

GLOBAL EDUCATION ECONOMY

# 2022 Global Education Outlook

January 2022

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# Executive Summary



# 1. Executive Summary

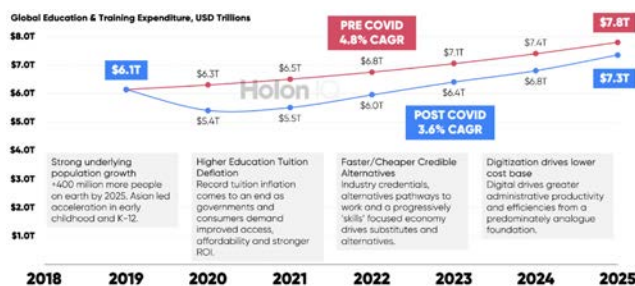
2022 is loaded with momentum yet faces a gradual transition away from isolation and stimulus boosted activity into new, and hopefully ‘unforced’ by the pandemic, buy/build/partner patterns. The broad-based digital transformation of education is still in its infancy, as are new models, new capital and new players looking to participate in the evolution of learning driving further funding, consolidation, and innovation. Many emerging markets will accelerate their leapfrog plays to ‘get ahead’, whilst many developed markets wrestle with legacy infrastructure, legacy and politics.

Governments, employers and consumers together will spend over \$7T a year on education and training by 2025. Post COVID, we see significant growth in early childhood and workforce, deflation in higher education and K12 growth driven by emerging markets.

Meanwhile, education technology will double in size relatively quickly. Regulation will tighten before easing as digital learning becomes mainstream, public-private partnerships will be gradually accepted and credentials more diverse.

capacity having already deployed massive stimulus packages. Governments are balancing support for PPPs to facilitate overdue public sector digital transformation with consumer protection, the promotion of efficient markets, and fostering innovation. Globally there is a divide between governments that embrace a leapfrog moment and others that revert to ‘old school’ regulatory environments. It will be vital for regulators to have a good understanding about new and emerging business models they are tasked with regulating, and the technologies that underpin them.

Figure 1A. Growth of Global Education and Training Expenditure



## Demand

**Governments.** An urgency to stimulate demand, upskill and reskill is tempered by impaired funding

Figure 1B. Global education – now and then

2019 (Pre Pandemic)	2025
\$6.1T education spend 6.7% of Global GDP	\$7.3T education spend 6.6% of Global GDP
\$183B EdTech spend 3.1% digital spend	\$404B EdTech spend 5.5% digital spend
Profit vs non-profit ~30 companies with market cap >\$1b	Cost vs Outcomes ~100 companies with market cap >\$1b
Property heavy Face-to-face delivery	Capital light Technology enabled



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# Global Market Outlook



## 2. Global Market Outlook

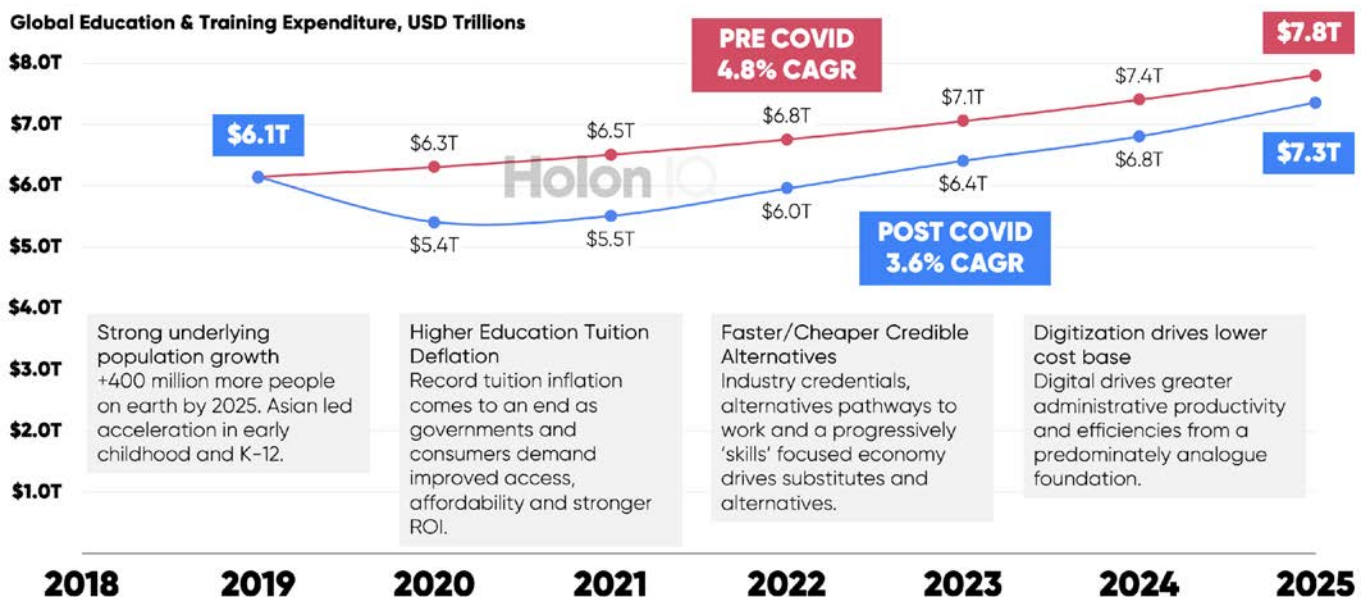
Governments, employers and consumers together will spend over \$6T on education and training in 2022 and nearly \$300B of that expenditure on education technology, across hardware, software and services. As we transition from pandemic to endemic, we see significant growth returning in early childhood and workforce up-skilling, K12 to stabilize and restore growth, primarily in emerging markets, and moderate deflation to continue in higher education as credible alternatives accelerate and US enrollments continue to decline through the decade. Regulation will tighten further before easing as digital learning becomes mainstream, competition increases with new and stronger entrants and public-private partnerships are gradually accepted.

### 2.1 Global Education and Training Expenditure

Global education and training expenditure is set to reach at least \$7T by 2025 as population growth in developing markets fuels a PreK-12 expansion and technology drives unprecedented re-skilling and up-skilling in developed economies.

Driven by higher education tuition deflation, combined with faster/cheaper alternatives and digitization progressively driving efficiency across all sectors, in 2020 we revised our Global Education and Training market size, downgrading total spending by ~\$500B in 2025 compared to our Pre-COVID outlook. As the global economy transitions from pandemic to endemic, we intend to update the outlook again late 2022.

Figure 2.1A. Global Education and Training Expenditure



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# Education Technology



### 3.2 EdTech 1000

Every year, HolonIQ’s Education Intelligence Unit identifies the top 1000 EdTech startups around the world. The top 1000 startups are built region by region from over 10,000 nominations, applications and screens to ensure the cohort is diverse, truly global and to shine a light on the inspiring innovation happening around the world.

Each regional list is focused on identifying young, fast growing and innovative learning and up-skilling start-ups. To be eligible, startups are generally less than 10 years old (though there are some exceptions), are either headquartered in the region, or predominately focused on the market (e.g. > 80% revenue/customers), are pre exit (not acquired or listed) and not a subsidiary of a larger company or controlled by an investor group (e.g. via private equity buyout or controlling investment).

The HolonIQ Education Intelligence Unit and select market experts assess each organization based on HolonIQ’s startup scoring rubric, which covers the following dimensions:

**Market.** The quality and relative attractiveness of the specific market in which the company competes.

**Product.** The quality and uniqueness of the product itself.

**Team.** The expertise and diversity of the team.

**Capital.** The financial health of the company and its ability to generate or secure sufficient funding.

**Momentum.** Positive changes in the size, velocity and impact of the company over time.

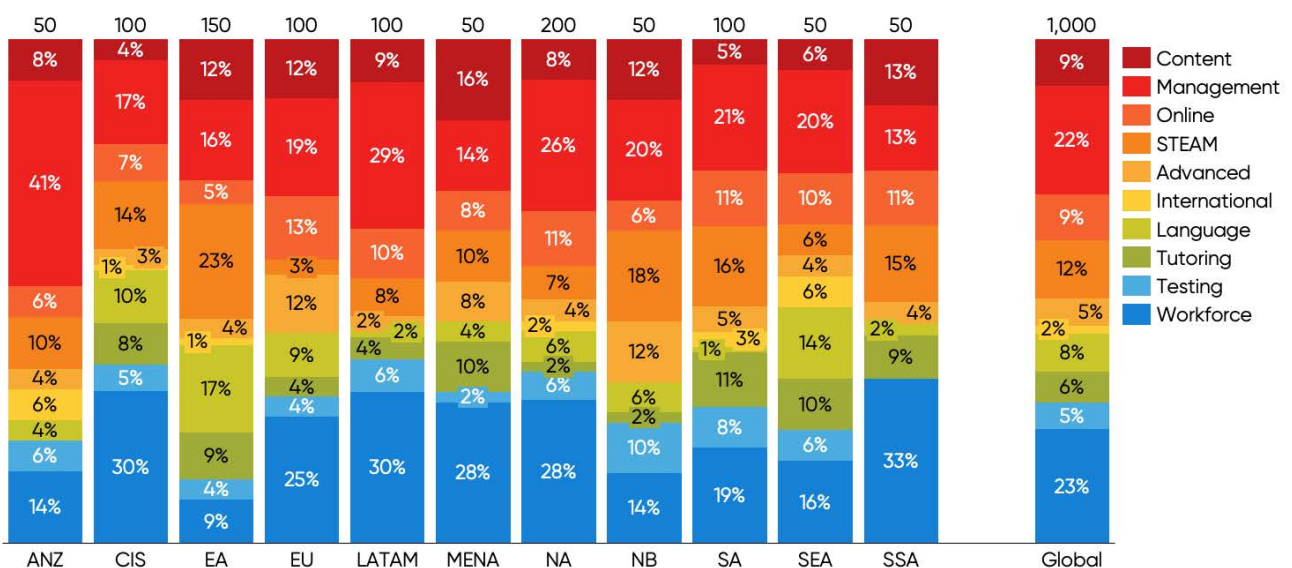
Figure 3.2A Regional EdTech Startup Series

Region	Total Startups
Australia and New Zealand	50
CIS (Russia and CIS)	100
Europe	100
Latin America	100
Middle East and North Africa	50
Nordic Baltic	50
North America	200
South Asia	100
Southeast Asia	50
Sub Saharan Africa	50

Figure 3.2B. 2021 Global EdTech 1000, Distribution of Companies by Region and Sub Sector.

HOLONIQ. GLOBAL EDTECH 1000

#### 2021 EdTech 1000. Sub Sector Level Regional Stratification.



Source: HolonIQ, 3 January 2021

Figure 3.2C. 2021 Global EdTech 1000, Distribution of Companies by Region and Year Founded.

HOLONIQ. GLOBAL EDTECH 1000

### 2021 EdTech 1000. Founded Year - Regional Stratification.

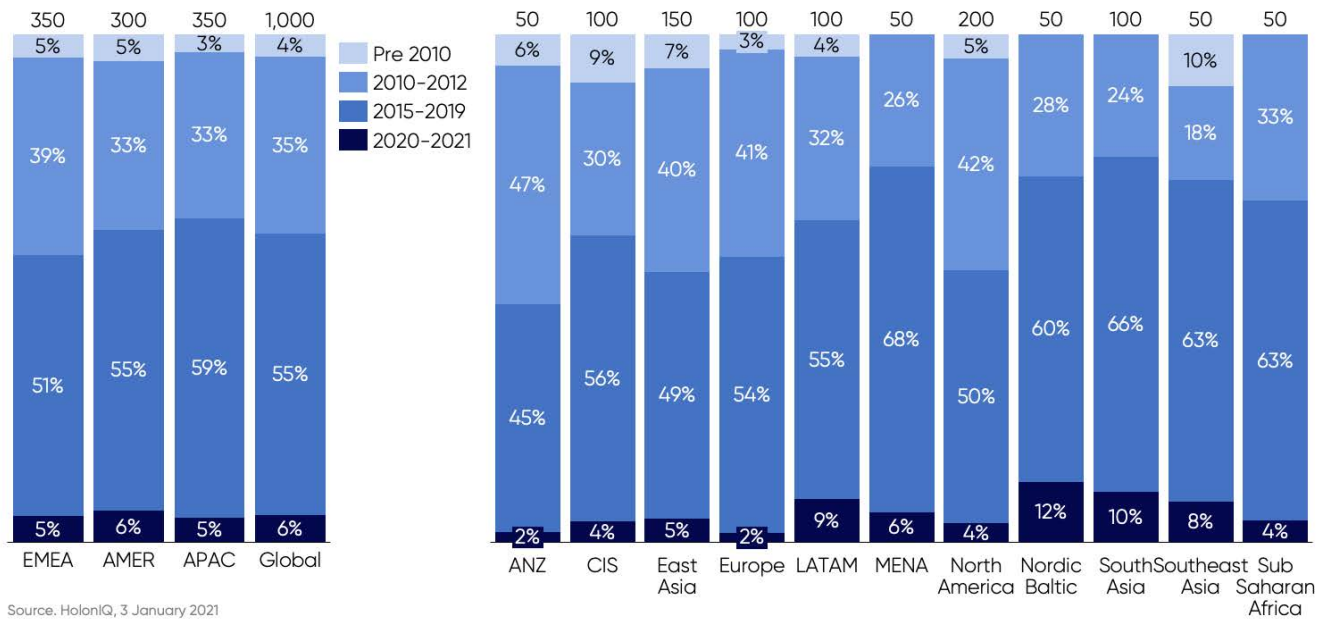
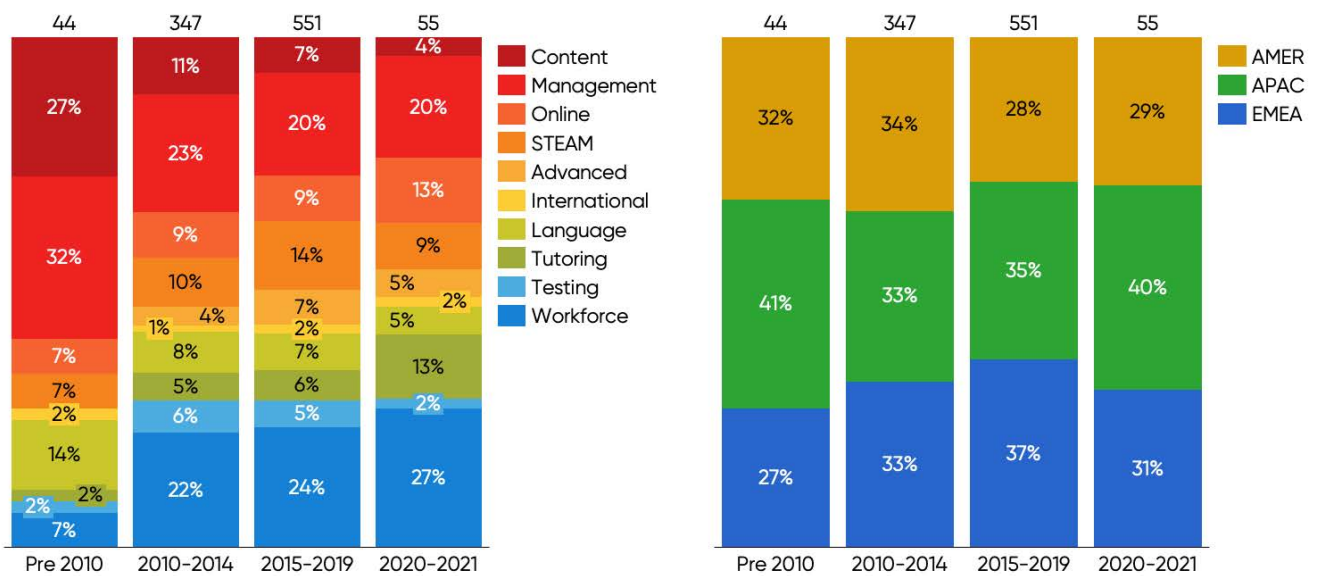


Figure 3.2D. 2021 Global EdTech 1000, Distribution of Companies by Year Founded and Sub Sector/Region.

HOLONIQ. GLOBAL EDTECH 1000

### 2021 EdTech 1000. Evolution of Sub Sectors and Regions



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# Investment Trends



# 4. Investment Trends

EdTech Venture Capital reached 3x pre-pandemic investment levels in 2021, accelerating startups around the world with over \$20B of funding. Fueled by a massive US and EU investment surge and India's growth charging onwards, collectively global growth covered an \$8B investment collapse from China and managed to set record growth for the sector. M&A surged with 580 transactions delivering almost \$40B of acquisitions.

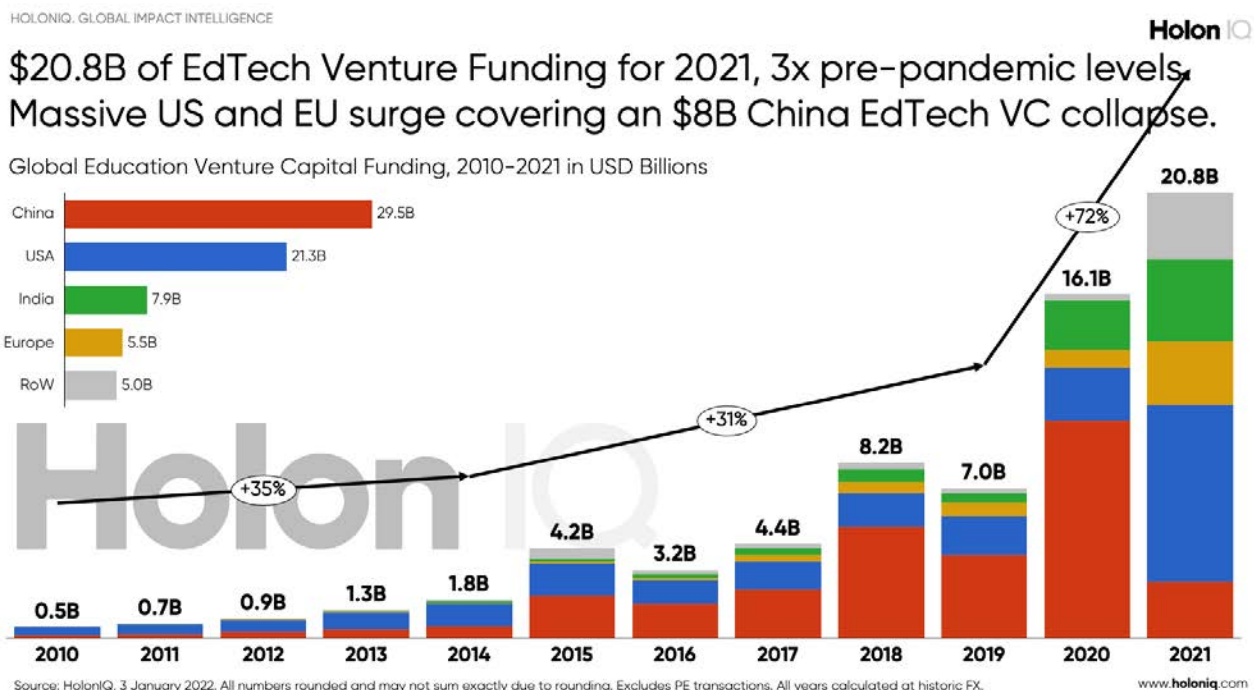
## 4.1 Venture Capital

Once a niche sector with an ambitious vision to transform the way the world learns, EdTech Venture investment is now 40x larger than it was a little over a decade ago in 2010, nearly 5x the previous investment peak in 2015 and 3x pre-pandemic investment levels in 2019. With innovation surging across the entire EdTech Landscape notable mega rounds included Articulate's \$1.5B Series A, Eruditus' \$650M Series D, Unacademy's \$440M Series H, Fenbi's \$390M Series A, Course Hero's \$380M Series C, several \$300M rounds in Better Up's Series C, Age of Learning's Series C and

ApplyBoard's Series D, GoStudent's \$244M Series C and Masterclass' \$225M Series F.

With 32 EdTech Unicorns at the end of 2021, 61 Mega Rounds (\$100M+) over the last 12 months and now more than 3,000 funding rounds over \$5M in EdTech's history, this cumulative wave of investment in innovation and technology marks a meaningful milestone in the digital transformation of learning from early childhood through school, college and university to a new approach from industry for up-skilling and lifelong learning.

Figure 4.1A Global EdTech VC funding 2010-2021

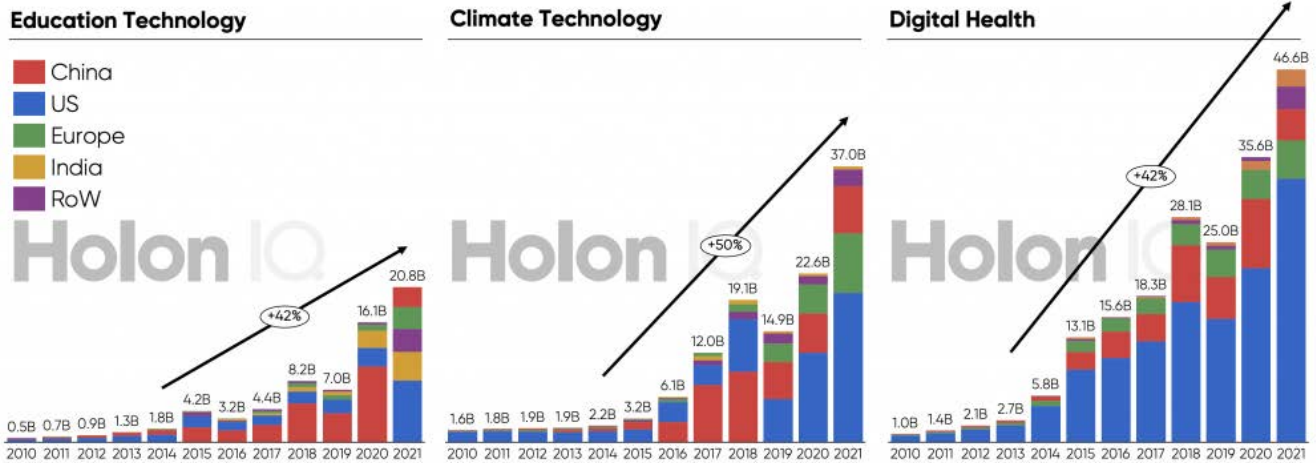


#### 4.1D. Impact Venture Capital by Industry, 2010–2021

HOLONIQ, GLOBAL IMPACT INTELLIGENCE

### \$104B of Impact Venture Capital in 2021, focused on Climate, Education and Health Technology.

Global Impact Venture Capital Funding, 2010–2021 in USD Billions



Source: HolonIQ, 3 January 2022. All numbers rounded and may not sum exactly due to rounding. Excludes PE transactions. All years calculated at historic FX.

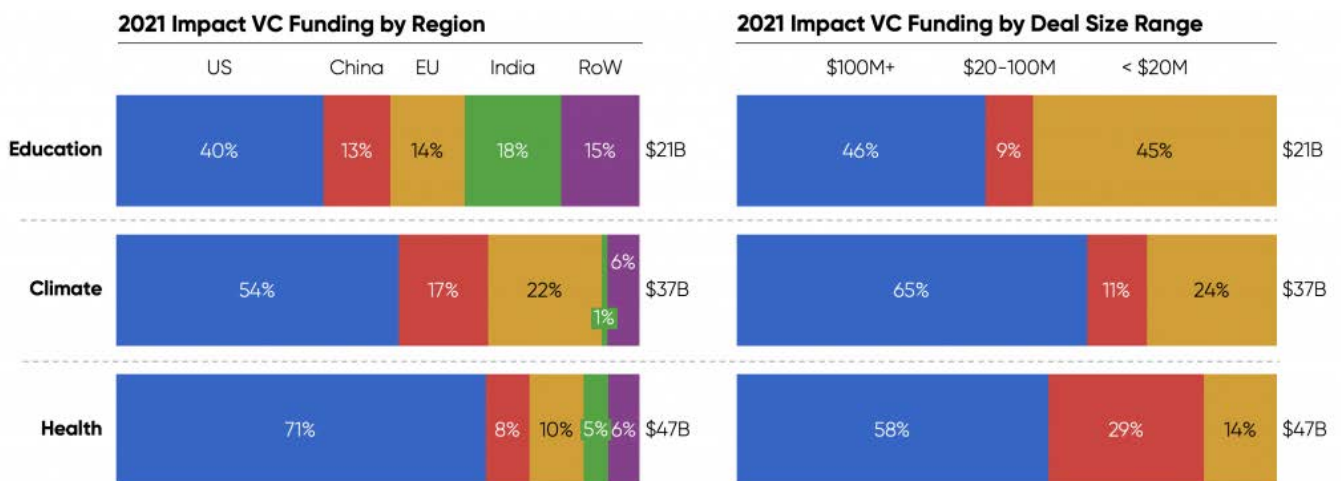
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#### 4.1E. 2021 Impact Venture Capital by Industry, Region and Deal Sizes, 2010–2021

HOLONIQ, GLOBAL IMPACT INTELLIGENCE

### \$104B of Impact Venture Capital in 2021, focused on Climate, Education and Health Technology. Regional and Deal Size Distributions.

Global Impact Venture Capital Funding, 2010–2021 in USD Billions



Source: HolonIQ, 3 January 2022. All numbers rounded and may not sum exactly due to rounding. Excludes PE transactions. All years calculated at historic FX.

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# Capital Markets



# 5. Capital Markets

307 education stocks closed 2021 with a \$192B market cap, down \$120B over the full year with now 47 stocks > \$1B market cap. 2021 saw a massive China crash losing \$130B of value, meanwhile 18 IPOs and 2 SPACS added \$26B back. 6 acquisitions and ‘take privates’ accounted for \$400M of market cap loss. A long line of IPO hopefuls are watching a cooler capital markets landscape.

## 5.1 Value Creators

295 global education stocks started 2021 with a combined \$312B Market Cap. The net \$120B loss over the course of the year was in large part driven by five stocks losing \$113B of the \$146B gross loss in value, namely TAL, New Oriental, Offcn, Gaotu (GSX) and Chegg.

IDP led the big gainers through the year, adding \$2.7B of value, followed by HHM adding \$1.5B of market cap. Another 25 stocks added more than

\$100m of value together through the year, a major decline compared to the \$78B of organic value creation in 2021.

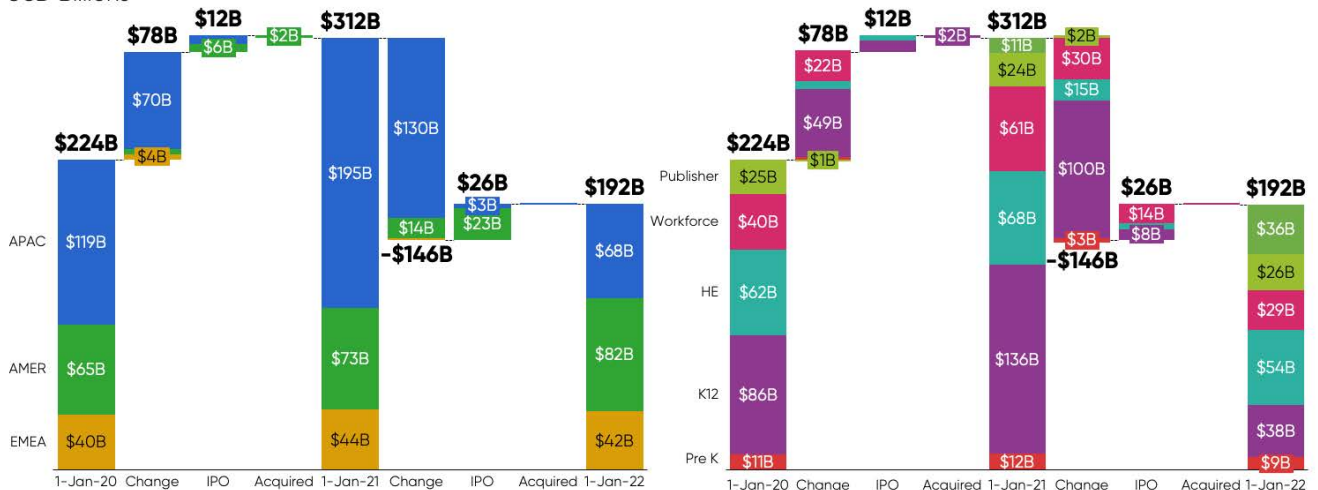
20 IPOs added another \$26B+ of value to finish the year with a combined \$192B Market Cap for all education stocks. Almost all IPOs lost value from listing through the year. The largest from the 2021 IPO cohort by year end and finishing with > \$1B market caps included KnowBe4, Duolingo, Coursera, Instructure, Powerschool, Zhihu, Udemy and Skillsoft (SPAC).

Figure 5.1A. Net change in global education market capitalization. USD Billions.

HOLONIQ. GLOBAL IMPACT INTELLIGENCE

Education Stocks lost 50% of their value in 2021, then gained another \$26B through IPOs, finishing the year only 60% of the 1 Jan 21 Cap.

Global EdTech Stocks – Sum of Market Cap by Headquarters Region, 2010–2022 in USD Billions



Source: HolonIQ, 3 January 2022. All numbers rounded and may not sum exactly due to rounding. Excludes PE transactions. All years calculated at historic FX.

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## Top 30 Value Creators by dollar change in market cap.

Figure 5.1B. Top 30 Value Creators by dollar change in Market Cap.

Company	Ticker	Country	MCap 1 Jan 20	MCap 1 Jan 21	\$M USD Change	% Change
IDP Education Limited	ASX:IEL	Australia	4,245	6,951	2,706	64%
Houghton Mifflin Harcourt	NasdaqGS:HMHC	US	419	1,919	1,500	358%
Anima Holding S.A.	BOVESPA:ANIM3	Brazil	918	1,837	919	100%
Shaanxi Jinye Science Technology	SZSE:000812	China	426	1,117	691	162%
Cengage Learning Holdings II, Inc.	OTCPK:CNGO	US	496	1,141	645	130%
Lagardère SCA	ENXTPA:MMB	France	3,232	3,868	636	20%
John Wiley & Sons, Inc.	NYSE:JW.A	US	2,555	3,175	620	24%
Scholastic Corporation	NasdaqGS:SCHL	US	858	1,417	560	65%
Graham Holdings Company	NYSE:GHC	US	2,670	3,212	542	20%
NIIT Limited	BSE:500304	India	392	902	510	130%
K12 Inc.	NYSE:LRN	US	847	1,345	499	59%
Humansoft Holding Company	KWSE:HUMANSOF	Kuwait	1,509	1,962	453	30%
LITALICO Inc.	TSE:7366	Japan	659	1,074	415	63%
MegaStudyEdu Co. Ltd	KOSDAQ:A21520	Korea	422	776	354	84%
Franklin Covey Co.	NYSE:FC	US	312	653	341	109%
The Unite Group plc	LSE:UTG	UK	5,689	5,983	294	5%
ADvTECH Limited	JSE:ADH	S Africa	356	595	239	67%
3P Learning Limited	ASX:3PL	Australia	143	349	206	144%
ATAA Educational Co	SASE:4292	KSA	421	620	199	47%
Jiangsu Chuanzhi Podcast	SZSE:003032	China	1,001	1,192	191	19%
Aptech Limited	BSE:532475	India	87	235	148	170%
ReadyTech Holdings Limited	ASX:RDY	Australia	150	293	143	95%
Barnes & Noble Education, Inc.	NYSE:BNED	US	228	355	126	55%
Janison Education Group Limited	ASX:JAN	Australia	93	219	125	134%
CAE Inc.	TSX:CAE	Canada	7,826	7,946	120	2%
Neungyule Education, Inc.	KOSDAQ:A053290	Korea	41	154	114	280%
SPRIX, Ltd.	TSE:7030	Japan	129	239	111	86%
National Company for Learning	SASE:4291	KSA	598	692	93	16%
Stadio Holdings Limited	JSE:SDO	S Africa	112	192	80	71%
Curro Holdings Limited	JSE:COH	S Africa	387	462	75	19%

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# Advanced Technology



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# Global Giants



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# Regional Outlooks







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