



LONDON
& PARTNERS

Best in Class:

Global Trends in EdTech from a London Perspective

September 2020

Introduction and key findings.

Coronavirus has created huge challenges for learning, and EdTech is offering solutions

- Coronavirus is transforming the way we learn at every life stage
- EdTech companies are helping schools and universities adapt and evolve
- Innovative reskilling and digital apprenticeship providers are preparing workforces for high productivity roles
- EdTech solutions are facilitating workplace remote learning and onboarding

London is a major European EdTech hub, and has notable potential for growth

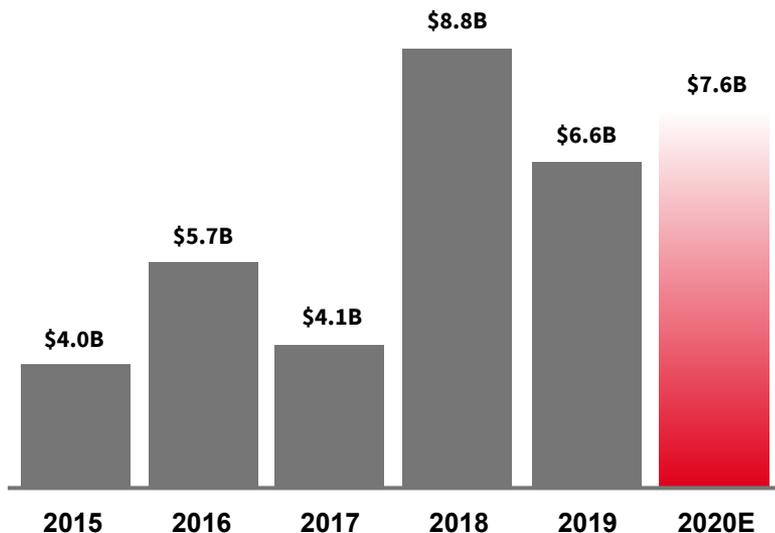
- London is the only European city to feature in the global EdTech **top 10** by investment
- **London ranks third** by deal count, after San Francisco and New York
- London has **attracted over \$600m** in investment, **62%** of all UK EdTech investment since 2014
- London is the base for Europe's only EdTech unicorn
- London's EdTech ecosystem is the largest in Europe, with an estimated value of \$3.4bn

EdTech is a global growth sector, and the UK leads in Europe

- Global EdTech investment is on track to **grow by 15% in 2020**
- EdTech mega-rounds are a common occurrence
- **The UK receives 39%** of all European EdTech investment in 2019, more than the next three countries combined
- UK EdTech investment has grown **4.4x since 2014**

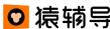
EdTech is a growth sector with global investment on track to surpass last year's record by +15%.

VC investment in EdTech globally

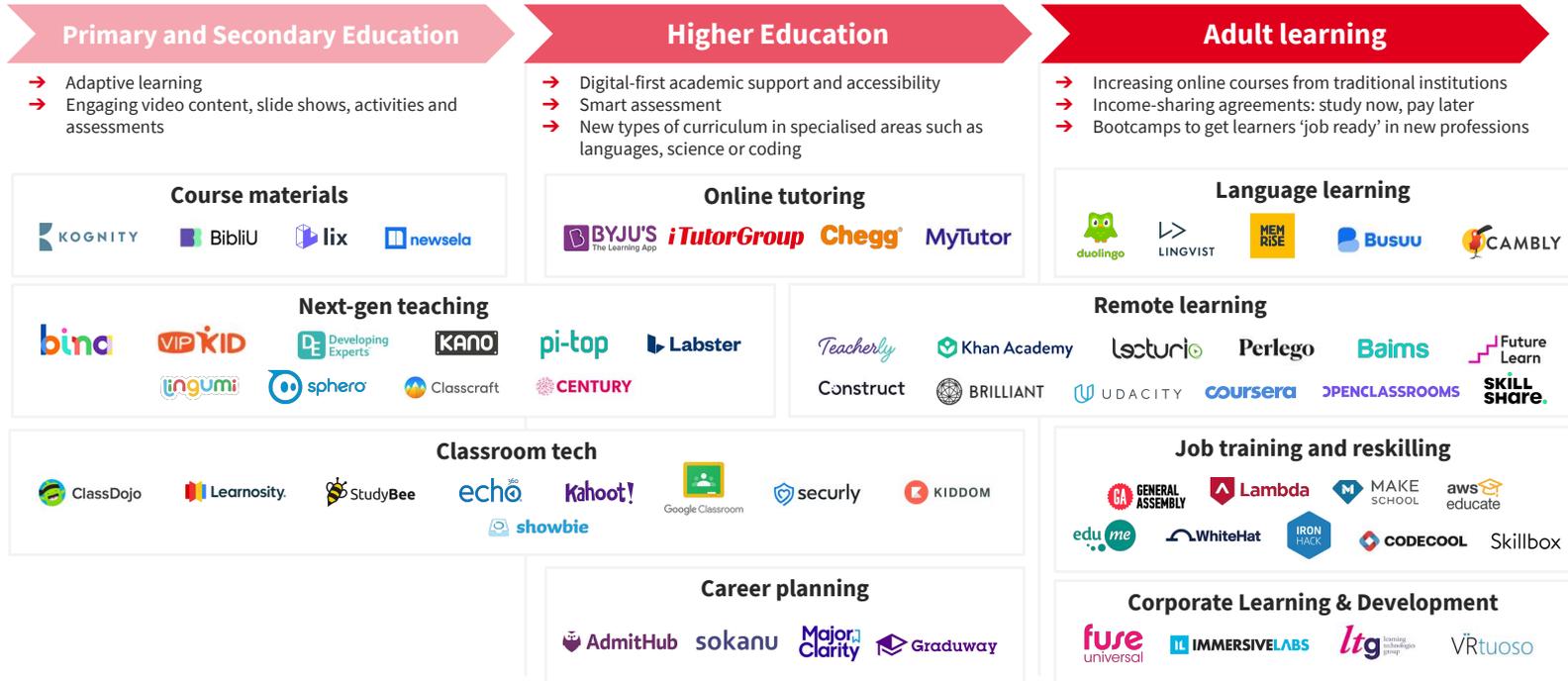


Source: Dealroom.co. 2020 is annualized based on Jan - Aug.

Select top rounds in 2020

| | | | |
|--|---|---------------|----------------------------------|
|  猿辅导 | Yuanfudao Provides live courses and tutoring | Beijing | \$1.0B Series G Mar 2020 |
|  作业帮 | Zuoyebang Platform to seek answers to study-related problems | Tianjin Shi | \$750M Series E Jun 2020 |
|  BYJU'S The Learning App | Byju's Online tutoring | Bengaluru | \$200M Growth Equity Jan 2020 |
|  coursera | Coursera Free online courses from top universities | Mountain View | \$130M Series F Jul 2020 |
|  campuslogic™ | CampusLogic Help students manage financial aid | Chandler, US | \$120M Growth Equity Jul 2020 |
|  unacademy | Unacademy Online learning platform | Bengaluru | \$110M Series E Feb 2020 |
|  Vedantu | Vedantu Online tutoring | Bengaluru | \$199M Series D Jul 2020 |
|  M MASTERCLASS | MasterClass Video courses developed around individual celebrities | San Francisco | \$100M Series E May 2020 |

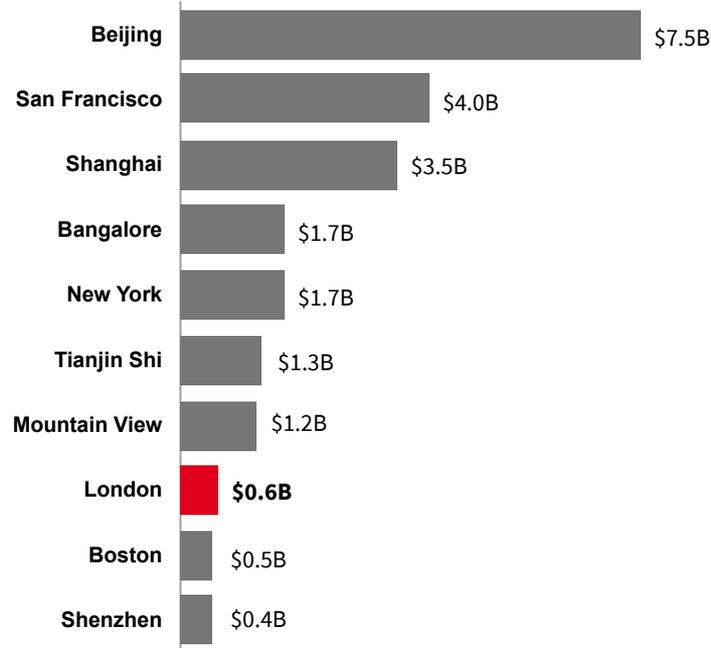
Education is undergoing a skills transformation in every life learning stage. Coronavirus has blurred the lines between physical and digital classrooms.



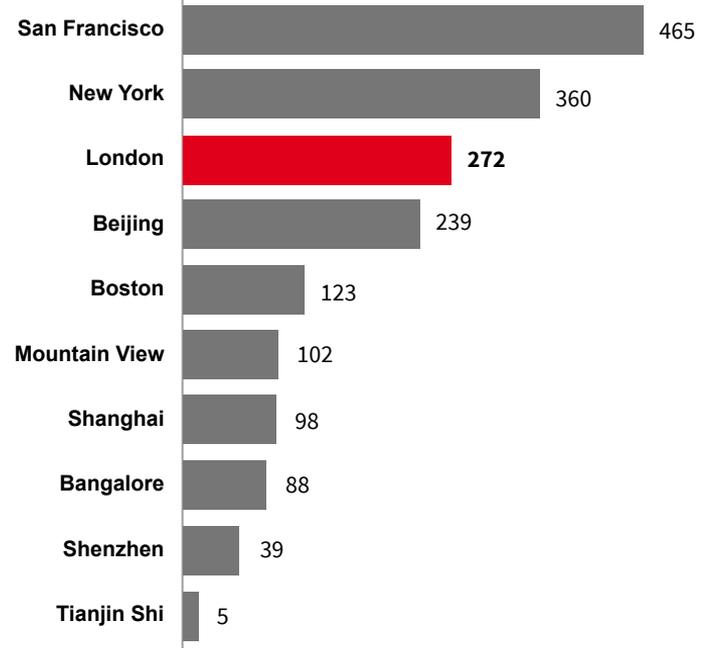
Source: Dealroom.co.

London is the only European tech hub in the global EdTech top 10. High deal count volume suggests there is still significant growth ahead.

VC investment since 2014 by city



Number of rounds since 2014 by city



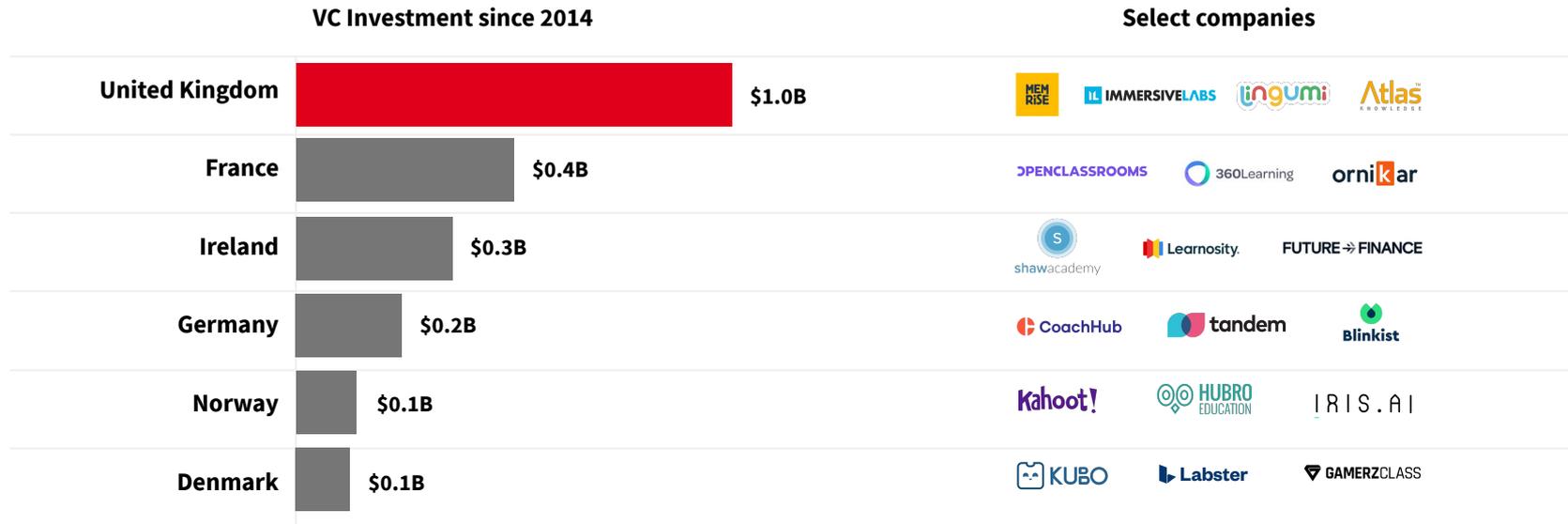
Source: Dealroom.co.

Europe's only EdTech unicorn Learning Technologies Group is London based.

| | Americas | Europe | Asia |
|-------------------------------|----------|--------|------|
| Unicorns (\$1B+) | | | |
| Future unicorns (\$250M-\$1B) | | | |
| Rising stars (\$100M-\$250M) | | | |

Source: Dealroom.co.

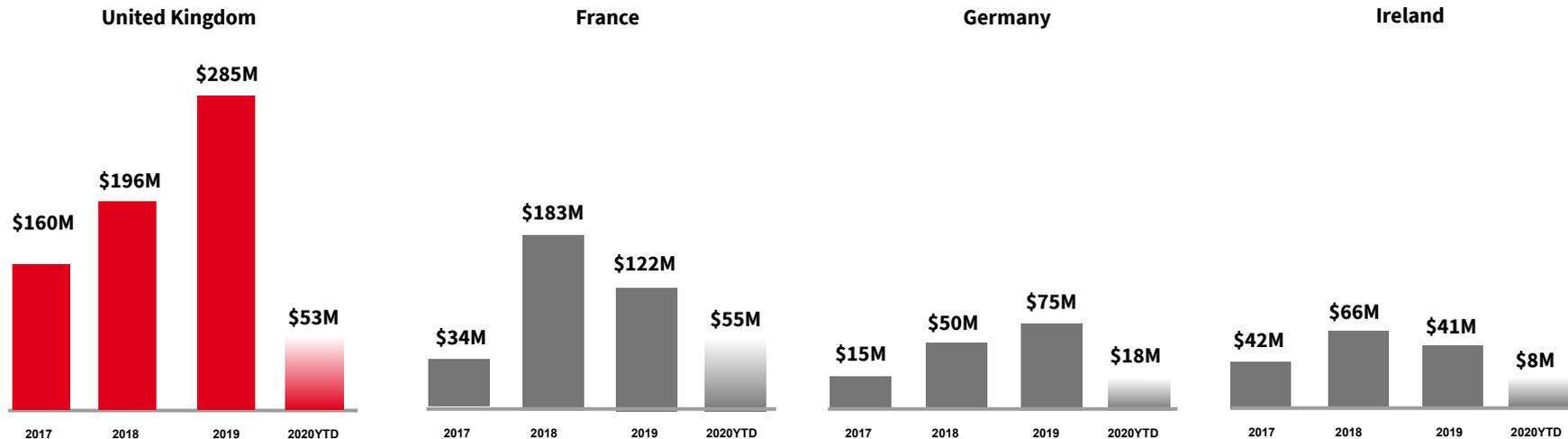
The UK leads European EdTech attracting over \$1 billion investment since 2014, more than the next three countries combined.



Source: Dealroom.co.

UK EdTech investment consistently outpaces other leading European tech hubs.

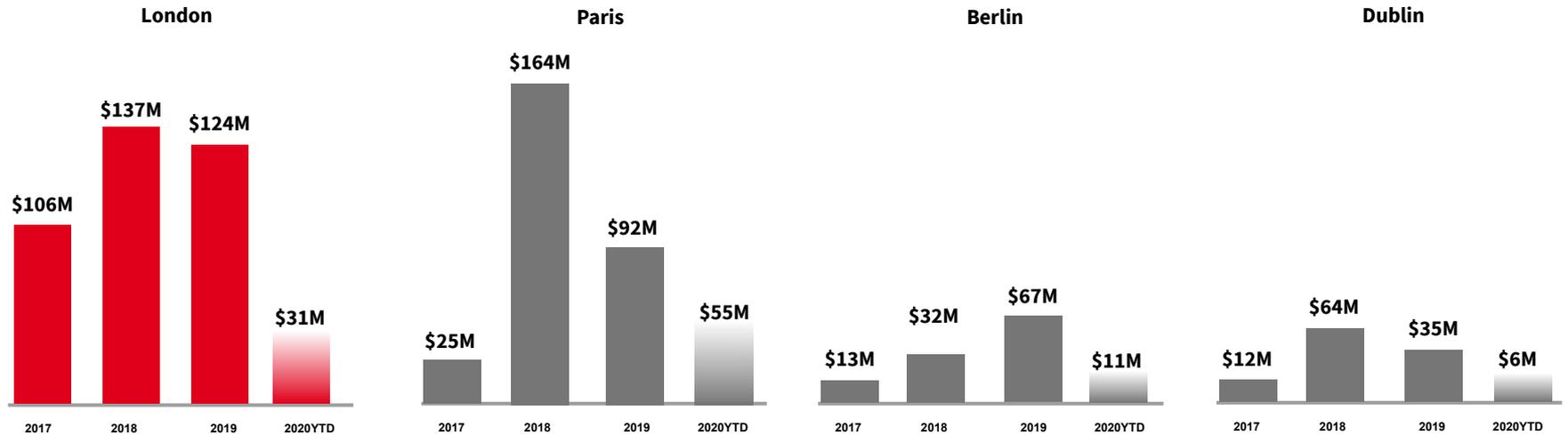
VC investment in EdTech by country



Source: Dealroom.co.

London leads European tech hubs as a destination of EdTech investment.

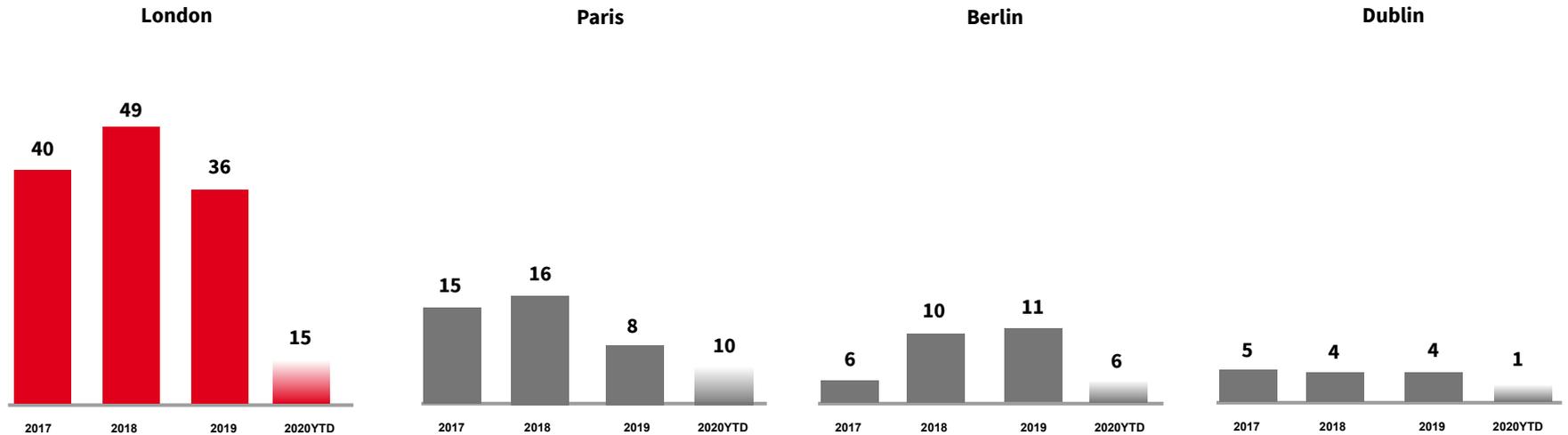
VC investment in EdTech by city



Source: Dealroom.co.

London startups are raising more rounds than other European EdTech hubs.

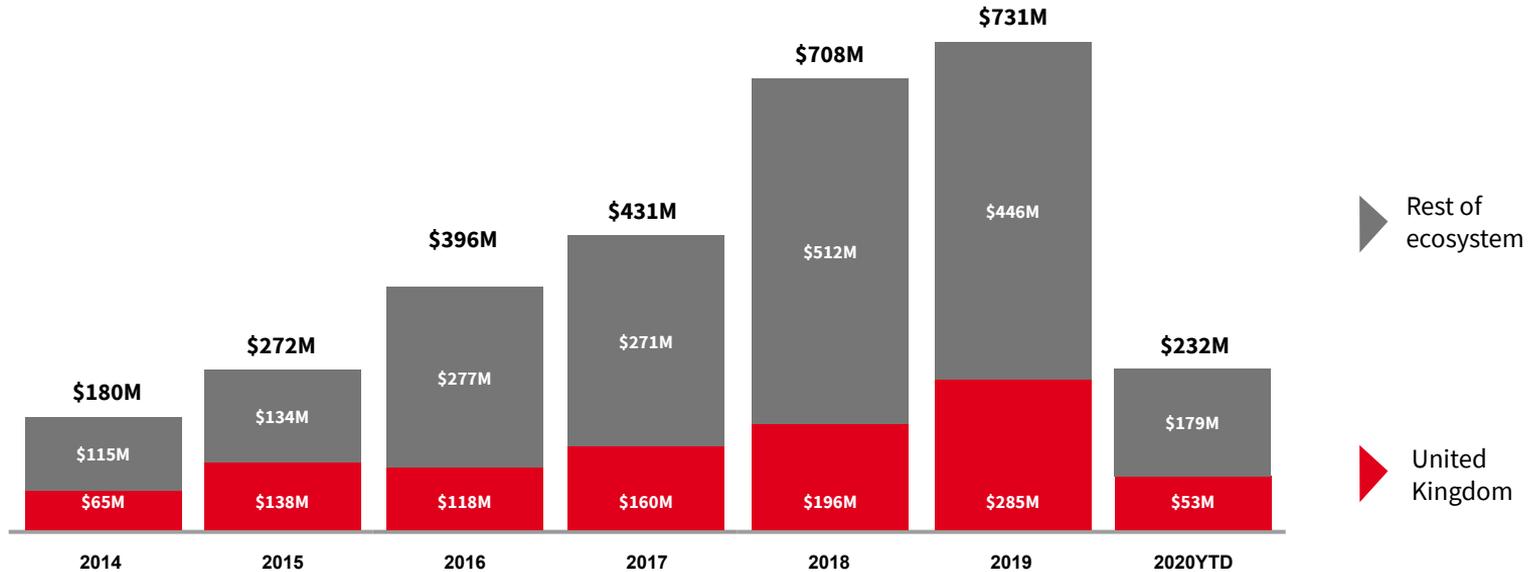
Count of financings in EdTech by city



Source: Dealroom.co.

UK companies attracted 39% of total European EdTech investment in 2019.

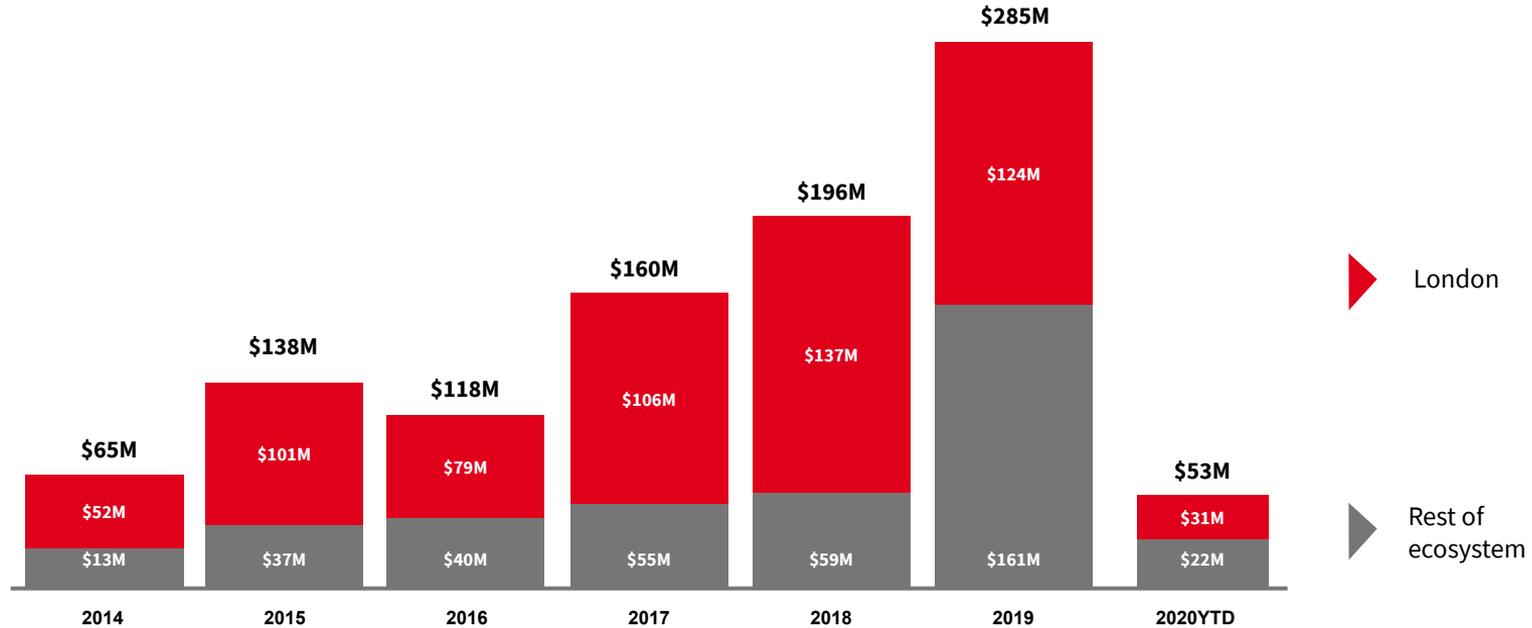
EdTech VC investment in Europe



Source: Dealroom.co. Individual figures may not match the stated total due to rounding.

EdTech VC Investment in the UK has grown 4.4x since 2014. London has attracted 62% of the national total.

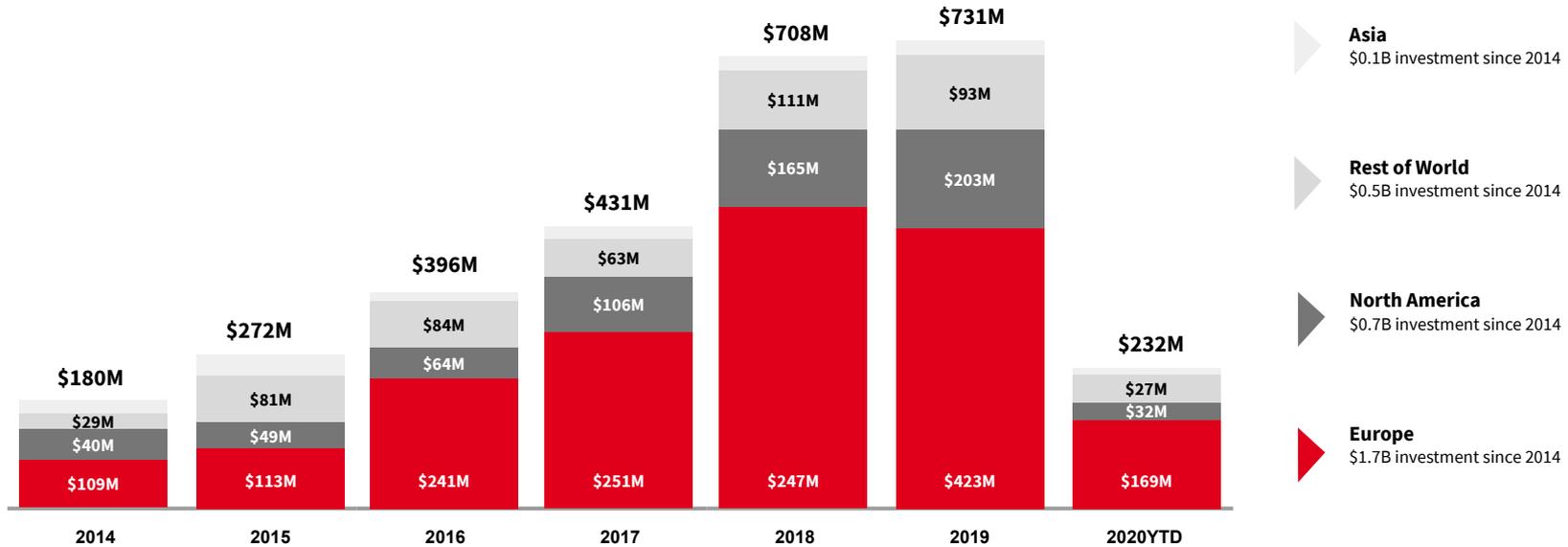
EdTech VC investment in the United Kingdom



Source: Dealroom.co. Individual figures may not match the stated total due to rounding.

European investors still contribute the majority of investment in European EdTech, but US-based investors are playing an increasingly important role.

EdTech VC investment in Europe by source



Source: Dealroom.co

London is home to world-leading universities and hundreds of VC-backed EdTech startups. The biggest growth for the sector still lies ahead.

| |  London |  Berlin |  Paris |  Beijing |  New York |  San Francisco |
|--|--|--|---|---|--|---|
| EdTech VC investment since 2014 | \$0.6B | \$0.2B | \$0.3B | \$7.5B | \$1.7B | \$4.0B |
| Number of rounds since 2014 | 272 | 76 | 78 | 239 | 360 | 465 |
| Number of VC-backed EdTech startups | 170 | 56 | 70 | 128 | 237 | 304 |
| Population | 8.9M | 3.7M | 12.3M | 21.5M | 8.3M | 0.9M |
| Number of Universities in Top 100 | 4 | 2 | 2 | 2 | 2 | 2 |

Source: Dealroom.co.

Top 10 most funded London EdTech startups.

| | Company | Launch date | Disclosed funding | Employees | Latest funding | Select investors |
|---|--|-------------|-------------------|----------------|------------------------------|---|
|  | Kano Computing A computer and coding kit for all ages | 2013 | \$46M | 50+ -18%(1) | \$1M Late VC Jul 2020 | Microsoft, Index Ventures, LocalGlobe, Barclays |
|  | MACAT Deep analyses of the most influential books and papers | 2011 | \$30M | 15+ +0% | \$30M Series A Nov 2015 | Undisclosed |
|  | Fuse Universal Improves corporate training and internal communications | 2008 | \$30M | 130+ -8% | N/A Series A Jun 2019 | Education Growth Partners, Eight Roads Ventures, Edenred Capital Partners |
|  | Pi-Top STEM education platform | 2014 | \$26M | 45+ -2% | \$4M Early VC Sep 2019 | Committed Capital, Hambro Perks, Volker Hirsch |
|  | Memrise Language learning system | 2010 | \$22M | 100+ +1% | \$15.5M Series B Jun 2018 | Balderton Capital, Avalon Ventures, Korelya Capital, Octopus Ventures |
|  | Simpleshow Takes complicated topics and visually explains them simply | 2008 | \$20M | 185+ +3% | \$15M Series B Oct 2017 | BIP Investment Partners |
|  | WhiteHat Career-focused Apprenticeships | 2016 | \$20M | 195+ +16% | \$16M Series A Jul 2019 | Index Ventures, Lightspeed Venture Partners, Salesforce Ventures |
|  | MyTutorWeb Connects students with tutors online | 2013 | \$17M | 1 800+ +15% | \$5M Late VC Jun 2020 | Thomas Hoegh, Mobeus Equity Partners, Clive Cowdery, Stephen Welton |
|  | Busuu Online community for language learning | 2008 | \$17M | 160+ +33% | N/A Late VC May 2020 | GP Bullhound, Harold Primat, McGraw-Hill |
|  | Perlego E-book platform | 2016 | \$15M | 60+ +7% | \$9M Series A Nov 2019 | Charlie Songhurst, Thomas Leysen, ADV, Alex Chesterman |

Source: Dealroom.co.

1. Employee growth over the last 6 months.



Jacob Waern
Founder



What kind of impact has the crisis had on EduMe?

We've seen our customers use our product more than ever as EduMe, a mobile-first solution, becomes the best, or only, way to effectively train, communicate and engage with their workforce. Along the same lines, we've managed to form new partnerships with the likes of Deliveroo, who are rolling out EduMe to their couriers worldwide.

What made you choose London to found EduMe?

I think London chose me. An opportunity arose in London so we decided to move over. I then quickly found the perfect breeding ground for what became EduMe through access to great, international talent, ease of doing business and a very outward looking mindset of bringing new great tech products to the world.

What trends have you noticed from client behaviour so far in 2020?

Increased creativity and reliance on EduMe as the digital transformation has accelerated. From a product perspective, this is an interesting time as I feel we have a very close dialogue with our customers about how we can really help them and the things that move the needle.

What are your plans for the next 12 months?

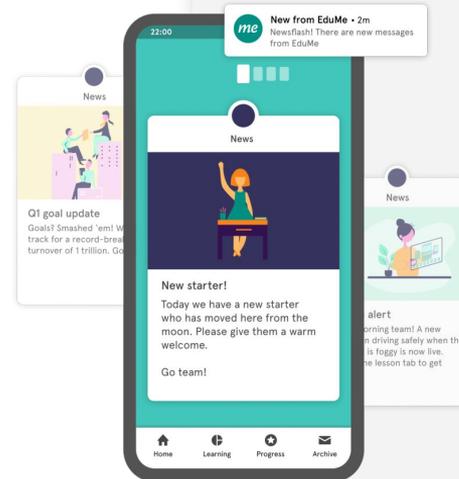
Our recent Series A allows us to continue to invest heavily in a product that helps companies globally to train, engage and communicate with their increasingly disperse and deskless workforce. We will double-down on industries where we already have a good fit, like in the on-demand industry, but we're also seeing strong demand from other industries and this fundraise will allow us to expand. We're currently in aggressive hiring mode, as we're looking for talent to join our team across all functions.

HQ: London
Founded: 2016
Founder: Jacob Waern
Select Investors: Valo Ventures, Connect Ventures
Funding: \$7M

Corporate training

Customisable and mobile-first remote training, communication and engagement platform for deskless workers.

Improving business efficiency, training and onboarding, catering for the 2.7 billion deskless workforce worldwide.





Frank Furnari
Founder



How does Virtual Reality Learning work?

Immersive learning and training works as a major stimulus to help learners acquire the knowledge and skill. Learners are fully immersed in a safe and realistic virtual environment where they are able to experiment, practice and learn without the fear of failure. VR also allows unique interactivity, for example instructors can even control what learners see on their headset in real time.

What kind of impact does experiential VR have on learning and retention?

The Edgar Dale cone of learning indicates that learners are likely to retain up to 90% of the knowledge, after a 2-week period, when they use immersive learning solutions such as VR, this compares to 10% for reading an article, and 20% for watching a video. What's more, VR training is 4x faster than classroom training.

What are the accessibility challenges for VR learning?

The main key challenges are access to VR headsets and VR headsets hygiene (post-Covid) – solved by VRtuoso thanks to its agnostic approach on consuming VR content also on personal devices, smartphones, tablets, PCs.

What are your biggest scaling challenges, how has Coronavirus impacted your business, and what are your growth plans for 2020 and beyond?

Coronavirus has unfortunately altered the way learning must take place. It has validated the growing need for remote training, education and collaboration solutions in the commercial sector. We have seen our biggest growth to date; 250% growth since the start of the year and +32% platform usage compared to the last 4 months of 2019. It is hard to truly predict business forecasts during the Coronavirus period, but based on our recent engagements, we expect to grow significantly in the next 12 months.

HQ: London

Founding: 2016

Founder: Frank Furnari

Selected investors: Symvan Capital, Compagnia Bresciana Investimenti

Funding: \$0.7M

Corporate learning

A tool to create virtual reality (VR) presentations for corporate learning, sales and marketing.

Changing the way knowledge is delivered by creating interactive and immersive learning experiences.





Euan Blair and Sophie Adelman Co-Founders



How can apprenticeships address the challenges of equality and productivity in the UK?

Apprenticeships have adapted much more quickly to plug the skills gaps businesses face and now represent some of the best routes into careers in tech and digital roles. Universities no longer have a monopoly on access to the top careers and we're aiming for a more democratic approach, championing apprenticeships and non-traditional routes to skills, training and career development. Many people are realising that choosing an apprenticeship, in areas where there are skills gaps, such as digital and tech, can lead directly into top careers employment. We know that providing opportunities in areas of business demand will support a sustainable economic recovery to help set the UK up for the long term.

The pandemic has drastically impacted how we learn and work, how do apprenticeships fit in, or can they adapt for distance learning and remote working?

Every company is on its own tech journey, and we've adapted our digital training this year to make our apprenticeships accessible and we've learnt a lot. For many people having structured learning alongside their jobs, and the support of a community of apprentices, has been vital during lockdown. It's one of the reasons we've continued to grow, both our own headcount, and the number of apprentices and employers we work with.

If you were leaving school today, would you do an apprenticeship?

Yes certainly. The quality of content, subjects and opportunities for employment are now world class and that wasn't the case when I left school.. Now, apprenticeships are a first choice for many young people who, as a result, are confidently taking charge of their futures.

What are the biggest challenges and opportunities that you see ahead for WhiteHat's scaling journey?

Our biggest emphasis once lockdown struck was on working out ways to deliver world class training and an authentic community experience in a totally remote way. It meant investing in staff and extra capabilities, and adding to our community offering, with an extra focus on wellbeing and mental health. Ultimately this approach has provided opportunities, and there are some courses where remote learning has proved easier and more impactful.

HQ: London

Founded: 2016

Founders: Euan Blair, Sophie Adelman

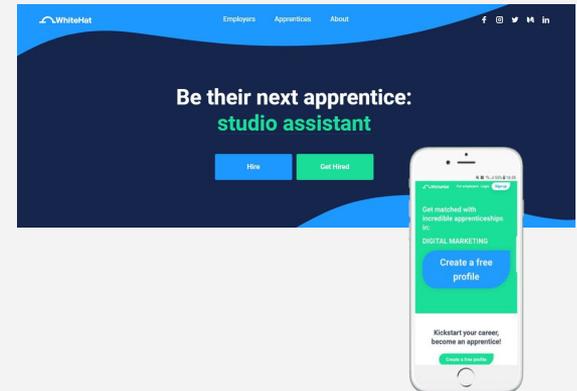
Select Investors: Lightspeed Venture Partners, Index Ventures, Salesforce Ventures

Funding: \$20M

Career advancement

Career-focussed modern professional apprenticeships, aimed at 800,000 UK 16-24 year olds not in employment, education or training.

Preparing young people for high-productivity jobs, safeguarding physical and mental health and boosting social mobility.



Methodology and definitions

- EdTech is a collective term for all tech-enabled solutions intended to promote education.
- Investment numbers refer to venture capital investment rounds such as seed, series A, B, C, late stage, and growth equity rounds. It excludes debt or other non-equity funding, lending capital, grants and ICOs.
- Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.
- A unicorn is defined as a rapidly scaling company (and tech enabled) that has reached a \$1 billion valuation, on the basis of a funding round (unrealised), acquisition or IPO (realised).
- There are some notable edge-cases:
 - Companies that IPO-ed at or above \$1 billion but subsequently dipped below that valuation, are still included as a \$1B+ exit (examples: Alfa, Rovio, eDreams).
 - Some companies have at some stage reached a \$1 billion but subsequently raised, IPO-ed or were acquired below that value. In this case the company is not counted as a unicorn (examples: Blippar, Home24).
 - If a unicorn moved HQ, the company is counted in the country where it reached unicorn status. Occasionally companies received dual HQ status.
- A future unicorn is defined as a tech driven company valued at over \$250 million but less than \$1 billion, excluding acquired and/or public companies.
- This report focuses on companies in the information age, i.e. after 1990. Most (but not all) unicorns are VC backed.

Source: Dealroom.co.



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