



Online Learning

The global education industry valued at \$6T is ready for a technology breakthrough, given that less than 3% of education spending is allocated to digital technologies (Piper Sandler).

What happens in the market

Lockdown, social distancing and soaring online education in the wake of the COVID-19 pandemic accelerate the adoption of education technologies. Academic institutions face significant challenges, with many universities struggling to transition to online education and students preferring online courses over traditional on-campus classes.

The increasing number of students, investors and entrepreneurs growing keen on the online learning market contribute to the soaring industry. U.S. education technology startups have raised more than \$1B between January and July 2020, a 220% increase from last year's funding, according to Venture Intelligence. Some private companies already generate more than \$100M in revenue.

The global education technology market size was valued at \$76B in 2019 and is expected to grow at a compound annual growth rate (CAGR) of 25%. By 2023 its market size is expected to reach \$300B.

China is a leader in online education now. In China, online education is a \$50+ billion industry, according to Deloitte, and is projected to more than triple in the next three years.

We believe that "hybrid learning", a mix of in-person and online learning, will become the most widely used education model.

Why this industry will grow

The education market is huge. Education technologies account for meager spending though everyone is paying huge attention to the online learning market.

Automation of workflow/ routine tasks. Automation of routine tasks will reduce the demand for human labor across industries, causing an increasing need in creative and analytical professions: entrepreneurs, engineers, programmers, which are underrepresented in traditional education.

Focus on skills and experience. They are more valued now than a university diploma.

Intensive collaboration with companies. Large companies are keen on educating their potential employees. We will see a shift from university degrees to industry-specific courses from businesses.

Unique education content and gamification. Similarly to Netflix with its unique video content, online learning platforms will be heavily investing in creation of their own content.

Customization. Online learning platforms will allow educators to track a student's progress and use insights from analytics to assign personalized tasks.

Broad access to academic staff. Online platforms offer students an opportunity to get their education from the best teachers around the world, without geography constraints and their experience. Likewise, the level of teaching proficiency will be pushed to increase since educators will have to compete for jobs in a wider professional community.

Continuous education throughout life. Changing professions several times in a lifetime is becoming par for the course. A practice of re-learning and taking courses at any age will become widespread.

Reduced learning time. Course optimization, new content, high level of teaching and engagement in the process will contribute to a shortened period of time required for education.

Stocks to watch in the future

Public Companies

Coursera · COUR

Coursera is a leading learning platform that enables world-class online education. The company has rapidly grown to reach 45M learners (+30% year-over-year growth) and 2,000 businesses (+43% year-over-year growth) around the world. Coursera offers access to over 3,800 courses and 400 specializations from more than 150 top universities.

Chegg · CHGG

Provides digital and physical textbook rentals, online tutoring, and other student services.

Honorable mentions: K12 (LRN), New Oriental Education (EDU), GSX Techedu (GSX).

Private Companies

Udemy

Udemy is a global online learning platform. Any expert can register on Udemy and create his own course from French cuisine to piano and self-defense lessons. Udemy serves 150,000 courses for private users (price range – \$10-\$20) and companies (\$360 per employee a year).

Honorable mentions: BYJU'S, Udacity, CourseHero, Kahoot, Outschool.