



BESA Edtech Special Interest Group

Survey: Perspectives on EdTech

Rupert Barclay, Managing Partner

4 February 2019

EducationInvestor
Awards 2015

WINNER

Consultants
- to the private sector

EducationInvestor
Awards 2016

WINNER

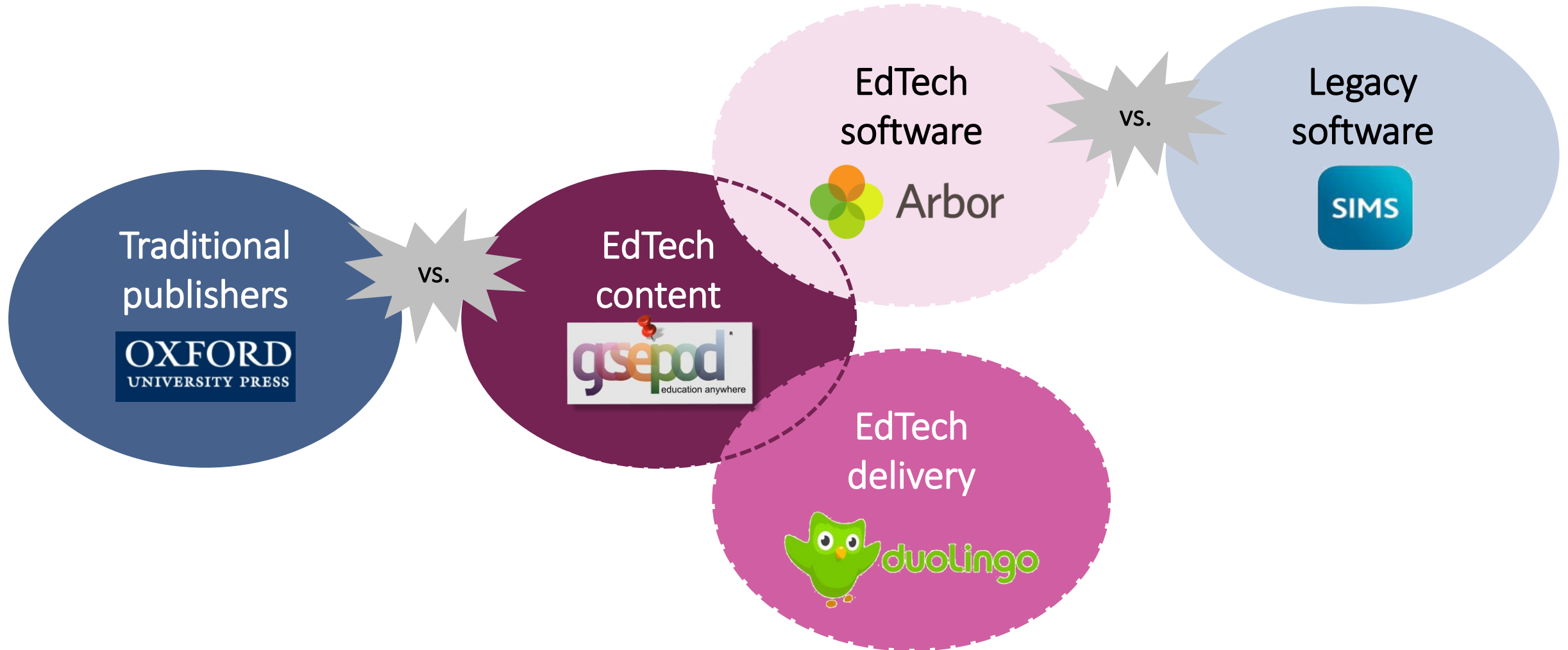
Consultants
- to the private sector



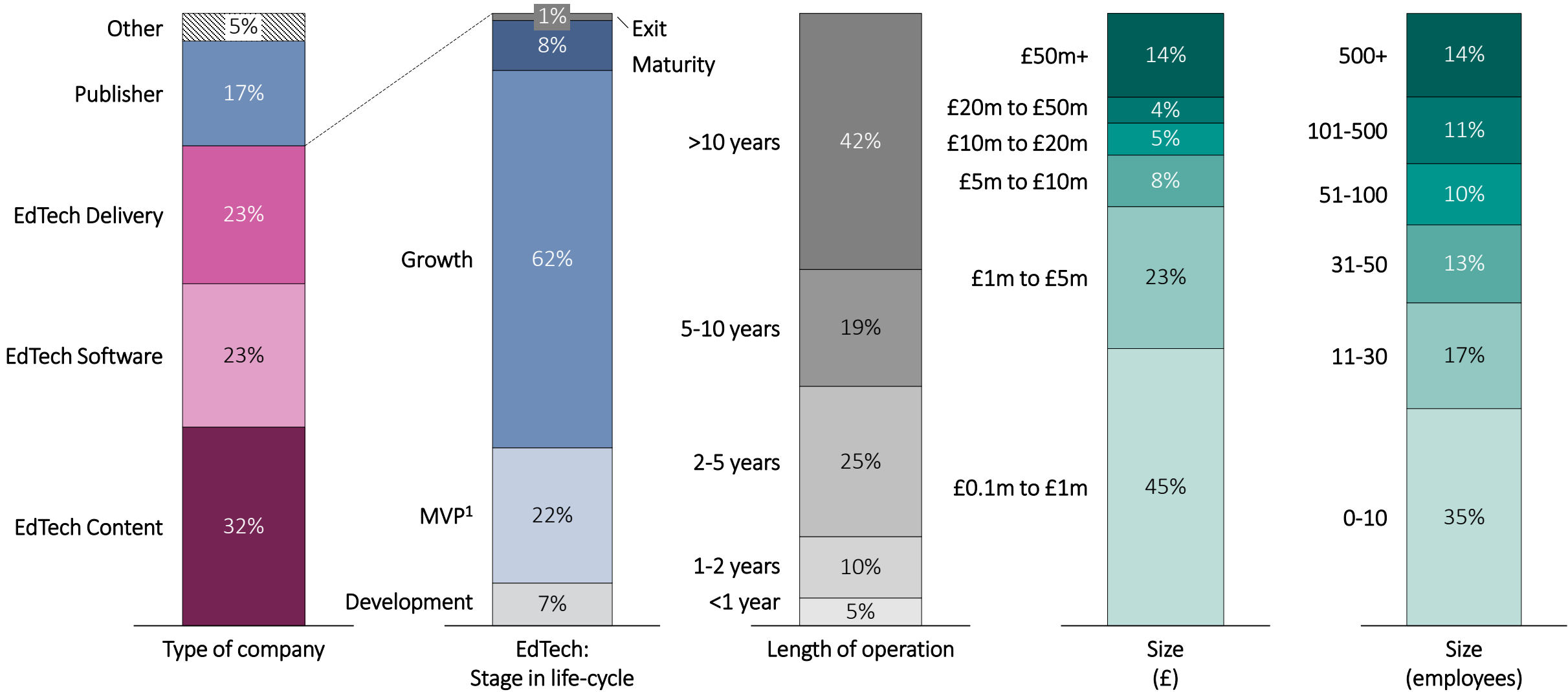
“Ditching my interactive whiteboard and going back to using blackboards or overhead projectors would be like playing tennis with a wooden racquet again”

Primary math teacher, 2004

Battlegrounds in EdTech



Survey characteristics – respondents background



1. Sample size varies, maximum n = 111

It's all about schools

Respondents' target market

% responses

Nursery	11%
Primary	61%
Secondary	49%
Vocational	31%
HE	29%
Corporates	24%

Which customer / buyers?

% significant

Students	20%
Parents	18%
Teachers	39%
Education institutions	68%
Corporates	21%
Corporate employees	11%
Other publisher/ EdTech business	12%



Which geographies?

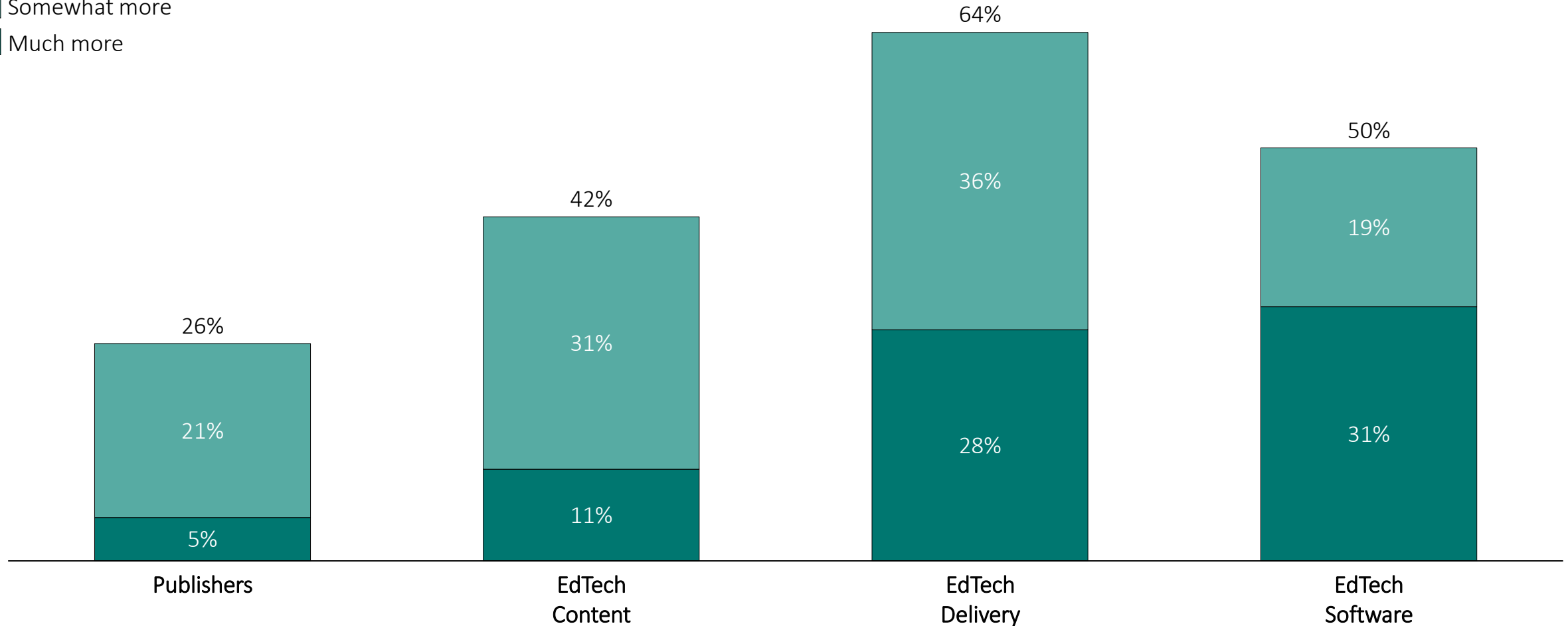
% significant

England	82%
Wales	41%
Scotland	35%
Rest of Europe	35%
North America	31%
Central and Latin America	14%
China	20%
Rest of Asia	20%
Rest of the World	27%

Everyone thinks they will grow faster than the market

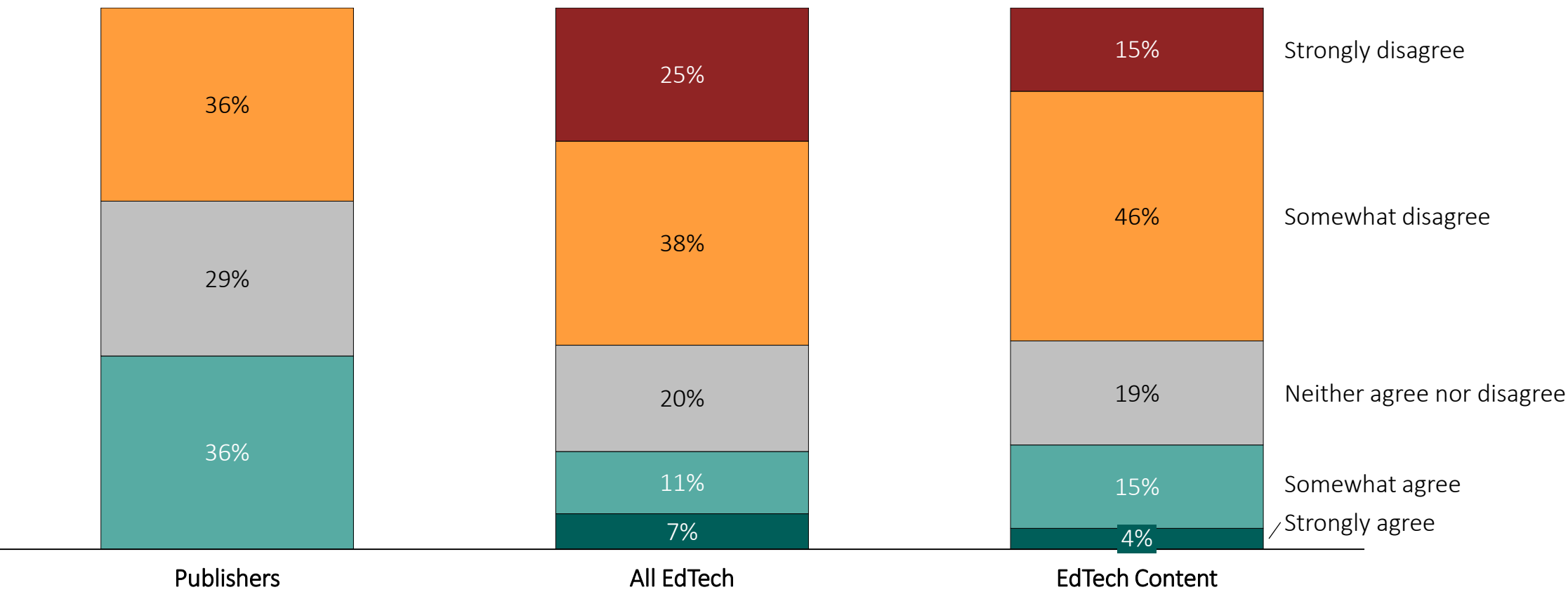
How strongly do you think your business will grow relative to the EdTech / Digital Content market in which you operate over the next 3 years?

 Somewhat more
 Much more



Publishers think they will be more dominant then EdTech providers do

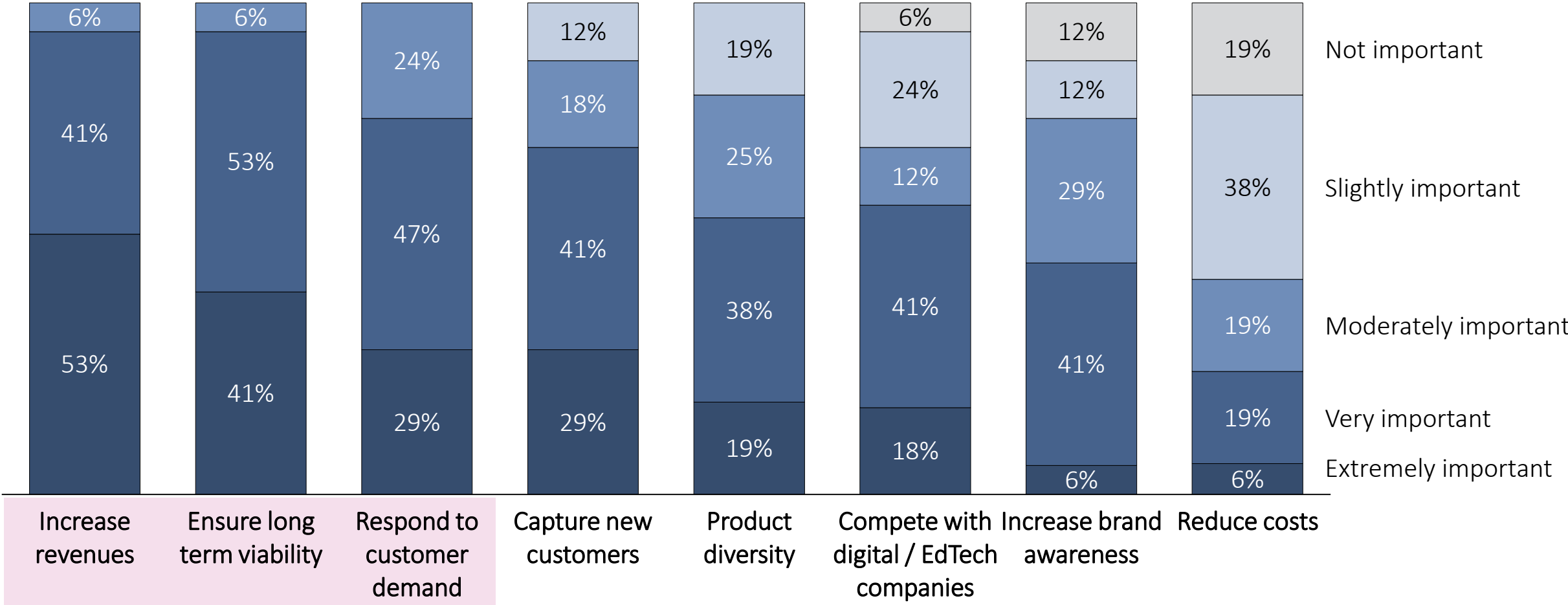
To what extent do you agree that publishers will dominate the EdTech market in the future?



It's all about top line growth for publishers

What are the main reasons behind your investment in digital / EdTech resources?

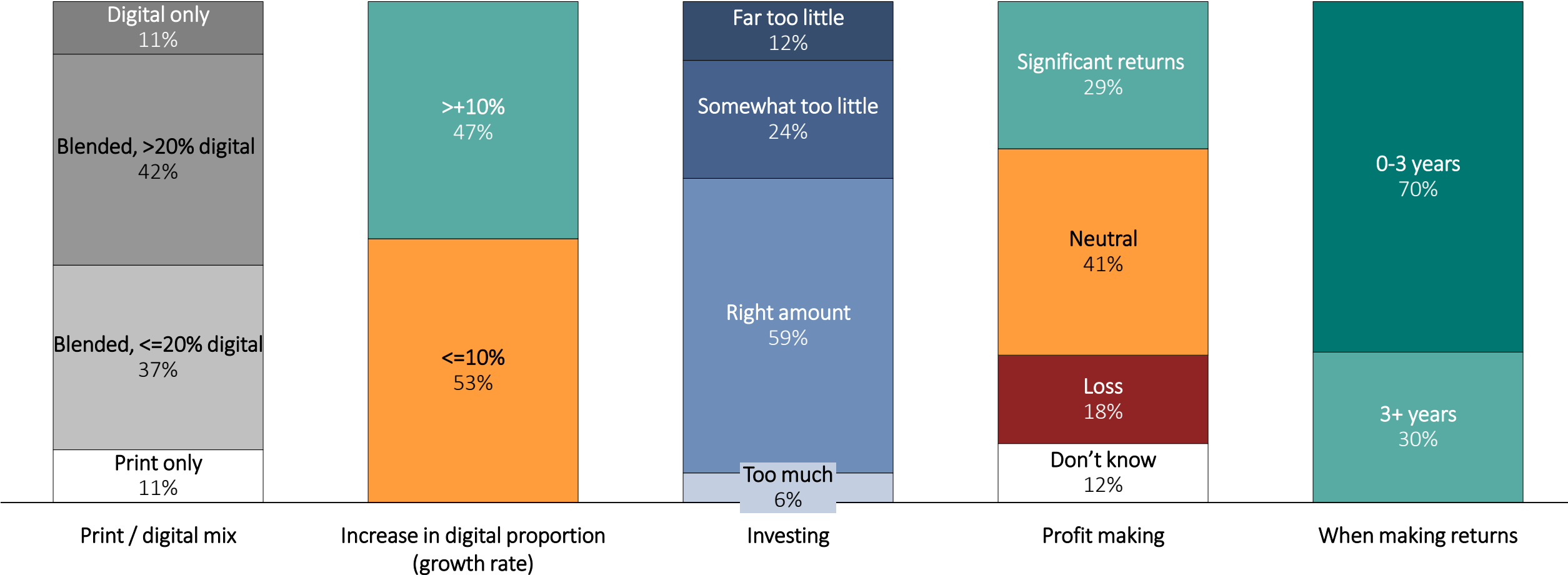
Publishers only



Publishers are heading in the right direction

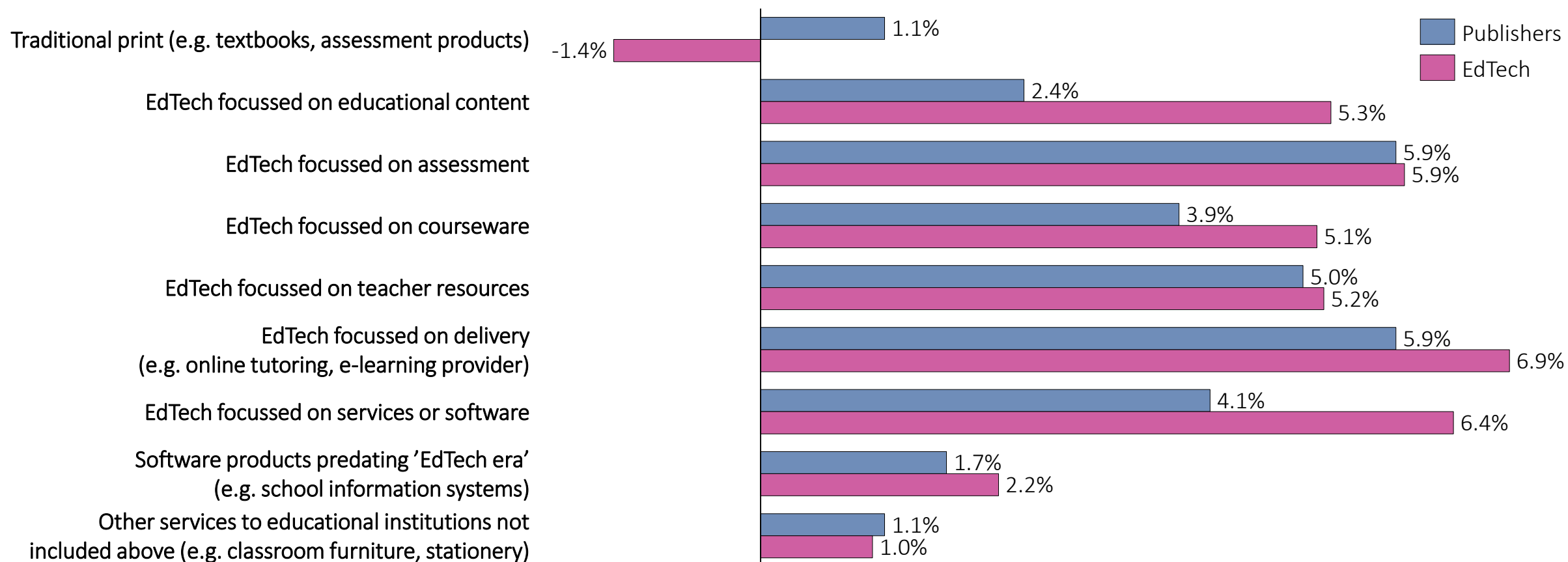
Publishers responses to various questions

Publishers only



Delivery and software outstripping content – even non-print content

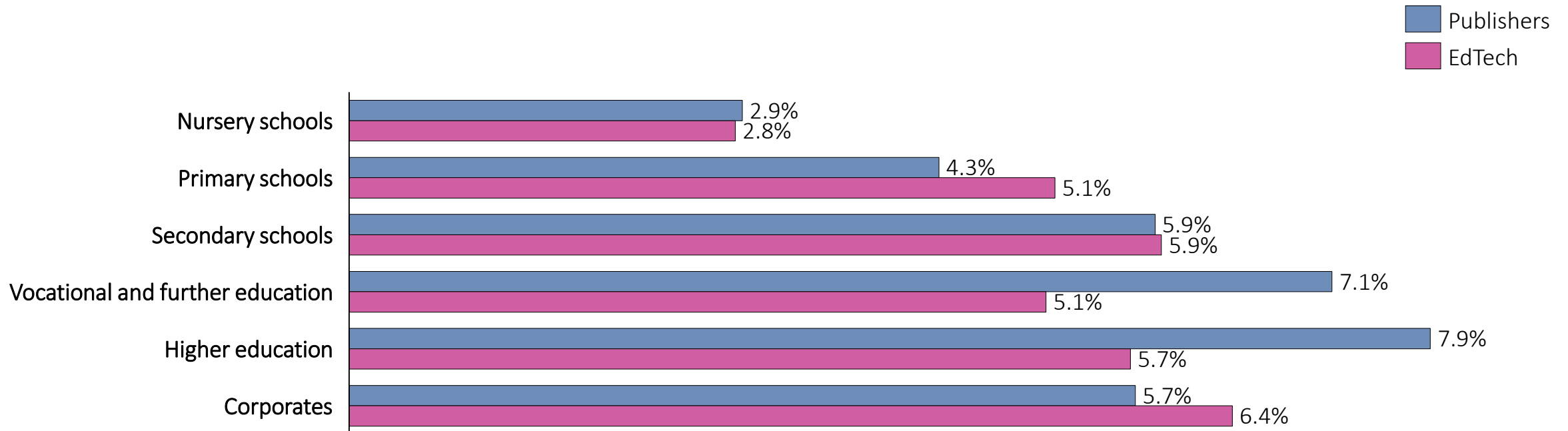
How strongly do you think the following product segments will grow over the next 3 years?



AI and Adaptive Learning are the most significant emerging technologies

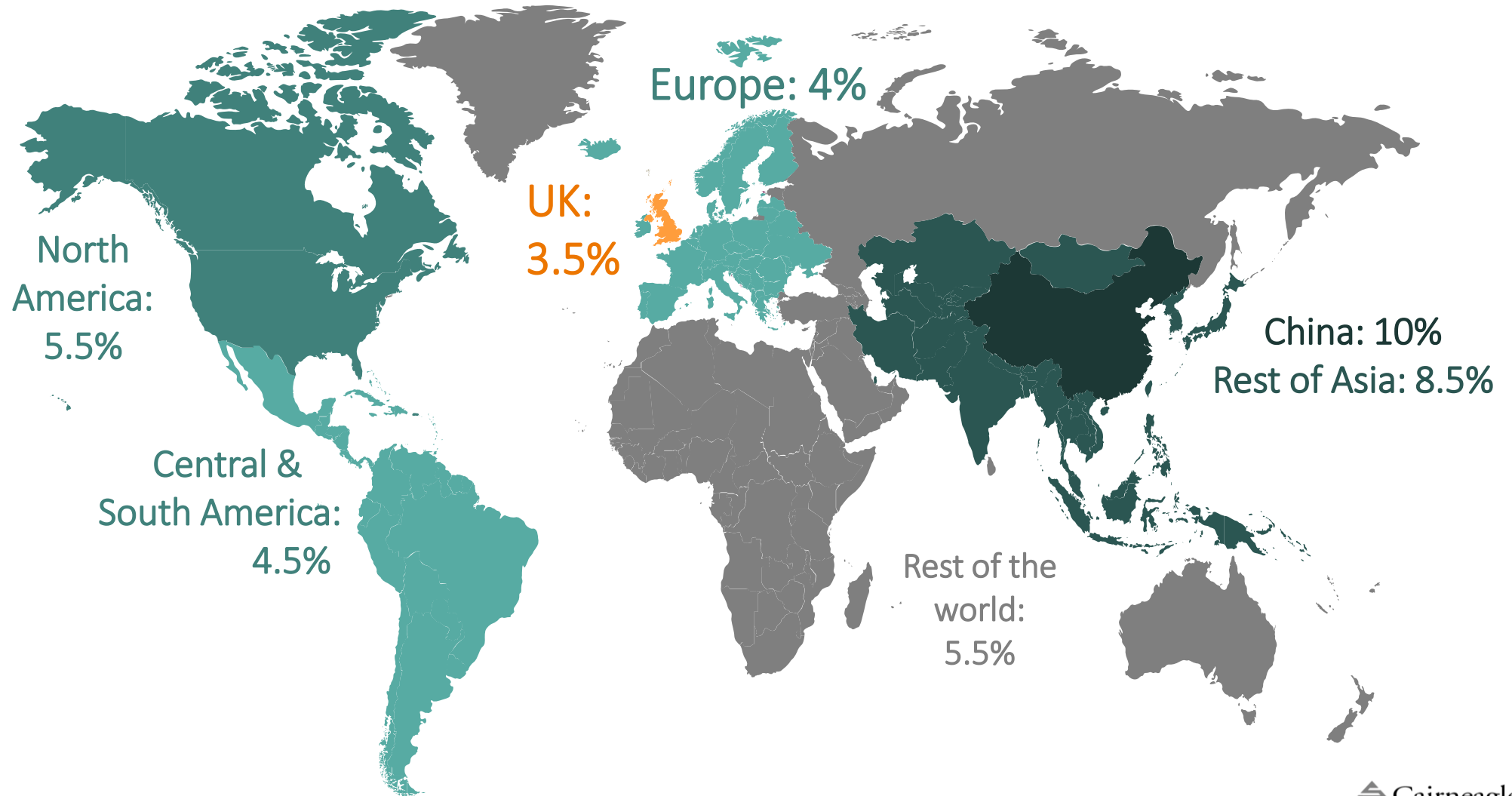
Higher and Further education are the strongest growth prospects

How strongly do you think EdTech and digital will grow in the following customer segments over the next 3 years?



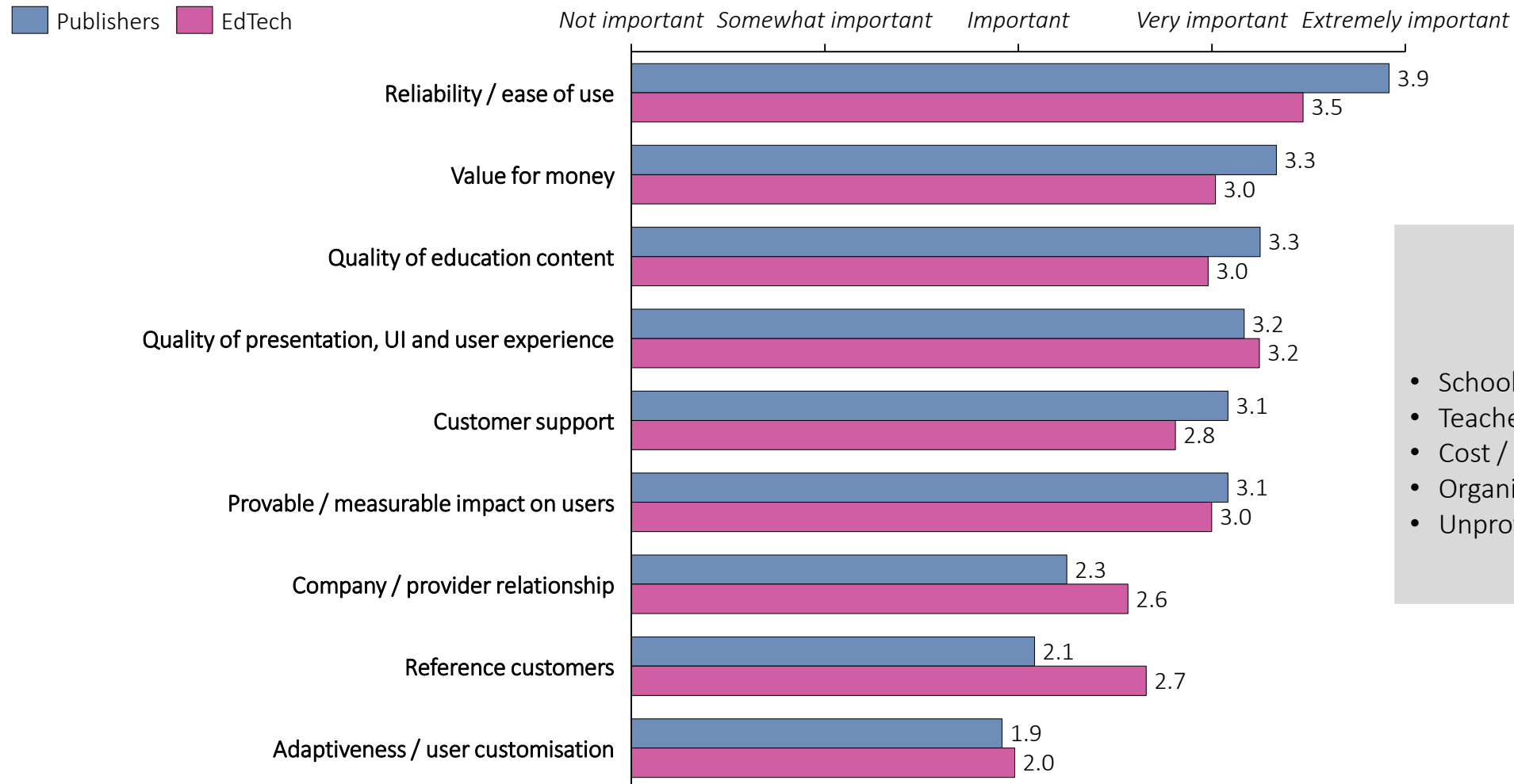
Asia is where the growth is

In which geographies do you think EdTech and Digital Content will show the strongest growth over the next 3 years? *(Decline, little growth, moderate growth, significant growth, high growth)*



Ease of use and value for money are critical

How important are the following for purchasers buying your digital / EdTech products?

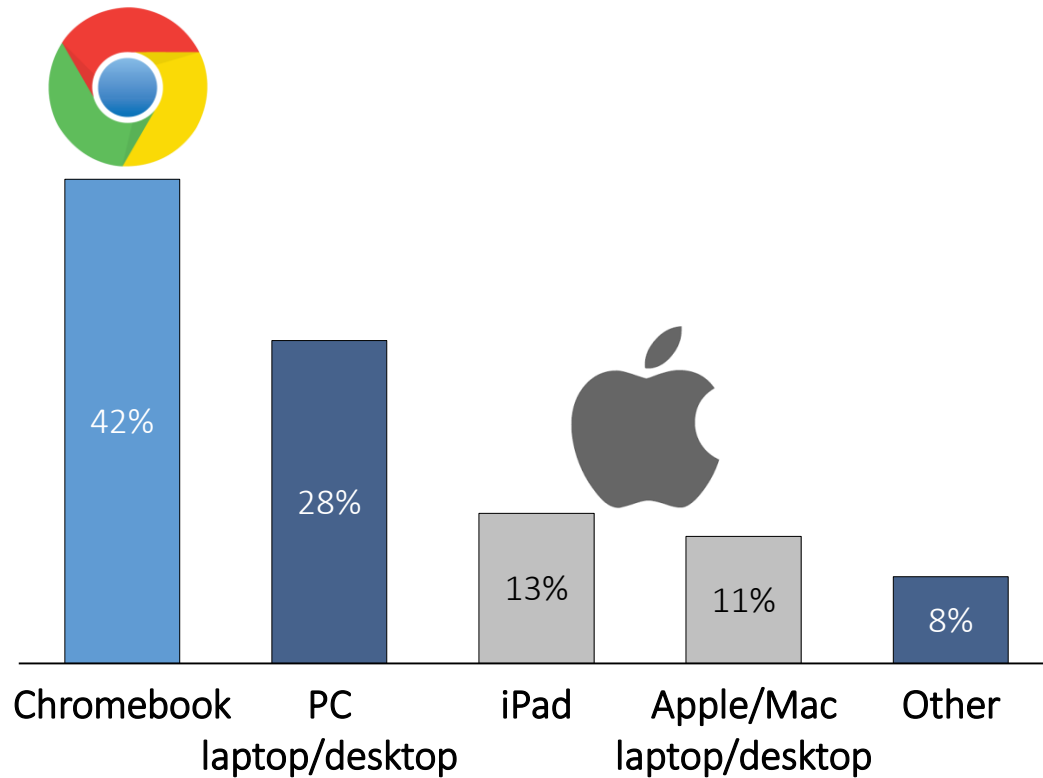


Main constraints on EdTech adoption

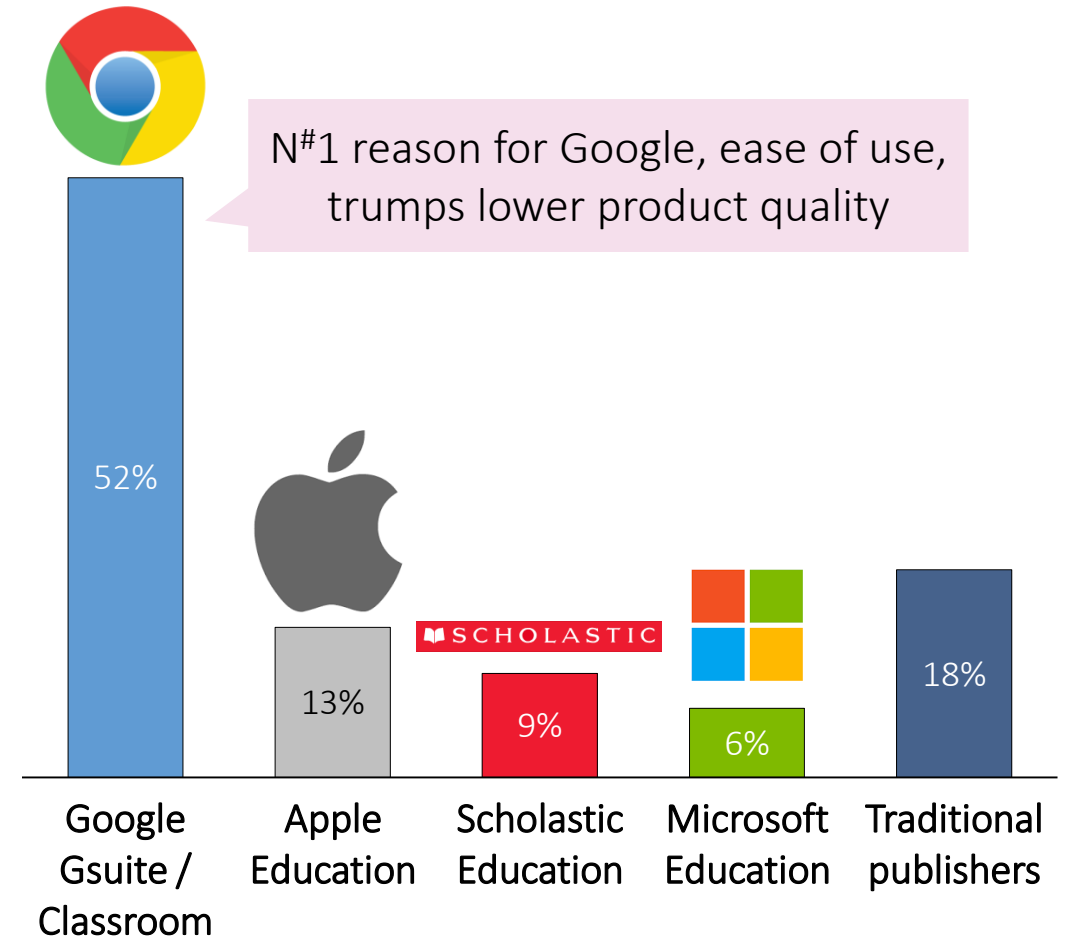
- School / institution budgets
- Teacher inertia
- Cost / lack of funding
- Organisational resistance
- Unproven efficacy

Global tech companies – friend or foe?

Hardware most frequently used (US)¹



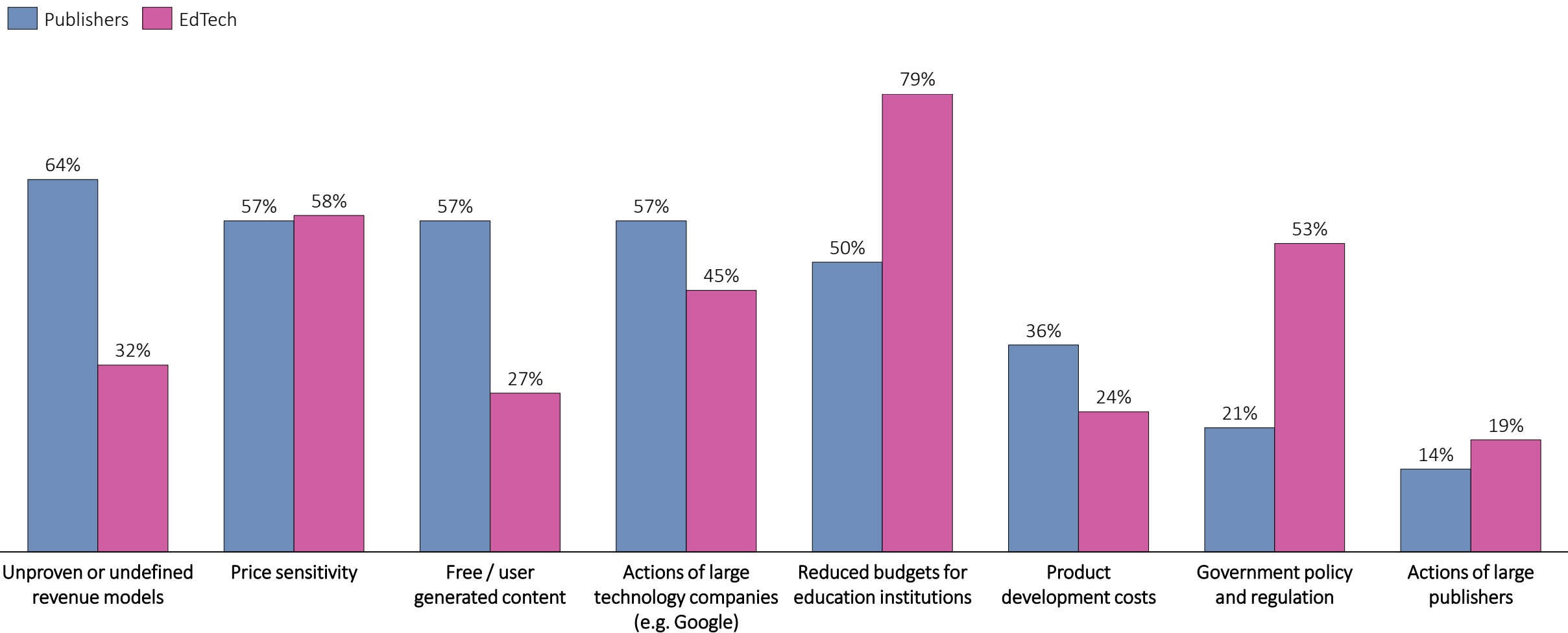
Preferred for achievement improvement (US)^{1,2}



1. Results based on the following multi-choice questions: "Which of the following school-provided tools do educators and students use most frequently for instructional purposes in your district or in your classroom?", "Imagine that you have been asked to hire one of the following companies to help improve student achievement in your district. Which one would you hire?" 2. Amazon Education: 1% Source: EDWEEK

Publishers worry about commercials, EdTech about funding

What are the main drivers of uncertainty in the EdTech market?¹



1. As the question allows multiple selections, the results for each driver are calculated as a percentage of the total selections made on this question

Publishers concerned about digital culture, EdTech about customer acquisition

What are the main challenges in developing your EdTech / digital offer?



Top challenges for EdTech content

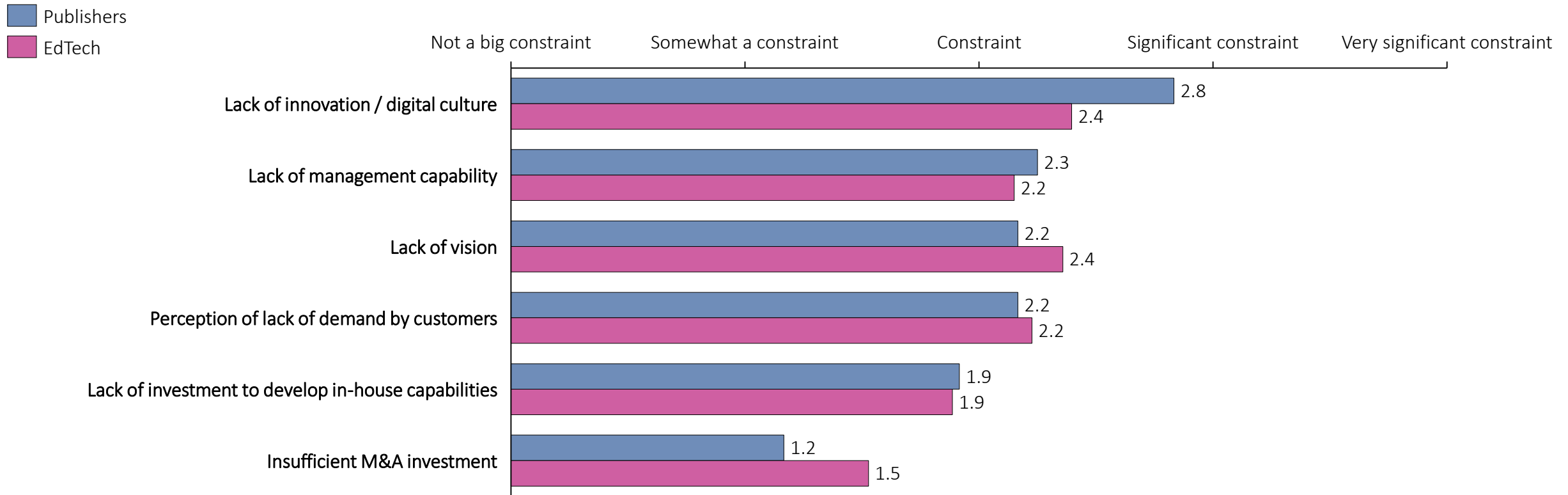
- 1. Availability of capital / funding (1.3)
- 2. Customer acquisition costs (1.3)
- 3. Proving / demonstrating efficacy (1.2)
- 4. Building a customer base / sales channels (1.1)

Top challenges for EdTech delivery and software

- 1. Customer acquisition costs (1.5)
- 2. Building a customer base / sales channels (1.3)
- 3. Availability of capital / funding (1.2)
- 4. Lack of digital culture (1.1)

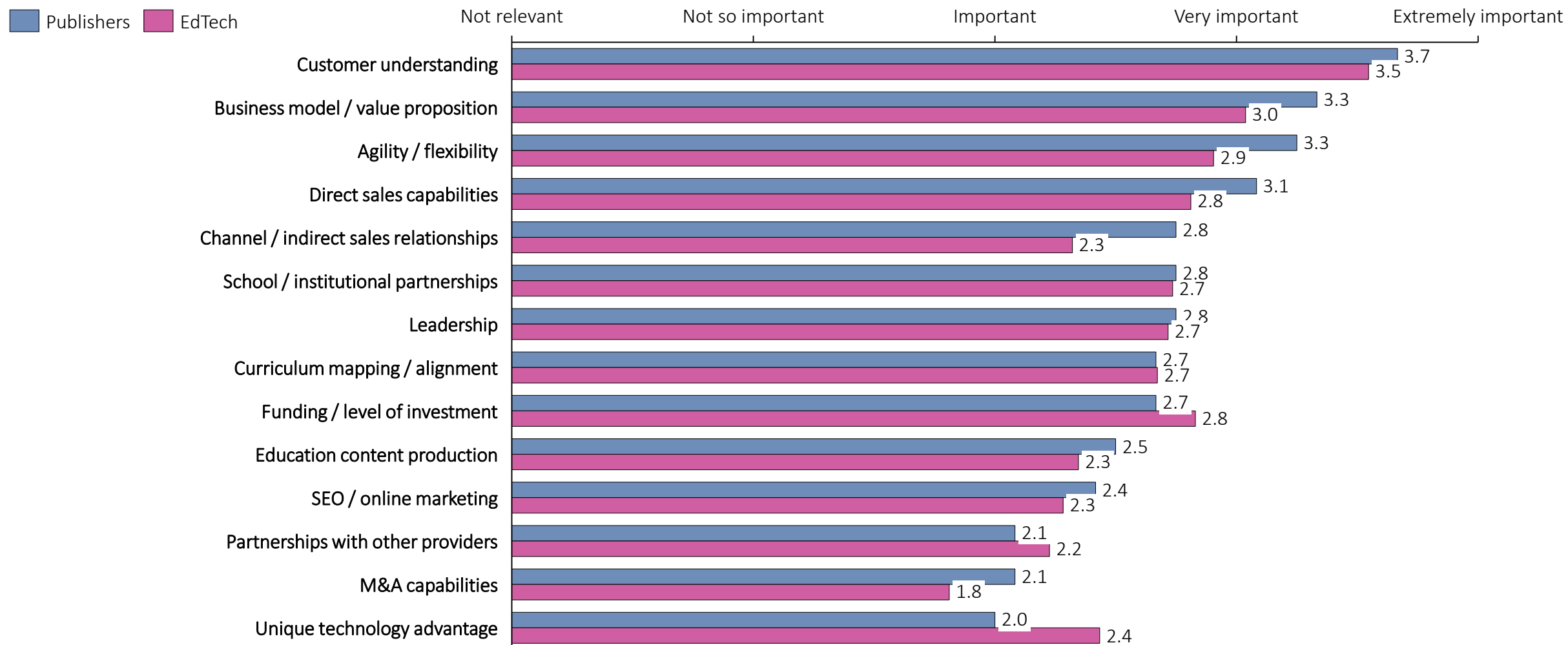
Publishers are constrained by the lack of management and digital culture

What are the main factors that constrain publishers in the digital / EdTech marketplace?



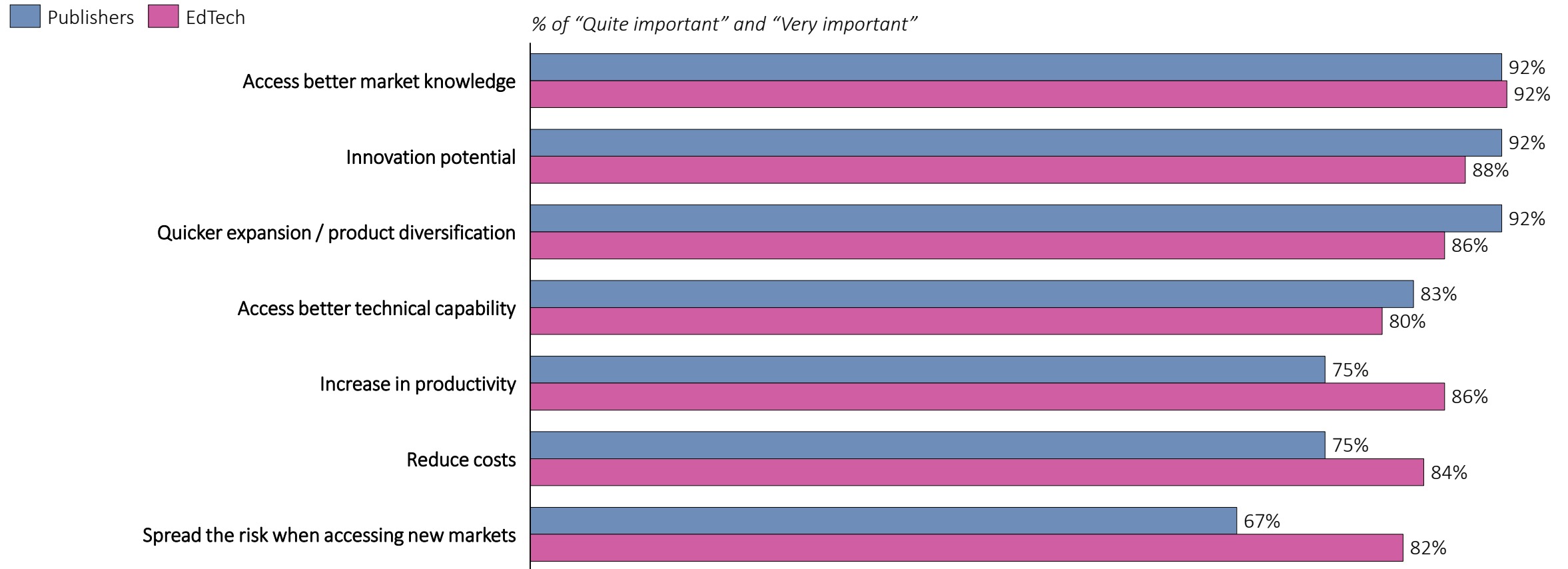
It's customer, customer, customer!

What do you consider to be the main success factors for providers in the digital / EdTech marketplace?



Companies are positive about the benefits of partnering but...

How important to you are the following advantages of partnering with other companies in the Digital Content / EdTech marketplace?







Survey participants recognised the above advantages to partnerships, but were also keen to avoid brand dilution, retain control, and develop new capabilities of their own

...but in practice publishers don't seem to be willing to partner

Publishers only

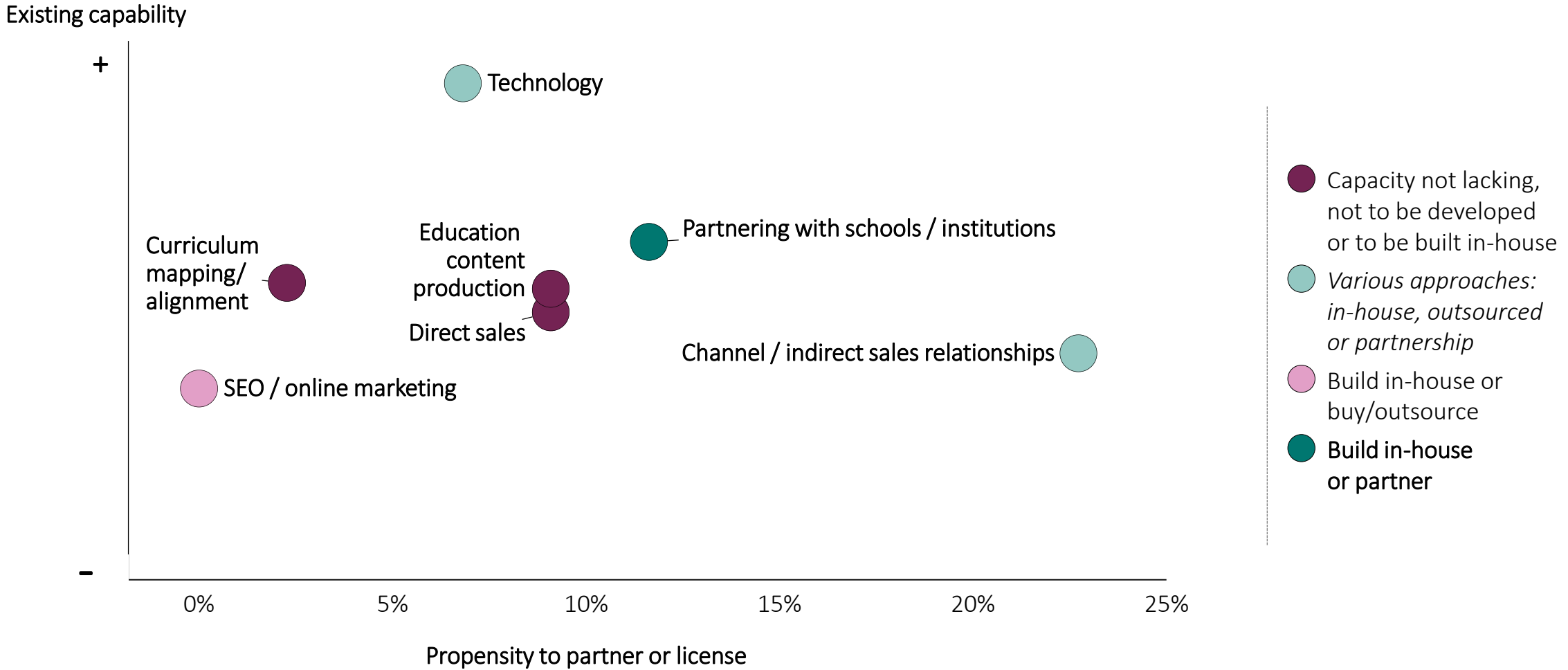
How important to you are the following advantages of partnering with other companies in the Digital Content / EdTech marketplace?

Product importance	Current capabilities	Approach to closing the gap	
		% staying in-house	% partnering
1. Digital assessment	Poor	58%	
2. Digital platforms	Good	50%	
3. Digital teacher support material	Good	67%	
4. Knowledge maps / curriculum mapping	Good	67%	

Other less important capabilities e.g. video and interactive tools/games will be outsourced or developed through partnerships

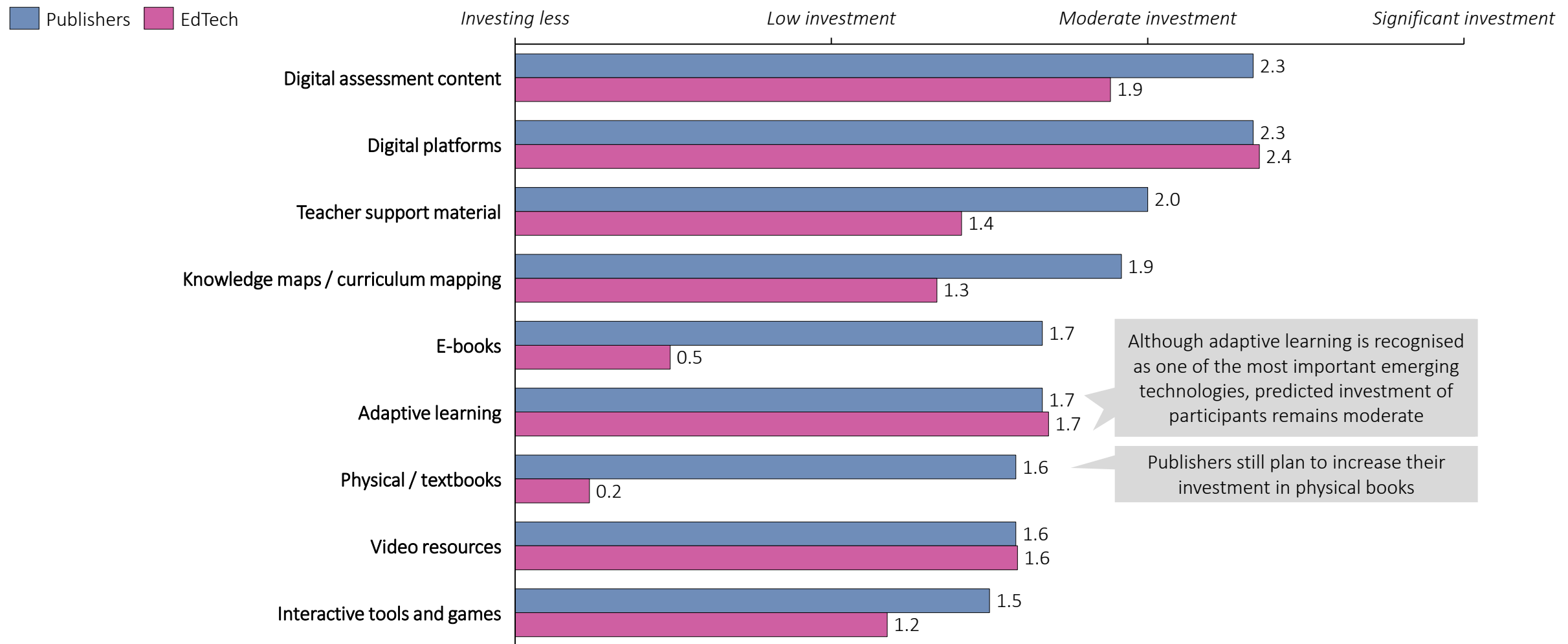
EdTech most willing to partner for the development of sales/channels

EdTech only

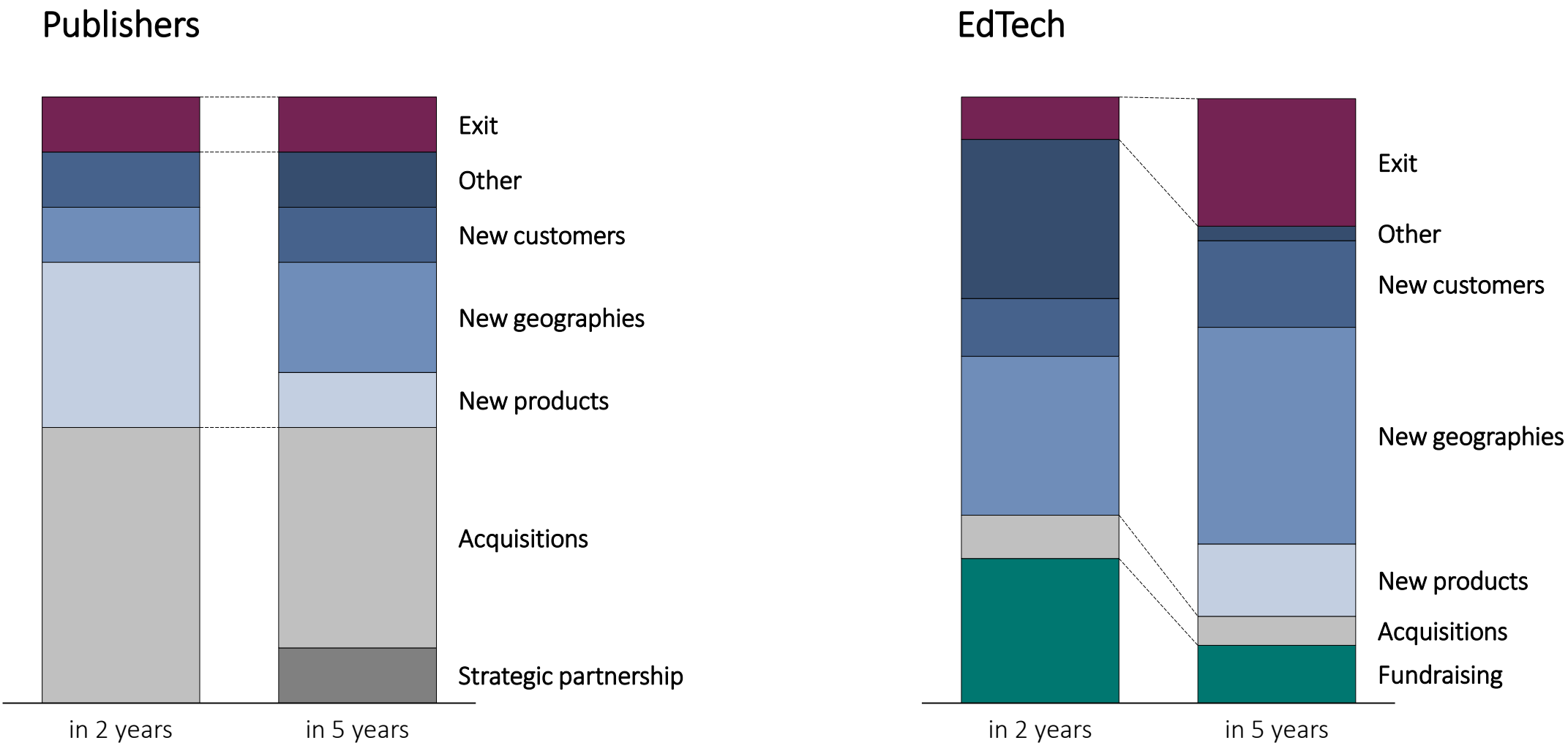


Assessment and platforms are highest focus for investment

What are your main areas of investment over the next 3 years?



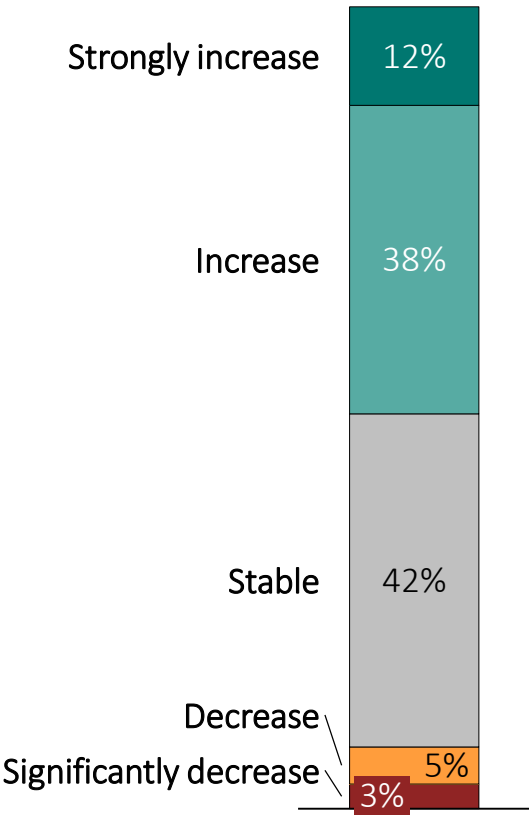
Publishers want to acquire, EdTech companies want to exit!



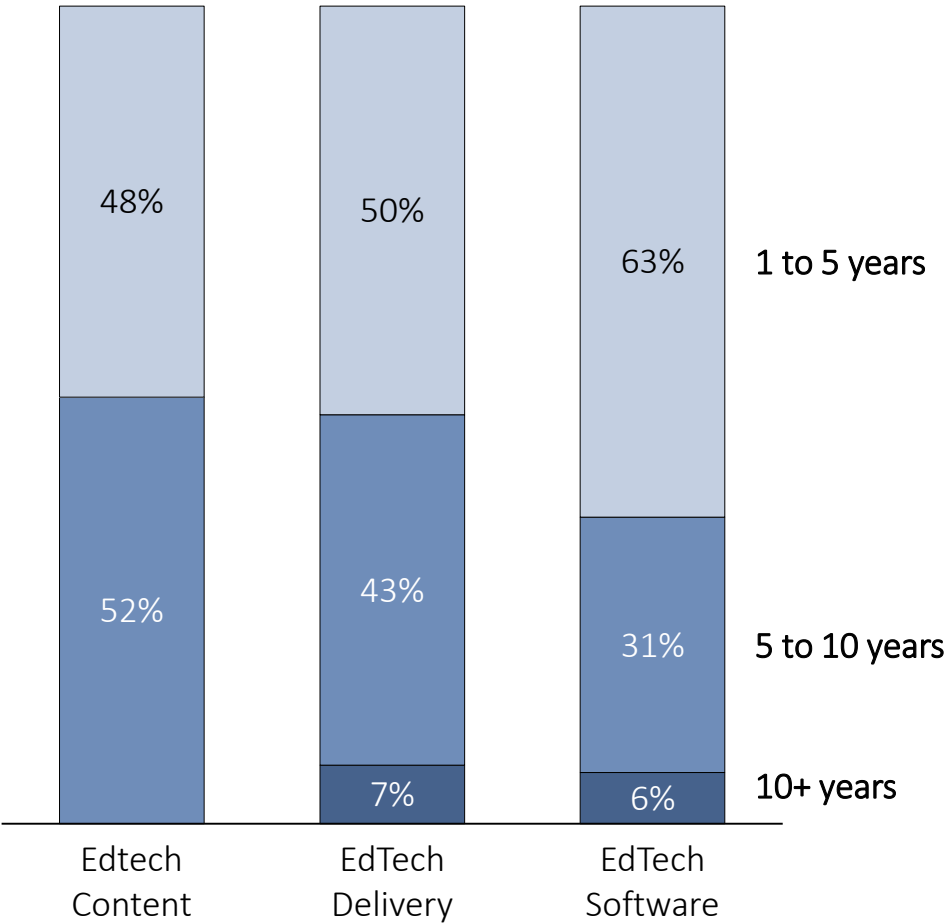
EdTech time to profitability
50% > 5 years

EdTech is in it for the long haul, but positive about value expectations

How do you see valuations of, and / or multiples for EdTech companies evolving over the next 3 years?

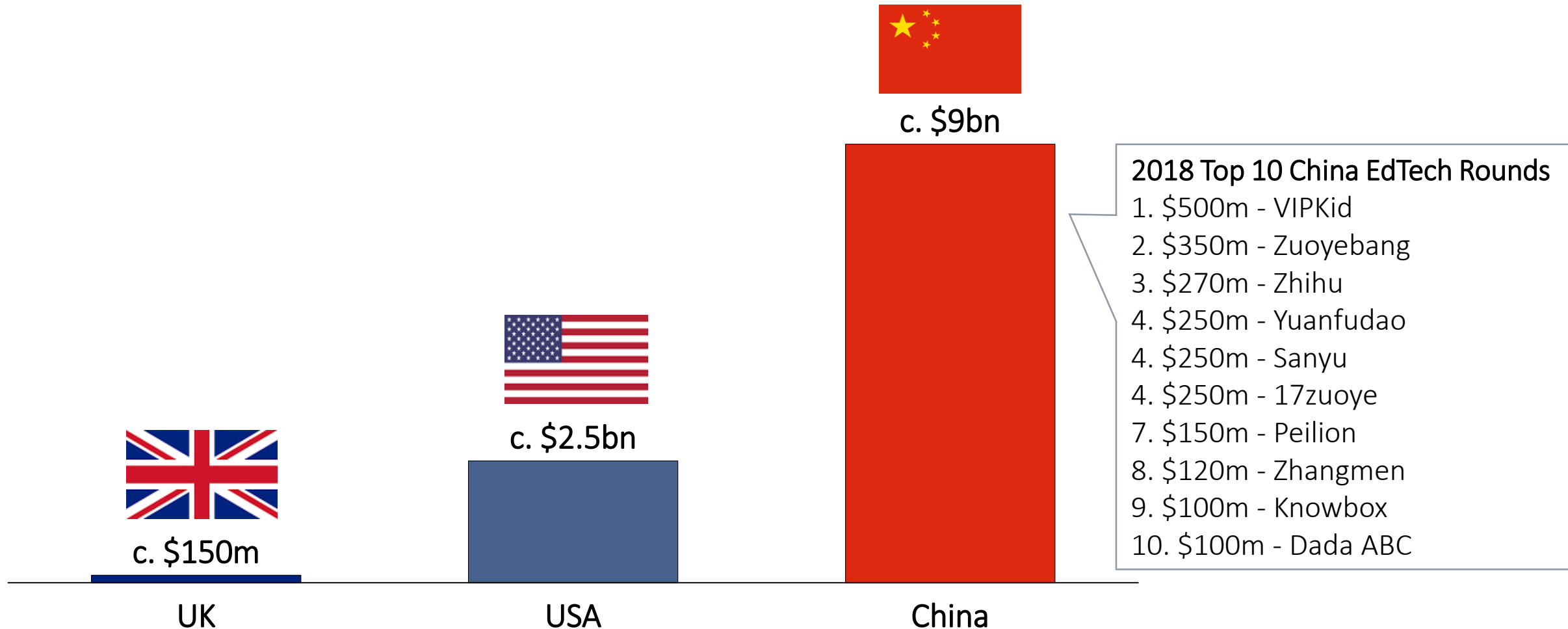


What do you believe is the average time frame for an EdTech company to reach profitability from inception?



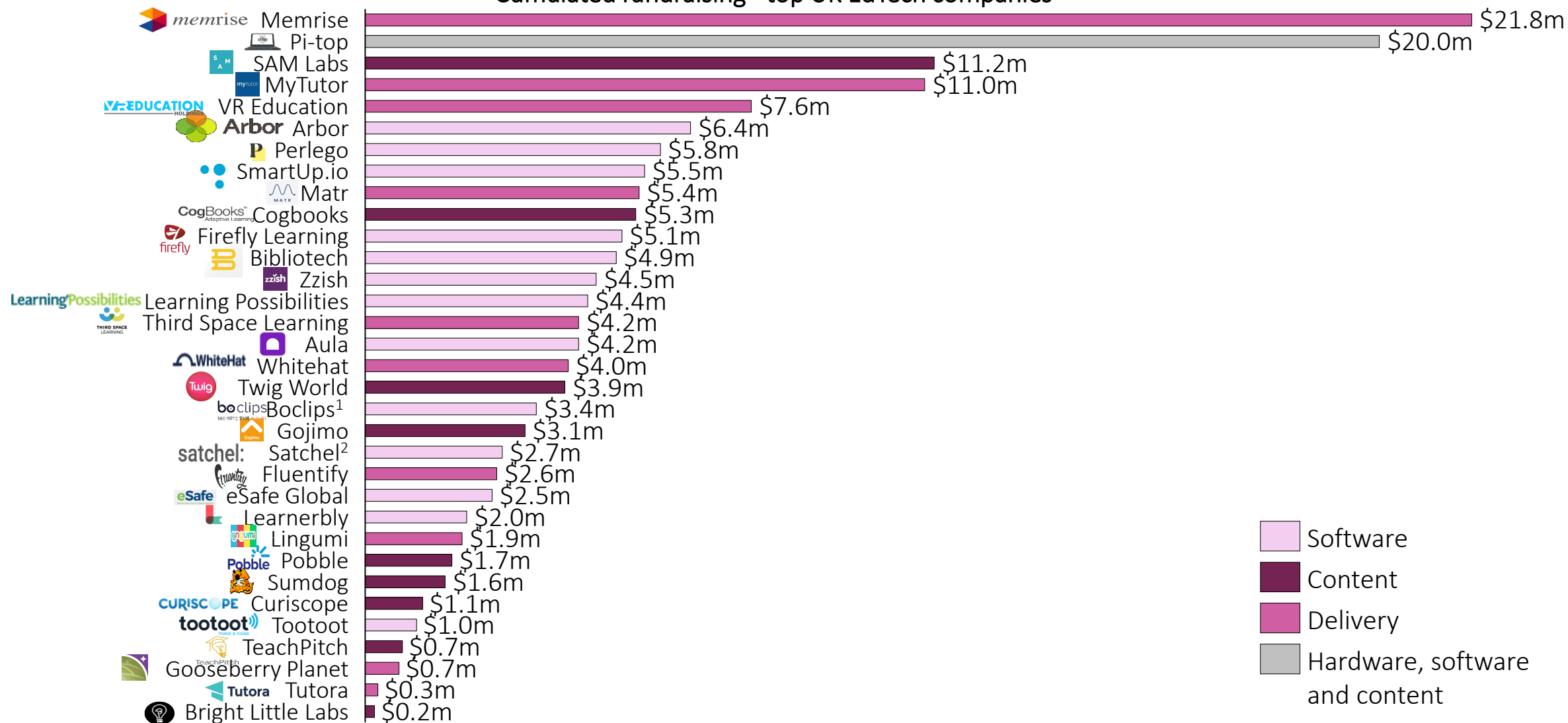
Investment in EdTech in the UK is tiny

Investment in EdTech, 2016-2018








































The 4 most funded EdTech companies took 40% of UK funding 2016 - 2018

Cumulated fundraising - top UK EdTech companies



1. Formerly KnowledgeMotion 2. Formerly ShowMyHomework

UK EdTech companies' fundraising is concentrated on K12 and B2C











Channel	Software	Software: <i>Content platform</i>	Content	Delivery	Hardware
K12	       	   	     	   	 <p>Pi-Top</p>
HE		  			
B2B					
B2C		 		    	

Value 2016-2018: c.\$150m

Average invested per company: c.\$5m

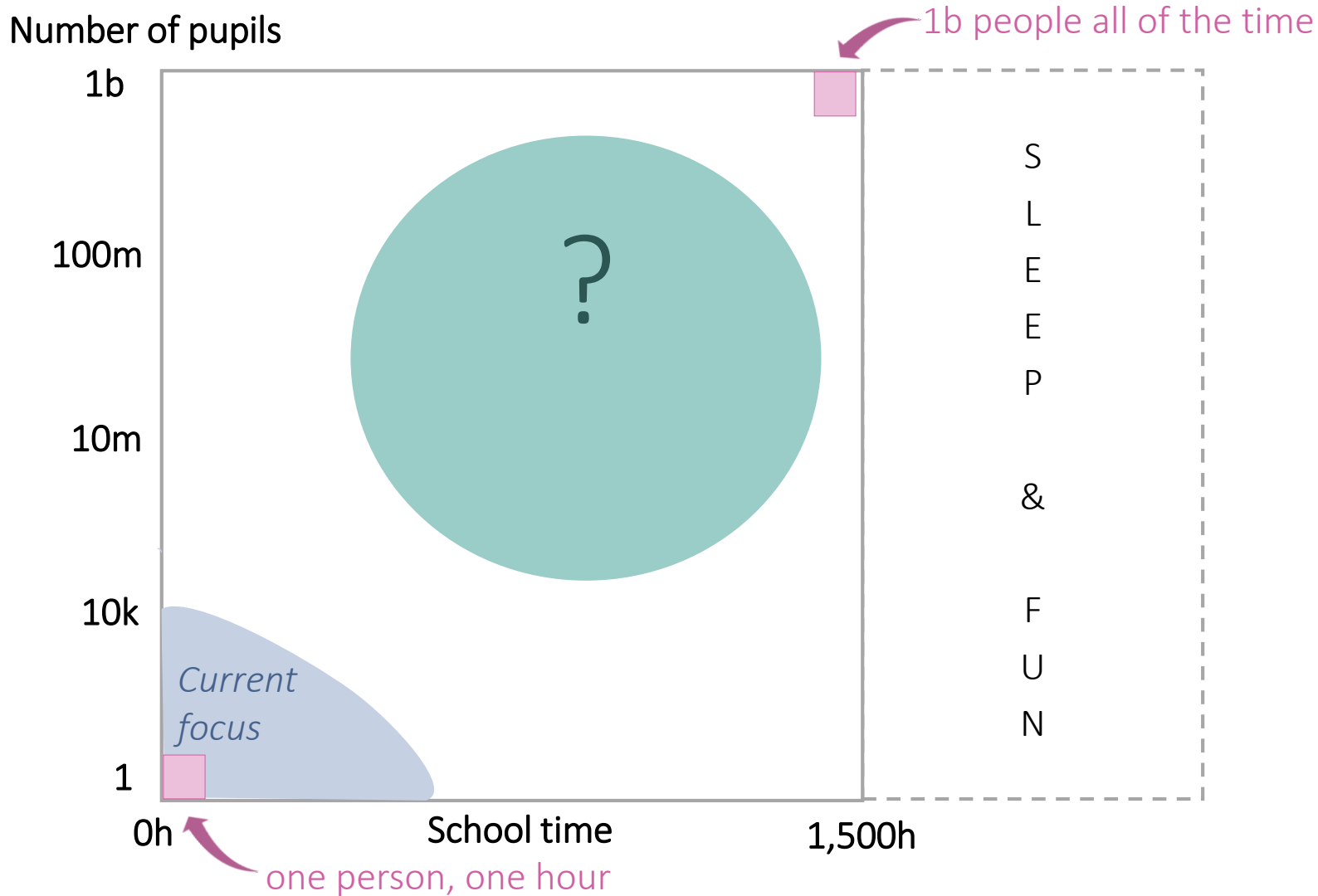
Note: Many companies hinge different categories and have been classified on their main focus. Exchange rates as of 29 November 2018 Source: Cairneagle EdTech database

Recent UK Acquisitions & Investments

	Target	Acquirer / Investor	Investment type	Product segment	Customer segment
	Curious World ¹	Sandbox & Co.	Full acquisition	Content	B2C
	Gojimo	Telegraph Media Group	Full acquisition	Content	K12
	KSM Online	WCBS	Full acquisition	Software	K12
	TopTrack	Collins Learning	Full acquisition	Software	K12
	Boardworks	GL Education Group	Full acquisition	Software	K12
	EduKey	TES Global	Minority Stake	Software	K12
	GroupCall	CommunityBrands	Full acquisition	Software	K12
	Diagnostic Questions	Maths Doctor	Minority Stake	Software	HE
	Light Blue Optics	Promethean	Full acquisition	Hardware	Education, Corporate
	Emerge Education	OUP	Minority Stake	Other (incubator)	-

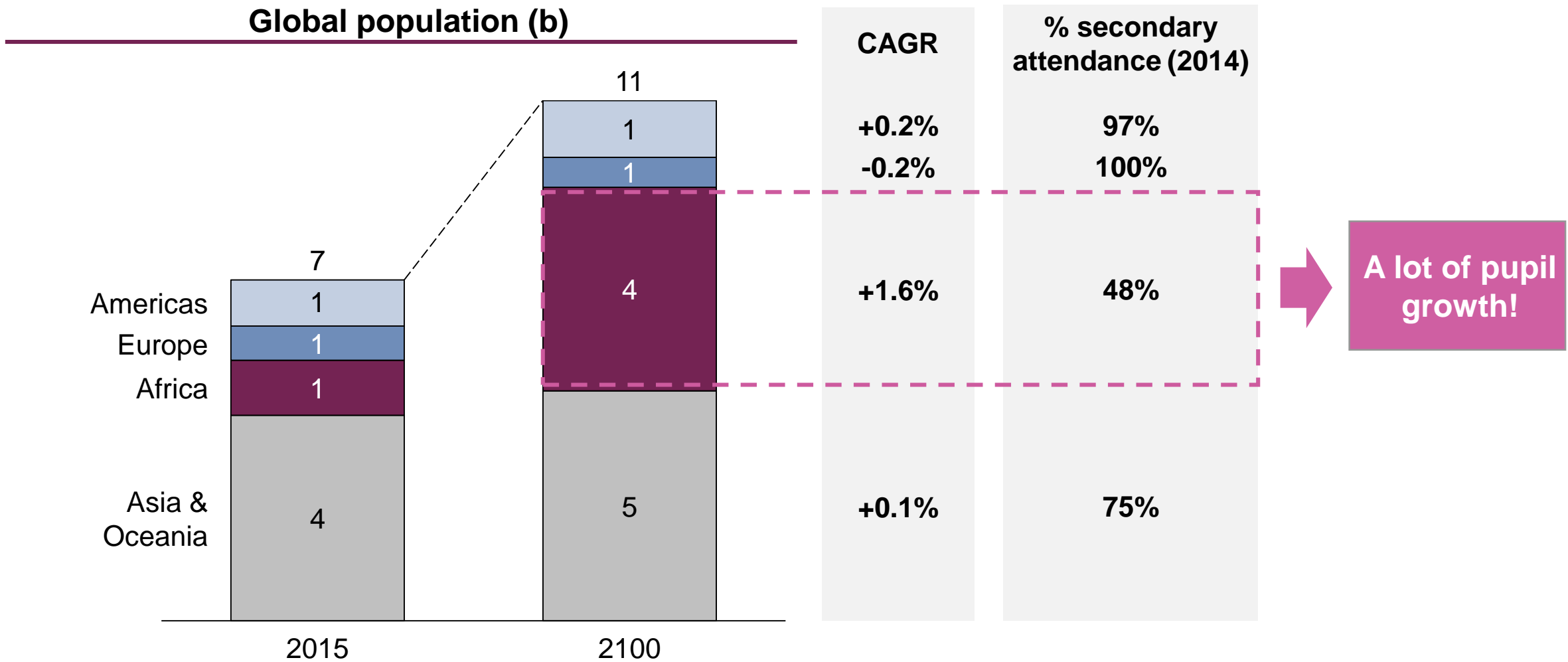
1. Previously owned by Houghton Mifflin Harcourt (HMH)

Is EdTech focused on where it can make most impact?



- Content vs support / platform
- Internationalisation
- Institution-led
 - Schools & universities
 - Governments

Don't forget Africa!



Agenda

APPENDIX

EdTech offerings are typically focused on niches

	Product Type	Companies Invested in	Examples of companies surveyed
Software	LMS	Learning possibilities	EYFS admin, communication and parent curriculum app
	MIS and specialised support software	Arbor Education, Firefly, eSafe Global	
	School communication, school-home link	Aula, Tootoot	
	Content creation tools	Pobble (<i>writing teaching app</i>)-	
	Content platform (for e-books, video, etc.)	Bibliotech, Futuure Learn, TeachPitch, Satchel, Smatup.io, Zzish, Perlogo, Boclips, Learnerbly	
Content	E-books		
	Courseware	Cogbooks, Sumdog	
	Revision and low to mid-stakes assessment	Gojimo	
	Other educational content (incl. specialised)	Twig (<i>video content</i>), Bright little labs (<i>coding- gamified stories</i>), Curiscope (<i>augmented reality T-shirts</i>), Enuma (<i>SEN and EY</i>), SAM Labs (<i>coding and STEM</i>)	Cross-curricular educational content
Delivery	Language teaching	Fluentify, Lingumi, Memrise	
	Other e-learning	Matr, VR Education	
	Online Tutoring	MyTutor Web, Third Space Learning, Tutora	
	Teacher Professional Development	-	Teacher training and recruitment
	Specialised learning and support	Gooseberry Planet, WhiteHat	

Much of the EdTech innovation that impacts at scale may be driven by institutions



- Over 500 schools in India, Kenya, Liberia, Nigeria and Uganda, etc.
- Integrated curriculum of learning
- Originally private, now public sector

1m by end 2018



- 54 schools in Peru
- Blend of technology and guided self paced study
- Modular school buildings built to accommodate blend

>35,000



- 2 schools in San Francisco and 2 in Brooklyn
- Personalised learning and streamlined school operations
- Building a network of tech-savvy K-8 “micro-schools”

>1,000

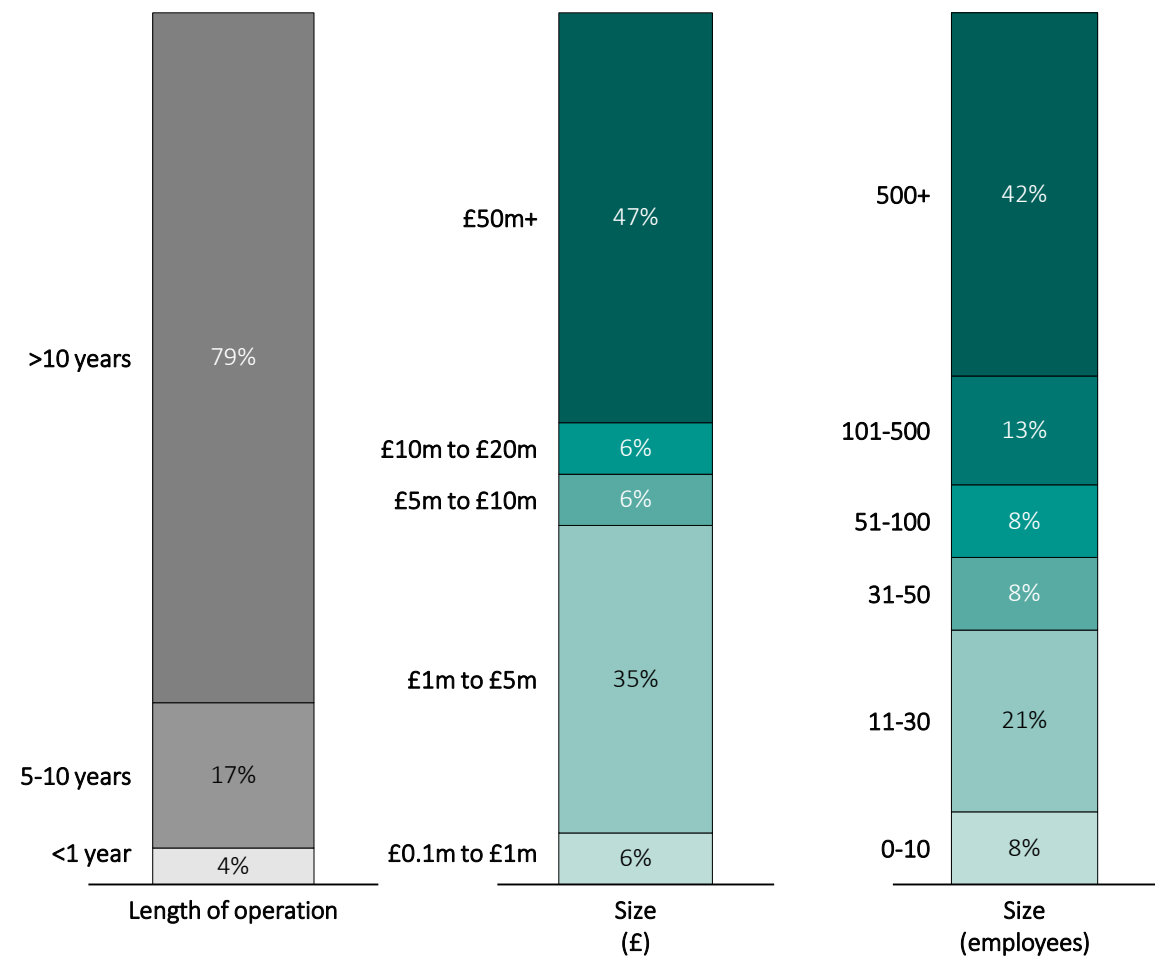


- 2 schools in the UK
- All learning online
- Classes flexible in length and level of attainment
- Physical mentors

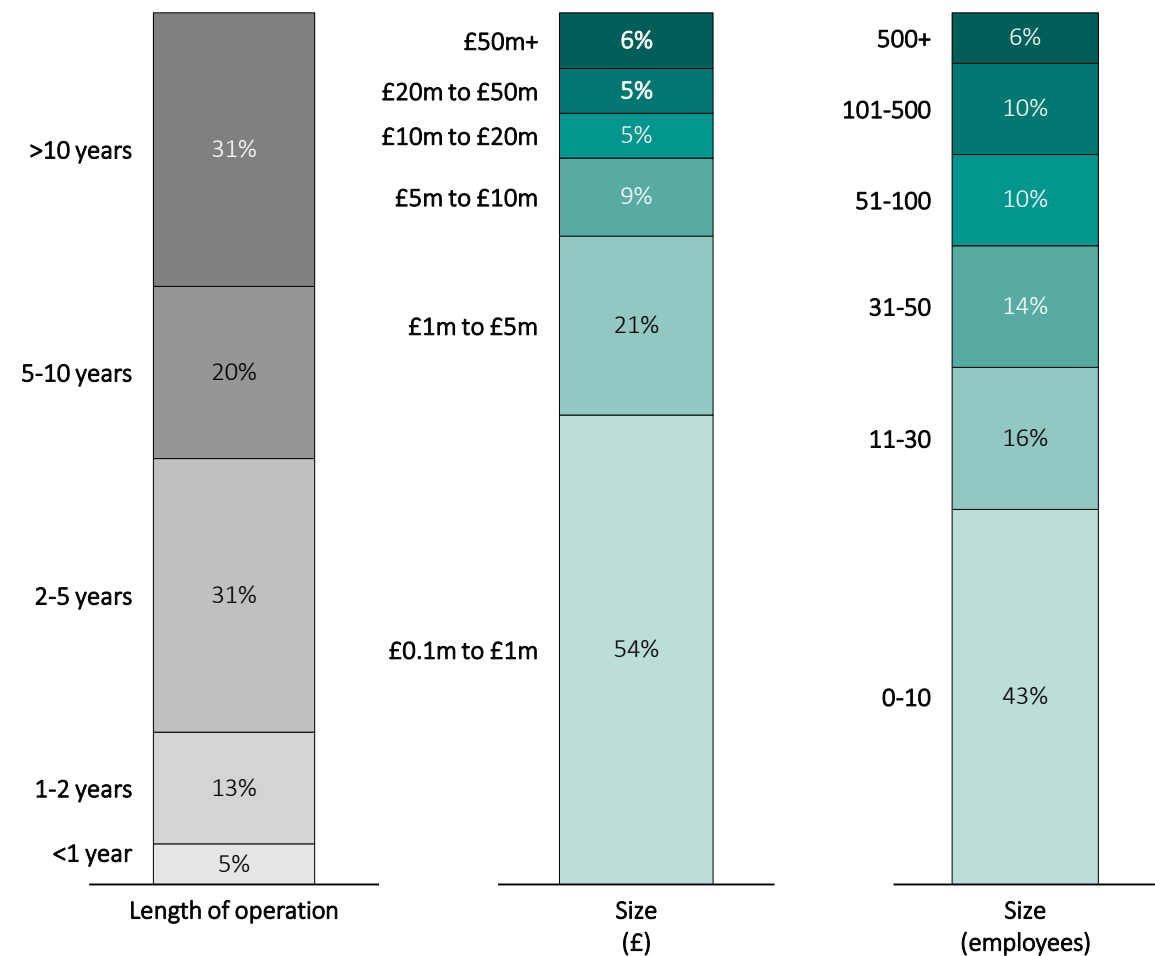
<500

Survey characteristics – respondents background – split by company type

Publishers and other respondents

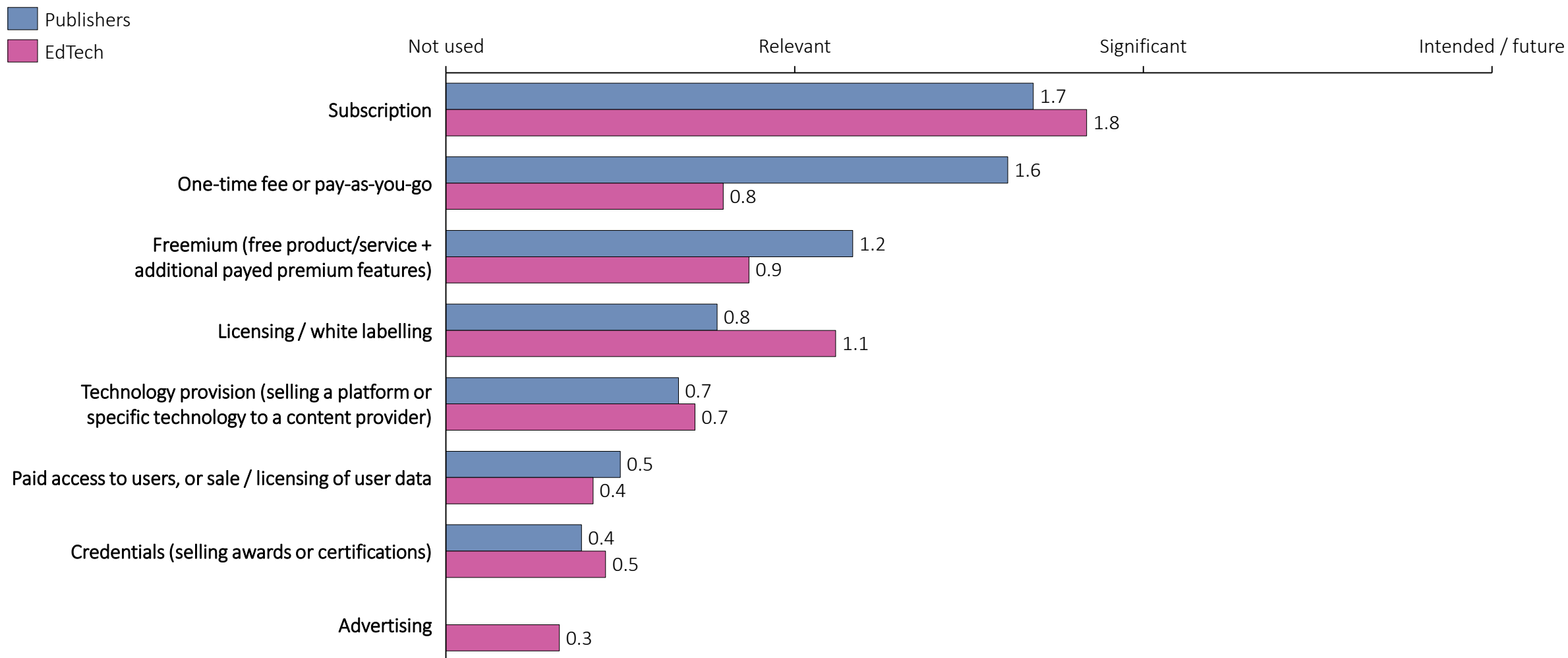


All EdTech respondents



Everyone is aiming for subscription

Which monetisation strategies are you pursuing?¹

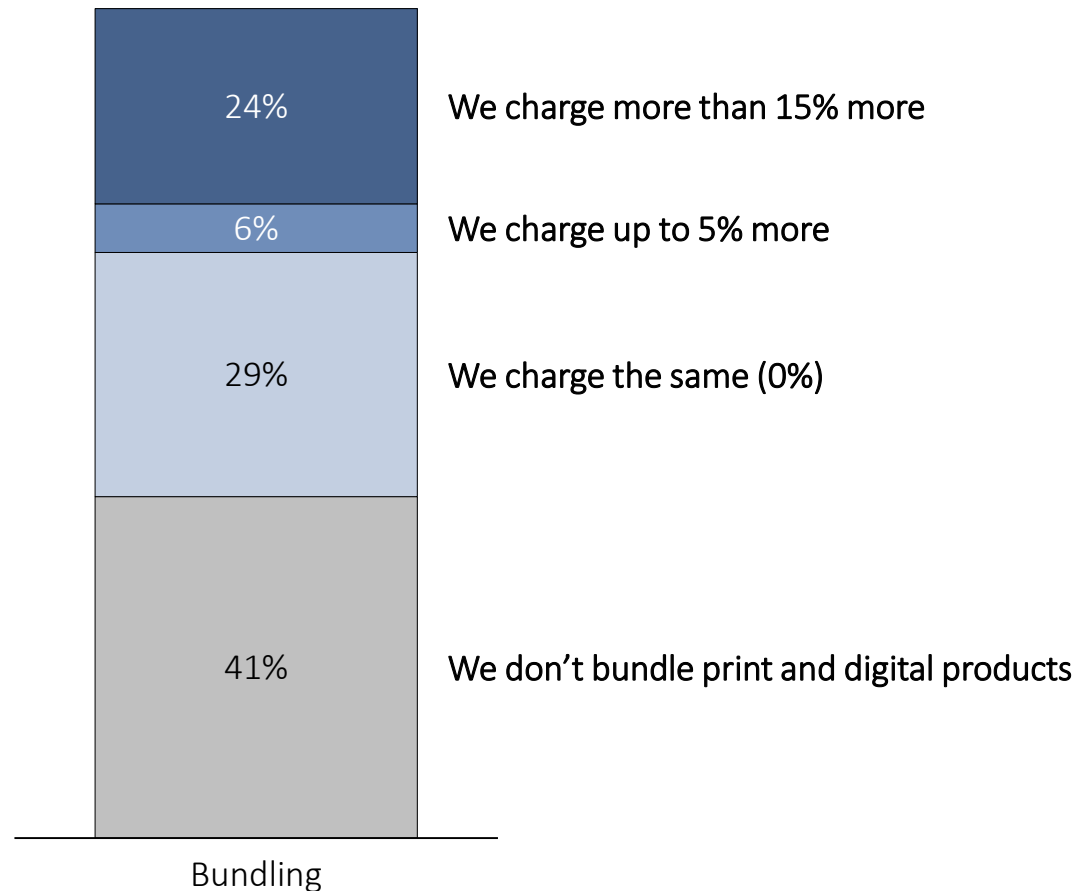


1. Scoring of 0-3 has been allocated to the responses (0 being "Not used" and 3 being "Intended / future") and a weighted average has been calculated to rank the monetisation strategies

Half of publishers charge for bundled digital / print

What are the main reasons behind your investment in digital / EdTech resources?

Publishers only



Where is the growth coming from?

Sector



University



Corporate

Product

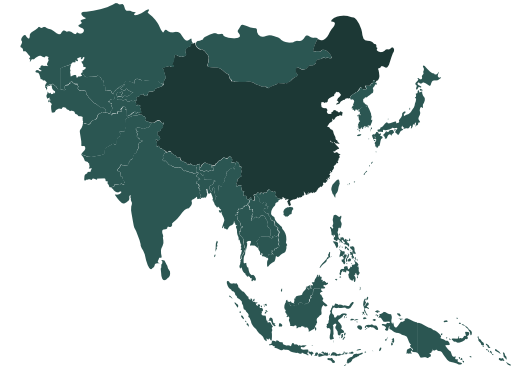


Online tutoring



Assessment

Region



China (10%) and Asia (8.5%)



North America (5.5%)

AI and Adaptive Learning are the most significant emerging technologies

Top 4 challenges

Publishers' challenges

1. Lack of digital culture
2. Proving efficacy
3. Competition from EdTech
4. Keep up with innovation

EdTech challenges

1. Customer acquisition
2. Sales channels
3. Market growth
4. Funding



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