction is more in tune with the needs or preferences of students. Students want lessons to be more personalized and are thus **participating** in creating / reaching their learning goals. The future of education will be **portable**, and this gives the teacher more time to focus on **personalization** or participatory (student-centered) learning. Benefit to the students include adaptive assessments, improved knowledge retention and detailed proficiency analysis. Alternative models include synchronous fully immersive learning (face-to-face, real time, enabled with video technology), and asynchronous technology-assisted learning (on demand, stored content) that are enabled by digital learning & communication providers



Increased investment and technology advancements

Significant Capital Flows to the Sector: Significant capital flowing from many sources, including **venture capital firms and private equity firms**. The sector is backed by investors such as Learn Capital (invested in 22 EdTech firms), followed by Owl Ventures (19), and Rethink Education (18). This indicates that the sector holds huge opportunities. Consolidation could increase over the next few years, especially as companies try to expand the breadth of services offered to and through universities

Early Stages of Technology Adoption: The education industry has been slow to adopt technology solutions, but it appears to have hit an inflection point over the past few years. **Digital spend is growing rapidly (5.2% of the total spend by 2025)**, with many estimating that spend will increase in the mid- to high teens annually over the next two years. AR and VR will become more mainstream – interactive learning platforms empower and enable both students and teachers



Need for ethics policy in EdTech

EdTech will play a major role in designing a modular approach in higher education – revised curriculum structure with focus on more practical learning and skill training. Regulating the online courses offered by universities across the globe in order to have structured curriculum, will be important to see in the long run. **As an example, the London Interdisciplinary School is an entirely new university with the aim of giving students the opportunity to learn about non-conventional subjects (e.g., climate change).**

As the EdTech architecture is backed by AI, the questions of AI bias and its training, emerging privacy concerns, and sanctity of data principles can be addressed in a more comprehensive manner. The Information Technology Act and the GDPR are some of the regulations that address privacy and security concerns.



Education pain points creating opportunities

Alongside established corporate companies, the most profitable **EdTech businesses will most likely emerge from new markets such as China and India**. These new players will be accompanied by innovative portfolios of start-up companies (financed by powerful VC interests). Based on the HolonIQ Global Learning Landscape, **VC funding by product suggests that language learning, after school and tutoring remain key investment areas for EdTech startups.**

Solutions from EdTech providers are helping alleviate some of the highly complex issues – helping universities expand revenue-generating opportunities, addressing the existing skills gap and projected talent shortage in the workforce, improving graduation rates, etc. In the developed countries, EdTech players provide access to affordable online learning. E.g., BYJU's offers low-cost courses to students in international developed markets– the US, Europe, etc.

Sources: [The Future of EdTech](#); [Rest of World](#), Press Articles, Industry Reports: [Link 1](#), [Link 2](#).

Thank You for Your Interest in the EdTech Report

For GTM strategy, solution portfolio, or customized research reports for the education sector / EdTech, write to us at ps@evaluateserve.com

Evalueserve GTM Strategy Support Framework

Identify, evaluate, act, monitor, scale: An outside-in and inside-out closed-loop framework.

Evaluate Target Market Opportunities	Study Competitive Landscape	GTM & Strategic Direction
<p>How is the market ecosystem and the target market evolving?</p> <ul style="list-style-type: none"> Define market ecosystem Identify high-growth core and adjacent opportunities Evaluate market supply-demand dynamics <p>Evaluate customer requirements that need to be proactively addressed?</p> <p>What are the target addressable market and growth prospects?</p> <ul style="list-style-type: none"> Market size estimation (TAM) 	<p>What is the competitive position?</p> <ul style="list-style-type: none"> Evaluate competitive landscape Identify disrupters and disruptive potential Assess the impact of emerging trends, potential innovations, and white spaces <p>What should be the playing field?</p> <ul style="list-style-type: none"> Select strategic options based on market attractiveness by geography, competitors, addressable market, and demand-supply dynamics 	<p>What is the optimal product and pricing strategy?</p> <ul style="list-style-type: none"> Adaptive product roadmaps Pricing strategy <p>How can we improve the value proposition?</p> <ul style="list-style-type: none"> Build vs. Buy vs. Partnerships Identify leads to go-after <p>What is the go-forward plan?</p> <ul style="list-style-type: none"> Develop a one-three year business roadmap for expansion and scale

The framework will be used as guidance only and modified based on client needs, data availability, and the industry in focus.

Solutions Portfolio for Education Sector

Equipping decision-makers with the right insights

<p>Bespoke industry insights to enable faster and better decision-making</p> <ul style="list-style-type: none"> Market Intelligence Competitive Intelligence Opportunity Identification & GTM Strategy Partnership Identification & Due-diligence 	<p>Custom analytics solutions that provide actionable insights</p> <ul style="list-style-type: none"> Marketing Analytics: customer insights, omnichannel marketing strategy, brand effectiveness CRM and social media analytics Other focus areas: data monetization, visualization, and dashboarding
<p>Brand compliant editorial, design, and presentation support</p> <ul style="list-style-type: none"> Interactive Publications & Thought Leadership support Visualization Support Infographics & Layouts Marketing Collateral & Event based support Document Production 	<p>Technology platforms for your business, built by business experts</p> <ul style="list-style-type: none"> Insightsfirst – Intelligence Platform Researchstream – Workflow and Knowledge Management Researchscaler – Productivity Enhancement Usecasehub – Knowledge Management Optimization Suites – Automation Tools

INSIGHTS • INNOVATION • IMPACT

Case Study: Online Education Market Assessment

The Ask
A leading EdTech start-up in Europe tasked Evalueserve to assess the potential (addressable market) of different student segments (medicine, law, engineering) and understand the threat of competitive products.

The Solution
Evalueserve delivered the project in three phases:

- Phase 1:** Interactive workshop (f2f) to understand the current product positioning, characteristics of target segments, opportunities for growth
- Phase 2:** Desk research to gather quantitative and qualitative data about the target markets
- Phase 3:** Interviews with different student groups to understand uncovered needs, study behavior, and competitive products used

The Outcome
Insights from the study allowed the client to:

- Pitch the target opportunity to potential investors for the next investment round and obtain funding
- Understand current pain points and uncovered user needs
- Define their GTM approach and expand into profitable segments

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