



EdTech in the United Kingdom

Building the Future of Education
Research presented by SuperCharger Ventures



Foreword

The education market changed forever in 2020.

Up until this point, education was only **2.6% digitised globally**. Nevertheless, in the last 5 years, the rapid increase in EdTech venture capital investment has signaled that change is on its way. While the pandemic further accelerated EdTech adoption and investment on a global level, **VC investment only reached \$51m** in the UK for H1 of 2020, thus setting expectations for a large increase in VC funding in H2 of 2020 and in 2021.

This report also finds that the UK consistently leads in EU EdTech spending thus maintaining its position as both a global leader and higher education exporter with **35.4% of EU EdTech investment in 2019** going to the UK.



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What is EdTech ?

" Education technology (EdTech) refers to the practice of using technology to support teaching and the effective day-to-day management of education institutions. It includes hardware (such as tablets, laptops or other digital devices), and digital resources, software and services that help aid teaching, meet specific needs, and help the daily running of education institutions. "

Source: Department for Education (2020), HolonIQ (2020)

**\$342
billion**

**Projected global EdTech
spend in 2025**

EdTech in 2020



Education is a **\$6trn** industry and is expected to grow to **\$8trn** by 2025. However, EdTech only accounts for **2.6%** of all global education expenditure, compared to 10-20% in other industries. Digitalisation in education has been slow, with Massive Open Online Courses (MOOCs) receiving attention in the early 2000s, but their low completion rate suggested that the model was not ready to disrupt traditional education.

However, in the last 5 years, growth in EdTech started to pick up with increased accessibility to the internet and drastic improvements in user experience. Thus, EdTech expenditure was already expected to grow with a pre-COVID **CAGR of 15%** till 2025, resulting in a **\$400b** industry.

2020 changed the EdTech landscape forever. With COVID-19, the EdTech adoption life cycle has been substantially streamlined by 5-10 years as the industry has been forced to adapt. COVID-19's catalysis of the industry is also seen in the magnitude of venture capital funding. EdTech attracted **\$4.5b** of VC funding in H1 2020, setting the sector up for a record setting year. This brings the total global VC funding in the last 10 years to **\$36.8b**.

Global EdTech VC Funding 2013 - 1H 2020 (\$b)

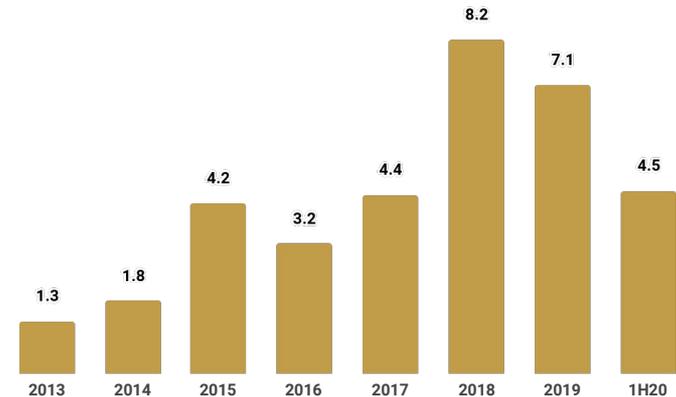


Diagram Source: HolonIQ (2020)

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The work the UK EdTech sector is doing right now will pave the way for new technology to help shape the future of education in the UK and around the world

Caroline Dinenage
UK Digital Minister



UK EdTech Market



EdTech is one of the fastest growing digital sectors in the UK. The country hosts more than 1000 EdTech companies with a forecasted market size of £3.4bn by 2021.

British educators are regarded as some of the most proactive users and creators of educational technology. British schools alone spend £900m on technology each year, with the median school spending £400k. Moreover, the UK hosts 3 of the top 10 Higher Education institutions and exports £19bn of education abroad. As a result, there is a strong need to innovate to maintain its lead, especially during COVID-19 but also in a post pandemic world. Furthermore, London's role as both Europe's financial and tech hub, provides the necessary talent and environment for EdTech to flourish.

Unsurprisingly, 10 of the 20 fastest growing EdTech companies in Europe are from the UK.

£3.4b

UK EdTech market size by 2021

£900m

spent across British schools on technology each year

£400k

spent on EdTech by the median British school

UK EdTech Investability



The UK has consistently proven to be the European leader in EdTech in the last decade, with investments ahead of France and Germany in almost every year. In 2019, VC investments in the UK constituted 35.4% of total EU investments.

In H1 of 2020, there were 29 EdTech VC rounds in the UK, totaling to \$51m in funding according to Crunchbase. While the global EdTech VC scene has been rapidly growing before and during the pandemic, most of this growth has been driven by the US, China and India. As the UK and EU VC investments don't currently reflect the increase in demand of EdTech caused by the pandemic, we expect that there will be a major increase in EdTech investment in H2 2020 and 2021. Below are notable UK EdTech VC rounds that happened during the pandemic.

- *BibliU* is a digital service that allows university students to search textbooks while engaging with their professors, they raised a \$10m Series A from Nesta Impact Investment
- *Tiney*, who source, train and connect childminders to improve early-years care, raised \$6.5m from Index Ventures
- *Linguimi* teaches English to kids aged from 2 to 6 through both an app and physical devices, it raised a £4m Series A from North Summit Capital

EdTech VC Funding 2017 - 1H20 (\$m)

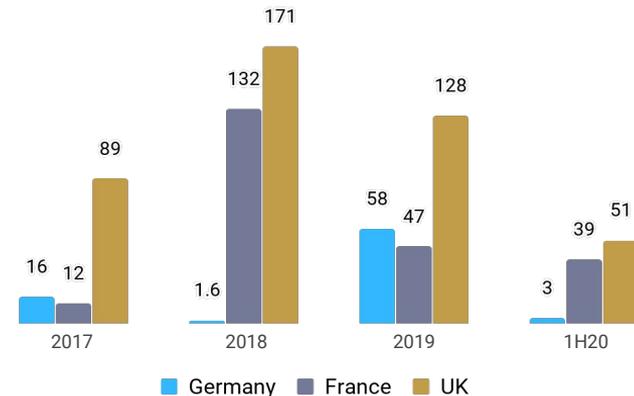


Diagram Source: Crunchbase (2020)

UK Education Policy



The International Education Strategy aims to increase education exports to £35bn annually by 2030. Therefore, a key government goal is to “support UK EdTech businesses to achieve success both in the UK and internationally.”

The Department for Education has introduced a £4.6m programme in order to trial EdTech in schools. Supporting this program, the innovation foundation - Nesta - will connect teachers, students and EdTech companies. The Department has 10 key challenges that it wants to tackle in schools using EdTech. The Nesta partnership has the end goal of addressing the following challenges: formative assessments, essay marking, parental engagement and timetabling. Moreover, a £10m strategy for EdTech in schools may be shortly unveiled.

The current overall government education strategy, aimed at unlocking EdTech’s potential, has 4 primary targets: administration, assessment, teaching practice and continuing professional development.



Diagram Source: Department for Education (2019)

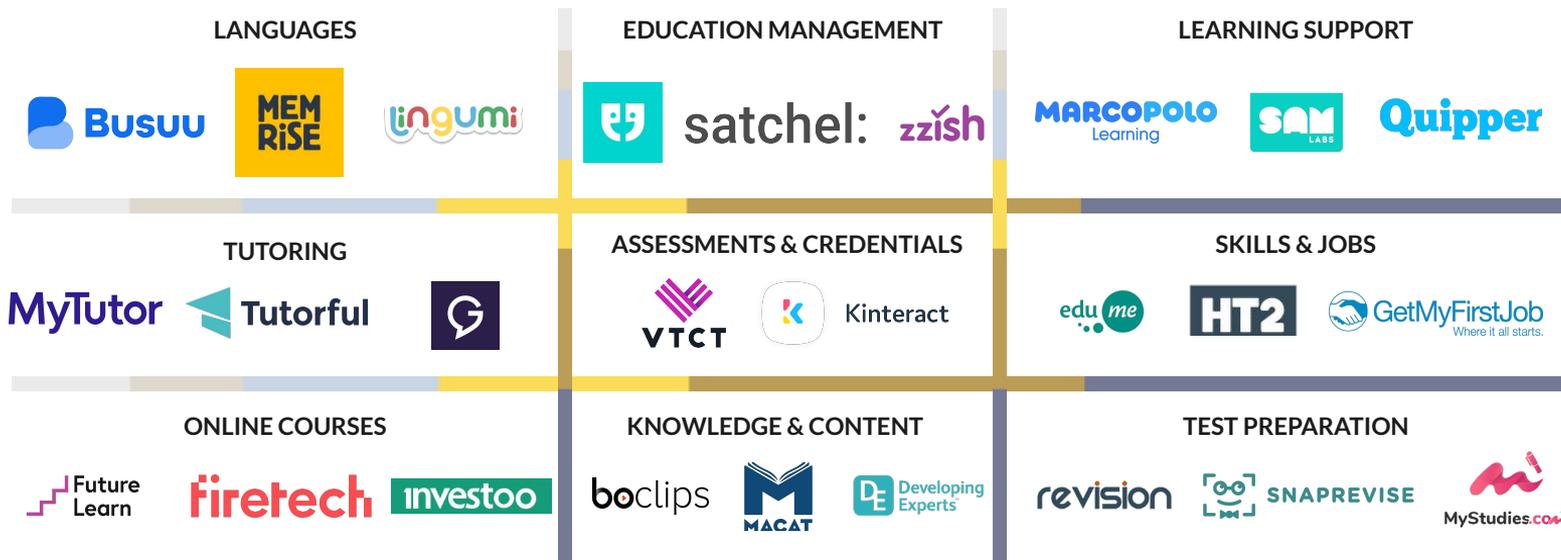
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What excites me most is that the market is still in its infancy. . . EdTech can bring much needed disruption to the market in the same way that fintech has for financial services

Gauthier Van Malderen
Founder of Perlego



Notable UK EdTech Companies



Case Studies



\$21.8m raised
B2C model
40m users

Memrise was founded by a Princeton neurologist in 2010 as a language learning app, which teaches practical, colloquial and fun language lessons that use spaced repetition to aid learning. It is available globally on iOS, Android and on the web. It has more than 150 language courses across 25 languages.

The app has rapidly grown to serve more than 40m people in 189 countries. The future strategy is to target further international growth in the language learning space.

In March 2020, Memrise witnessed a 31% increase in new user registrations and weekly active users grew by 30% during lockdown. Furthermore, after lockdown, sales saw a 110% increase in the UK.



Graduway
\$75.8m raised
B2B model
2,000 clients

Graduway aims to support organisations and students throughout the entire lifecycle of their relationship - from prospective students to donors. Moreover, it aims to provide students and alumni with access to career opportunities.

Presently, Graduway is the leading software provider for alumni, career and donor networks spread across more than 40 countries and with more than 2,000 clients. The next goal is to further focus on alumni networking growth.

Last year, Graduway signed its 1,000th client and the 2,000th client was signed in 2020. Moreover, this year, the company opened its US headquarters in Seattle as well as acquiring Snap! Advance.

Next 3 Years: Driving Trends



Tier-2 UK Universities will turn to EdTech to solve their problems

The Russell Group comprises only 24 of the 150 HE institutions in the UK. However, all UK Universities charge a tuition of £9250/year. As most universities will turn virtual or hybrid in 2020/21, students that have experienced online learning during the lockdown will be more inclined to pursue more affordable alternatives. As many Tier-2 universities already struggle with recruiting, relying on a very high acceptance rate, pivoting via EdTech solutions will be key in determining their survival.



AR technology is ready to go mass market

While AR adoption is still in its infancy in the UK education market, by the end of 2020 there will be almost 52m AR-compatible phones in the UK and 2.1bn worldwide. AR has already proven to have multiple use cases in education (eg. Curiscope: a London based AR EdTech providing immersive learning experiences for young children). The reflection of this untapped technology is its forecasted 11x growth in funding between 2018 and 2025.



The increase in EdTech traction is not a temporary phenomena

The pandemic caused an increase in both UK EdTech spending and investment, but we don't believe this phenomena will reverse anytime soon. As students, parents and teachers have become accustomed to and benefitted from the advantages of e-learning - spending and investment will continue to match these newly formed needs.

Initiatives



The EdTech Book



Become an author



World's first crowdsourced EdTech Book



Submit a 500 word abstract before 30th September



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EdTech Deal Friday



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5 EdTech startups pitching



Curated EdTech dealmaking



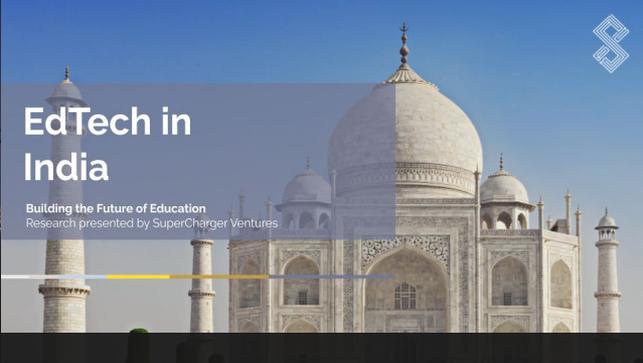
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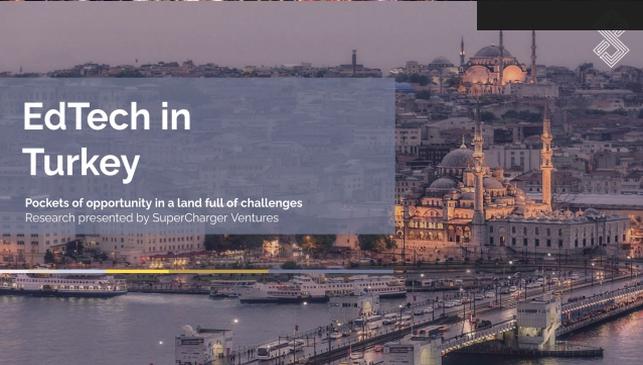
10 world class EdTech reports on key markets

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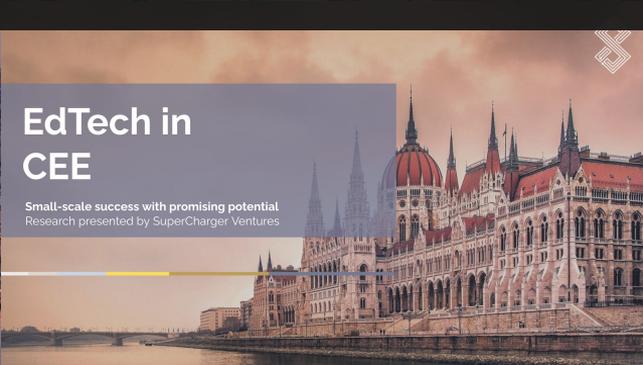
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EdTech in Turkey

Pockets of opportunity in a land full of challenges
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EdTech in CEE

Small-scale success with promising potential
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EdTech in the United Arab Emirates

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