

# WHERE IS INVESTMENT FLOWING IN EDUCATION TECHNOLOGY?

Venture capital investment in education technology (ed-tech) *has soared over the last five years*. A breakdown of the spending over time reveals pockets of intense attention as well as areas of dramatic concentration. Understanding these patterns will help investors and companies chart their future course.

Technology holds enormous promise for education. It can:



*personalize and enhance* student learning



*increase access* to a high-quality education



*engage* the disengaged



*achieve scale* at lower cost

**\$4.5 billion**

Total private investment in ed-tech in 2015

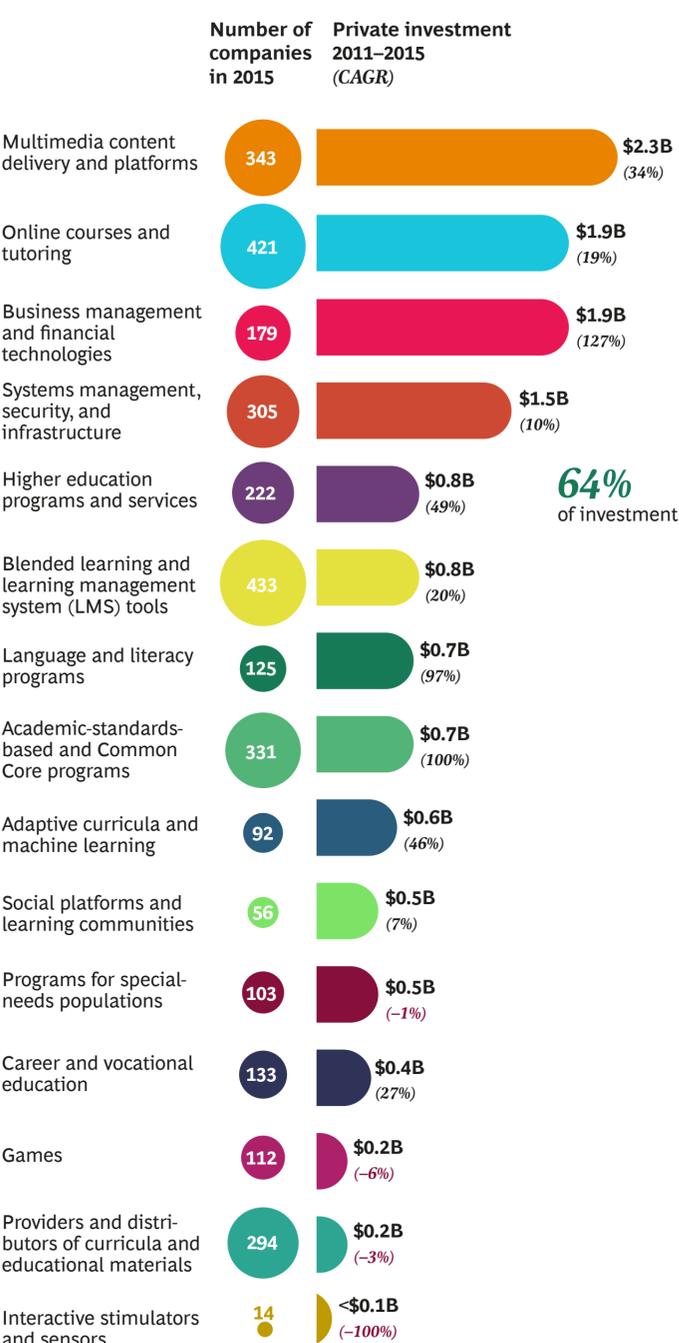
**32%**

Compound annual growth rate (CAGR) for total private investment in ed-tech from 2011 through 2015

## WHERE DID THE MONEY GO?

## INVESTMENTS ARE GROWING MORE CONCENTRATED...

...by segment of the market

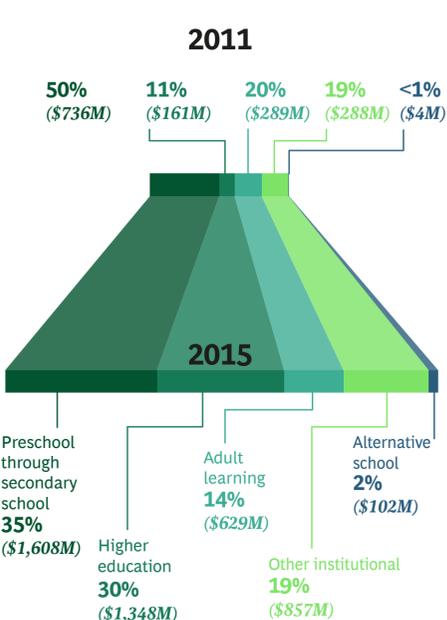


## INVESTMENTS ARE ALSO GROWING MORE CONCENTRATED...

...by sector

The preschool through secondary school market has received the most investment from 2011 through 2015, but higher education has grown the fastest as a percentage of total investment, led by rapid growth in online learning and business management and financial technologies.

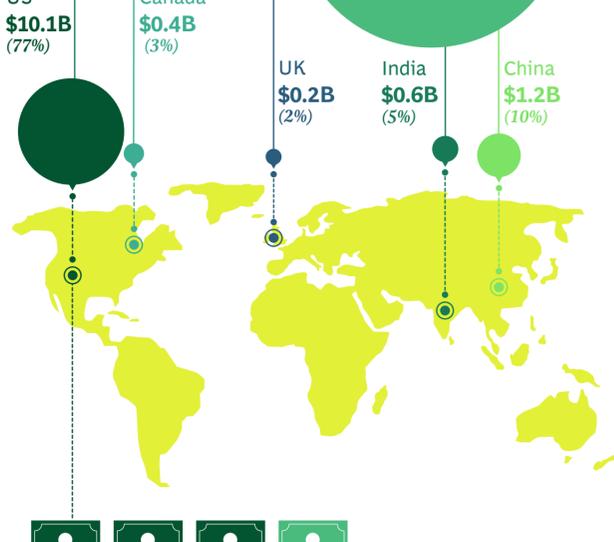
Share of total investment (Private investment)



...by country

Private investment (2011-2015) (Share of total investment)

**97%** of investments were concentrated in **5 countries**



**3 OUT OF 4 DOLLARS** went to US ed-tech companies from 2011 through 2015

The rest of the world faces major challenges—and important opportunities—in catching up to these leading recipients of ed-tech investment.

## HOW TO NAVIGATE THE FUTURE OF EDUCATION TECHNOLOGY

### Place focused bets

Invest in areas of the market where education technology can achieve a balance of lower costs and improved student outcomes.

### Embrace blended learning

Connect the virtual and physical worlds in ways that measurably improve learning.

### Grow strategically

Scale up projects in one geographic area before considering international expansion targeted to local needs.

### NOTES AND SOURCES

This infographic is based on BCG research conducted as part of *New Vision for Education: Fostering Social and Emotional Learning through Technology*, a report from the World Economic Forum, written in collaboration with BCG.

Our definition of education technology comprises the following sectors: preschool through secondary school, higher education, adult learning, other institutional, and alternative school. Investment in the "other institutional" segment includes mostly business management and systems management technologies. Investment in consumer products is spread across all five categories but is concentrated in the preschool through secondary school segment.

Data comes from Capital IQ and company websites and includes investments from January 1, 2011, through December 31, 2015. Detailed breakdowns of education technology investments come from using specific keywords and filters in the Quid software tool to identify the ed-tech space.