

# The Progressive Shift to Online Learning



# INTRODUCTION

2020 is a pivotal year for education. With coronavirus forcing schools, daycares, and summer camps shut, parents have struggled to keep up with homeschooling and making sure their kids are up to speed with required learning materials. While school has started and stopped in many states as a result of a third wave of rising cases, there is a continual threat that there will be a nationwide switch to homeschooling again. As a result, weary parents would rather take advantage of the booming number of online education programs available to homeschool or advance their children's education to compensate. In fact, that is why companies in education technology who offer programs for young children are seeing tremendous growth. However, there are already a plethora of companies in the space while new ones continue to rise. Is the market already getting crowded or can we still expect growth?

According to Research and Markets, the global market size for education technology is expected to reach \$680.1BN by 2027 with a CAGR growth of 17.9% from 2020 to 2027. This is also fueled by more funding for the companies. Based on PrivCo data, funding for edtech startups have surpassed 2019 levels by 123% despite the same number of funding rounds, with over \$1.8BN raised in 2020 year-to-date (as of October 2020), further fueling business growth and market potential.





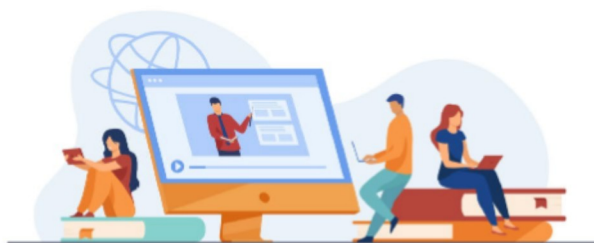
## Coding-focused Companies Grow

As technology and engineering becomes a regular and integral part of young children's lives, startups that tap into engaging ways to master STEM skills are particularly well-received. Amongst them, coding-focused companies are heavily seen as forerunners. Roblox, an online gaming company headquartered in San Mateo, California, also provides a free and immersive educational tool for students of all ages to learn to code, game design, as well as get an understanding of digital civility and entrepreneurial skills. While its online gaming business is a core part of its strategy, the educational tools have seen a lot of spotlight due to COVID-19, pushing the company to silently go public in October. GameSalad, a more quiet competitor to Roblox, focuses solely on educational gaming and teaches young users the ability to develop and code their own video games through their proprietary visual programming interface. GameSalad was founded in August 2007 and is headquartered in Austin, TX.

## The Early-learning Crowd

Age of Learning is an education technology company yielding from California. Founded in Glendale in 2007, the company's flagship product focuses on early-learning for children ages 2-8 and is considered a leader in this age group. Their products are available for teachers and schools, libraries, and as a downloadable app on mobile devices. They also offer paid subscription services to access their digital library at home. However, their position as a leader may be challenged with Homer Learning, who is also zeroing in on young kids in the 2-8 age group with

their brand Homer. Founded in 2008 out of New York, their product takes a positive spin to putting your kids in front of a tablet. They offer interactive learning games straight from your device and are gaining a lot of momentum with stay-at-home learning. They have also nabbed some big name collaboration and investment with their Learn & Play application partnering with popular kids brand Mattel owned Fisher-Price.



Brainpop is an edtech company well regarded by school districts as an educational tech provider targeting K-8 students. It makes use of videos, games, and drawings to reinforce learning new concepts and according to their press releases, boasts 300 million learners worldwide as well as access by 70% of K-8 U.S. schools as a resource for remote learning. Its monthly subscription business model features flexible plans for individuals, homeschooling families, as well as school and district options. The company was founded in 2000 in New York.

Certainly not the last but Imagine Learning, an educational technology company based out of Provo, Utah, also has its focus on early learning targeting preK through to eighth-grade students. Focused on selling to schools and teachers rather than individual homes since it was founded in 2004, it has enjoyed a steady growth and boasts that it benefited 3 million students nationwide with their services.



## Homeschooling as a Community

Meanwhile, Primer, who markets themselves as a homeschool tool and online community targeting 7-14 year olds, just raised their first round of funding in May 2020. The company, although currently on a waitlist, is said to offer classes that teach children how to code video games, write their own books, and explore nature, all packaged under a monthly subscription fee of \$49 per child. Parents are assured the programs on the platform align with their residing state's homeschool compliance laws through a proprietary tool. Primer is headquartered in San Francisco.



Quizlet is another online learning platform that focuses on community learning and interaction but targets a wider age range. Founded in 2005 also out of San Francisco, Quizlet's platform allows students to play interactive games such as studying with flashcards to learn and test their knowledge while interacting with other students on the platform. They offer a variety of flashcards, many crowdsourced from other users creating them to study for free but also have a premium subscription model that offers content created by vetted professionals. Their community driven approach has received considerable attention, helping them secure their Round C funding in May 2020 for \$30MM putting them at a \$1BN valuation.

Lastly, Discovery Education, headquartered in Silver Spring, Maryland, also focuses on a community as a core selling point for its product, but focuses on the teachers and educators rather than the students. Initially a part of the mass media company Discovery Communications, the business spun-off as a separate entity in 2018 when Francisco Partners acquired a majority stake. Maybe partially due to the success of their previous parent company, it already has a well established global market with its materials distributed to over 140+ countries. Aside from its largest professional development community, award-winning multimedia content such as its virtual field trips have especially benefited since the pandemic as students and educators alike can take advantage of transporting to places they otherwise could not visit.

## Physical Products Shifting Digital

Encantos launched in 2016 out of Culver City, California coins itself as a 21st century entertainment and educational technology company. They make digital and physical books sold online that focus on the current social environment, from cooking during quarantine to learning about new cultures and languages in its travel series. Aside from physical products ranging from books to bed sheets sold through their own online store as well as national retailers, they are planning to put greater emphasis on their subscription model of digital products to capture more revenue as a result of the pandemic.

KinderCare, although not a technology platform, is also rapidly changing their business model. Well-known for being a nation-wide child daycare with 2,300 locations across the U.S., it had continually

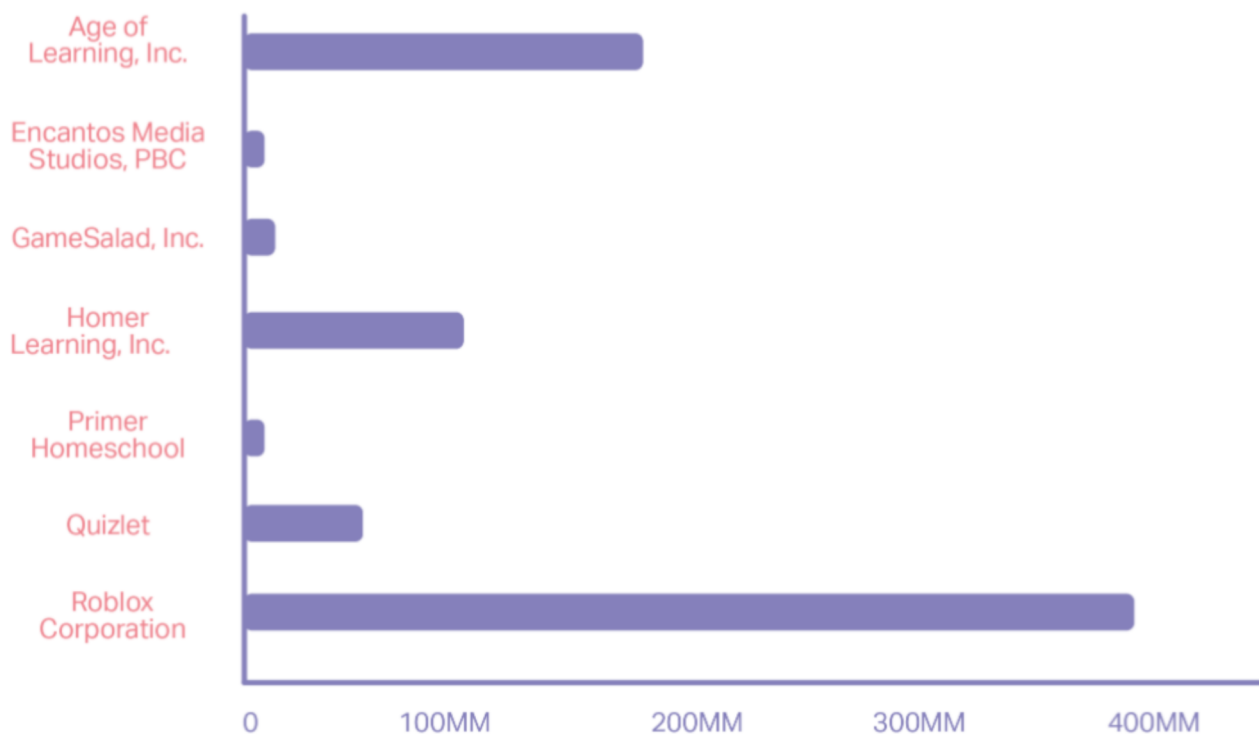
operated with steady growth until it took a huge hit during COVID-19. As a result, it has added a new online learning focused service to its portfolio that is aimed to support school-age students with their distance learning programs.

## Ed-tech Growth to Continue

Although COVID-19 pushed the nation to adopt remote learning, the market for education tech startups is crowded with many targeting the same age groups.

Those who had the ability to quickly capitalize on their existing mobile-friendly and digitally interactive products may have had greater success but perhaps it may be those who can quickly bridge the gaps to schools and teachers that may be the winner? Nonetheless, as investors continue to see potential in this vertical, we are certain that the list of companies to watch out for will only grow in this space.

### Private Funding Raised by Companies



PrivCo provides the most comprehensive private financial intel on U.S. companies with \$1M+ in revenue, EBIDTA valuation, growth metrics irrespective of ownership, or deal activity.

This report contains proprietary research by PrivCo.  
Terms of use can be found at <https://www.privco.com/terms/>.  
If you're not a subscriber yet, click here for subscription plans.  
© 2020 PrivCo Media Inc. All Rights Reserved.

**Get the real story  
behind private  
company financials.**

**START YOUR SEARCH TODAY**