

Education Data & Insights

Edtech Adoption & COVID-19

November 2020

The impact of COVID-19 on edtech adoption

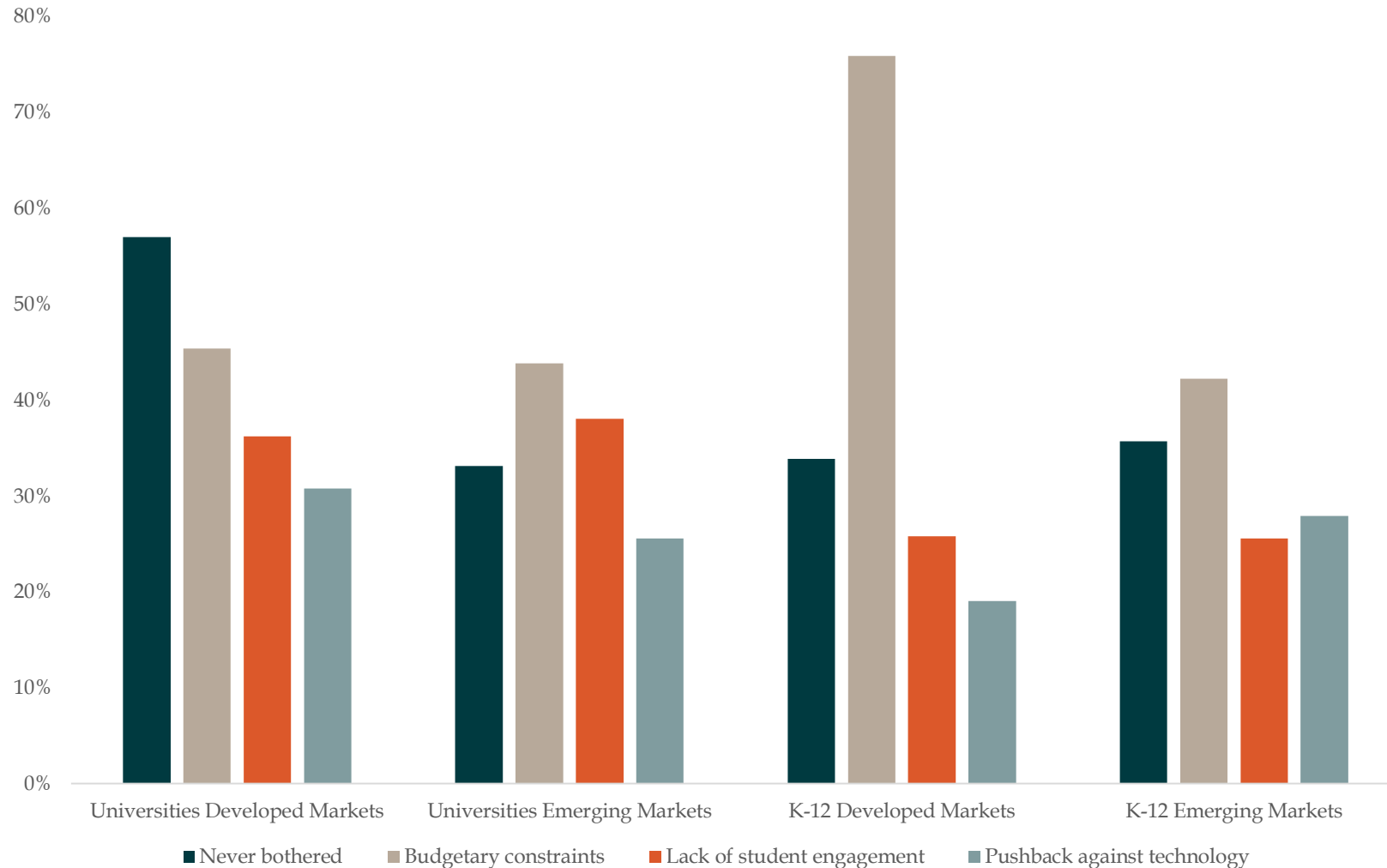
The impact of COVID-19 has highlighted the lack of investment in edtech

COVID-19 has prompted educational institutions to plan to spend more on edtech over the next five years to address historical underinvestment

Global edtech spending will more than double to about USD\$360 billion by 2024, but will still be dwarfed by the USD\$8 trillion spent on education and training

Reasons for institutional underinvestment in online learning and edtech

Why do you say that your institution has underinvested in online learning /education technology?



Insights

- About one-third of respondents admitted they had underinvested in edtech tools
- Nearly 60% of university respondents in developed markets indicated they had never bothered to evaluate online learning as a serious option
- Almost as many university respondents attributed their underinvestment in edtech to budgetary constraints, with 50% giving this reason
- In the developed market K-12 sector, there was broad agreement that the primary reason for underinvestment in edtech was money. Almost 80% provided it as a factor
- Some respondents cited a lack of student engagement as a reason for underinvestment. Of the four main reasons, this is likely the only one that is a direct comment on the effectiveness of edtech

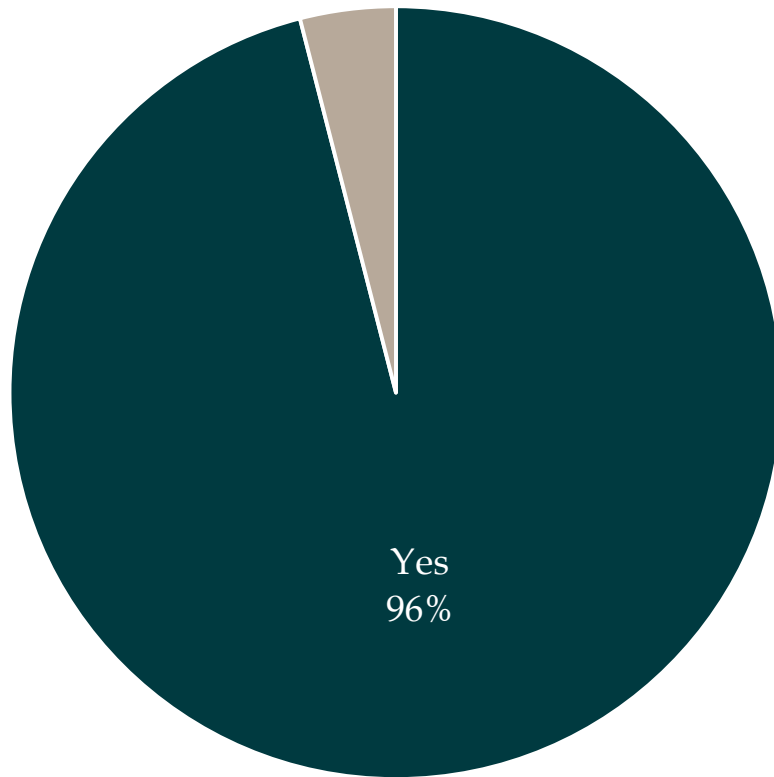
Source

Citi Research

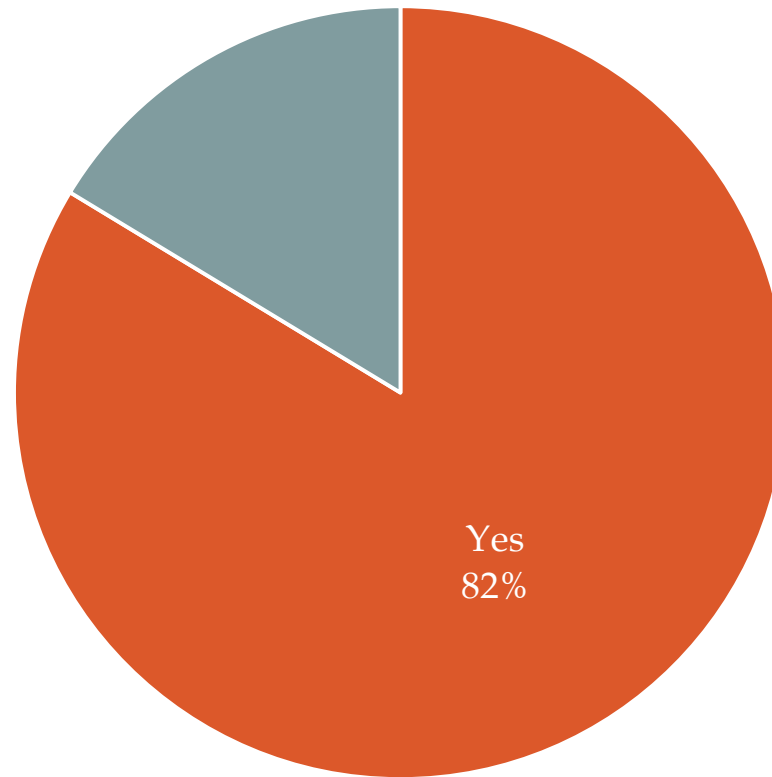
Appetite for adopting edtech

As COVID-19 forced education institutions to move online, there is now a greater appetite for adopting edtech

Did you offer online learning during COVID-19?



Are you aiming to increase your spend on edtech over the next five years?



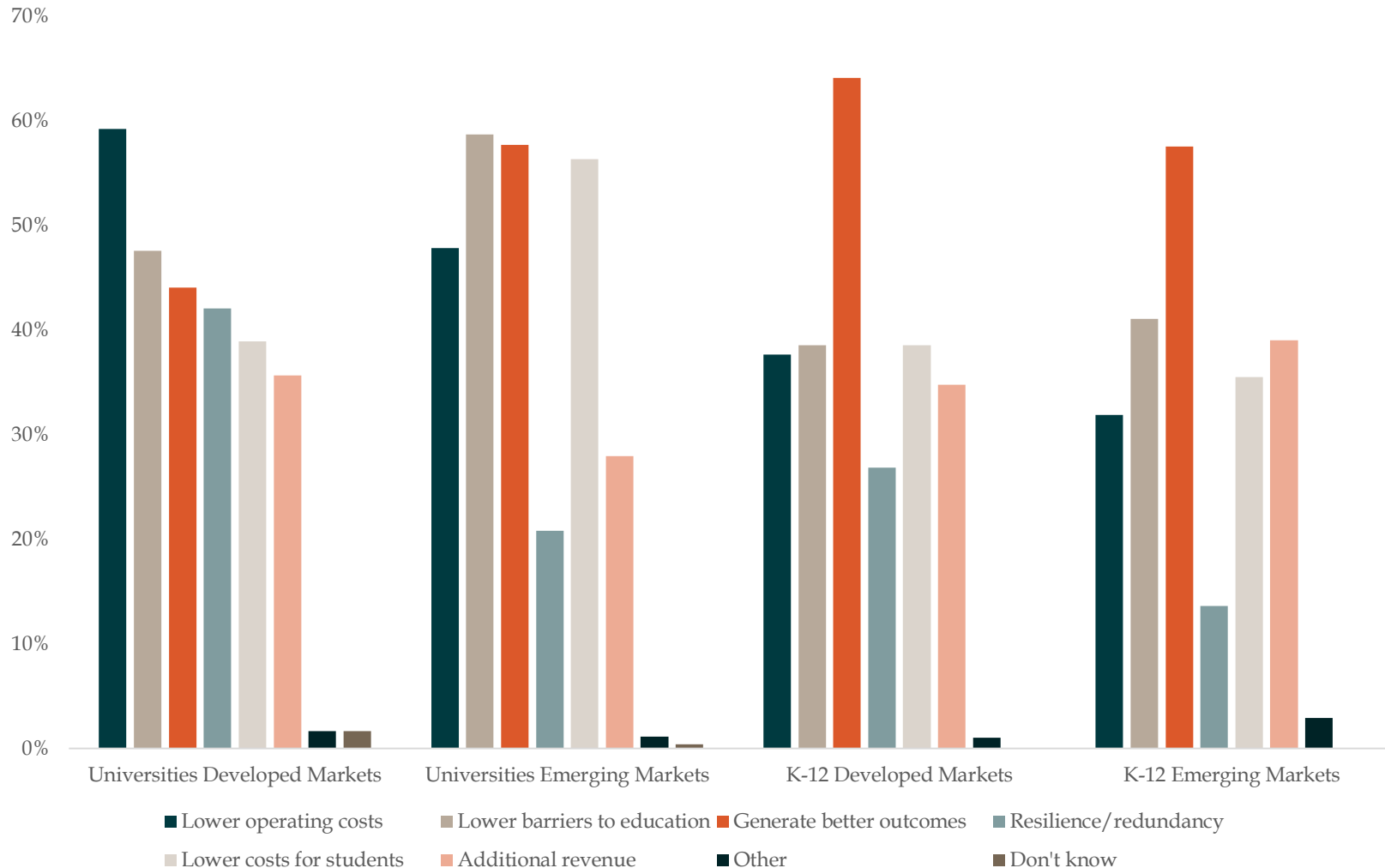
Insights

- Almost all educational institutions around the world, including universities and K-12 schools, have been forced to teach online during COVID-19
- As a consequence, administrators, teachers and academics have had to invest time in thinking about integrating online learning into their pedagogy
- The high number of respondents indicating that they aim to increase their spend in edtech over the next five years, suggests that there may be increased appetite for adopting online learning solutions
- As schools and universities return to campuses in many countries, most are returning to a hybrid model
- Digital initiatives - like flipped classrooms, virtual labs, excursions that use immersive technology and initiatives that promote engagement, such as gamification and adaptive coursework - are expected to continue to have a place in the classroom long beyond COVID-19

Source Citi Research

Motivations for Adopting Edtech

What do you hope to achieve by spending more on online learning /education technology?



Insights

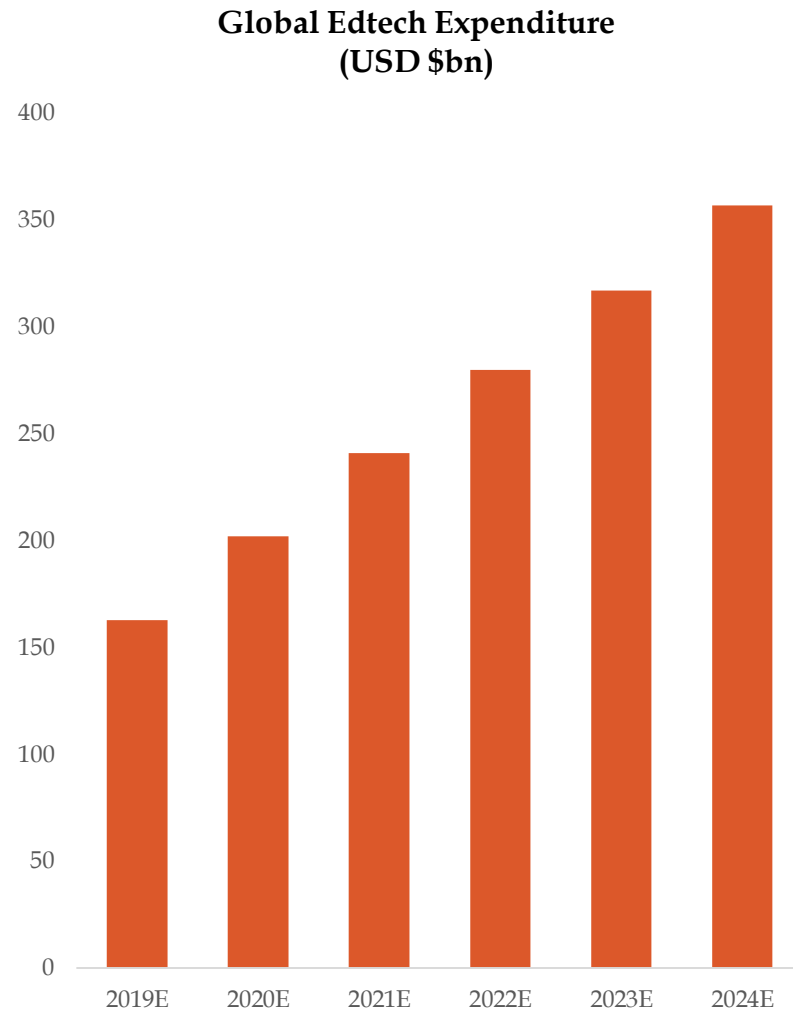
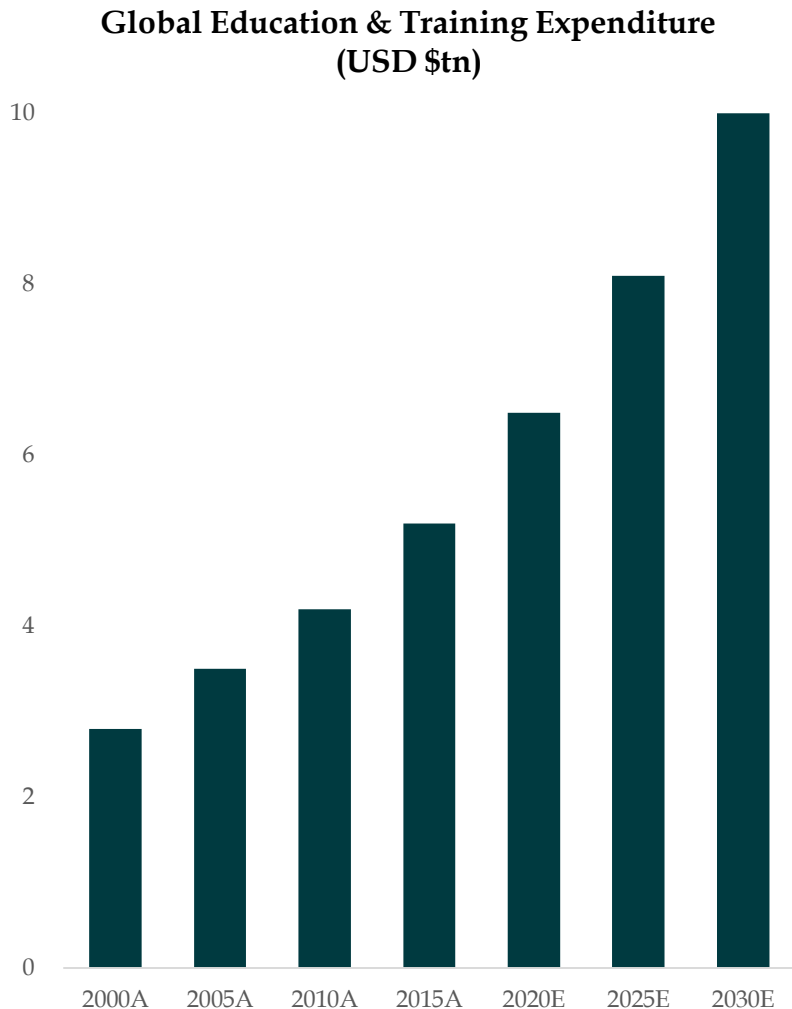
- As well as forcing institutions out of their inertia regarding edtech, COVID-19 has also pushed them towards technology-driven solutions to the longer-term challenges they are facing
- At universities in developed markets, the biggest motivator was the expectation of lowering operating costs. Over 40% of respondents also hoped to lower entry barriers to education for underrepresented groups, generate better outcomes and improve resiliency and redundancy
- At universities in emerging markets about 60% of respondents hoped to lower entry barriers to education for underrepresented groups, generate better outcomes and lower costs for students
- Among K-12 institutions in both developed and emerging markets, the expectation for edtech to improve outcomes was respondents' single most important motivating factor

Source

Citi Research

Edtech Spending

Worldwide spending on education and training dwarfs spending on edtech



Insights

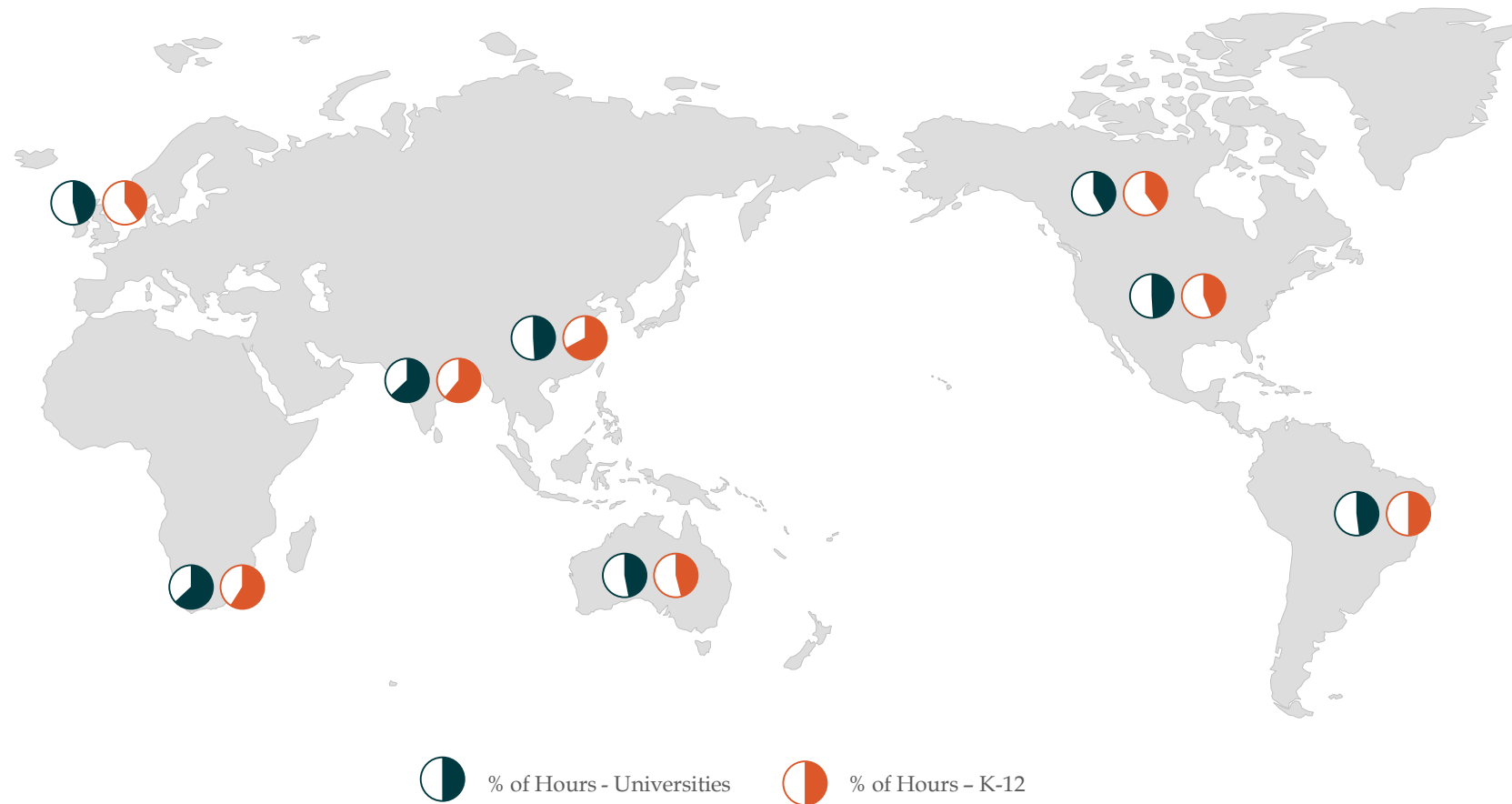
- Global spending on education and training is expected to reach USD\$10 trillion by 2030
- On a much smaller scale, forecast worldwide edtech spending will more than double to about USD\$360 billion by 2024 from around USD\$160 billion in 2019, implying a compound annual growth rate of around 17% per annum
- Although education is an area few argue is unimportant, it is an area that has been slower to adapt and evolve relative to other industries
- On one key metric, the adoption of technology - education is a significant laggard: spending on technology barely represented 3% of the overall market (worth USD\$6 trillion+) in 2019
- Edtech has historically been an afterthought for educational institutions. Several K-12 and university respondents were candid enough to admit this historic underinvestment was driven by a variety of factors including budgetary constraints, pushback from some stakeholders and sometimes inertia

Source

HolonIQ, Citi Research

Digitisation of Study

What percentage of daily study hours (inside and outside of class) will be digitised in the next three years?



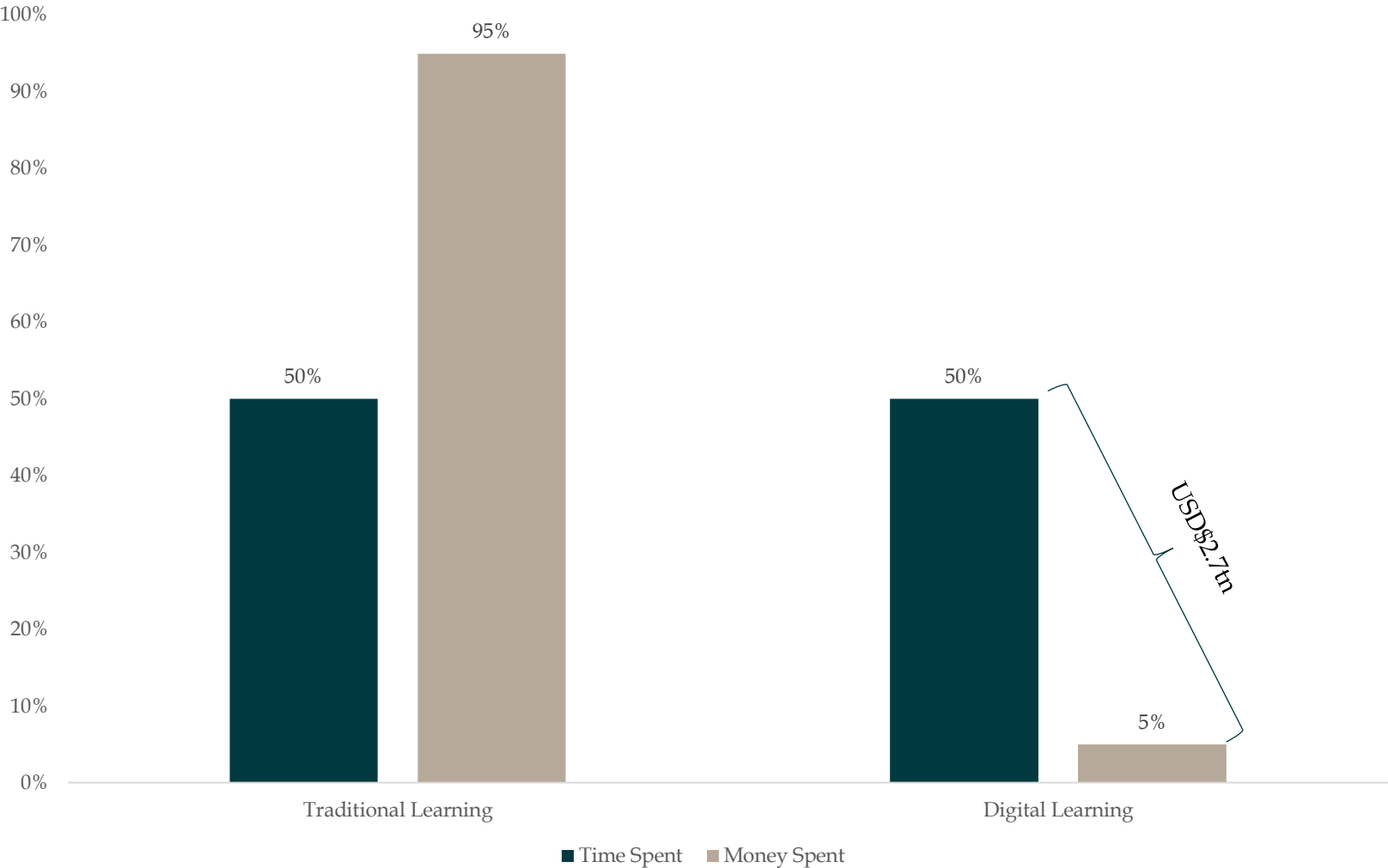
Insights

- In terms of actual engagement, institutions expect around half of all daily hours to be digitised in the next three years. Emerging market respondents expect e-learning to be more ubiquitous than developed market respondents
- Most countries' universities and K-12 institutions believed similar levels of study would be digitised in the next three years. However, K-12 respondents in China believe that materially more study at that level will be online than their university counterparts expect
- Respondents from emerging markets generally anticipate that more time will be spent online than those in developed markets

Source Citi Research

Edtech Opportunity Gap

Budgets for online learning pale in comparison to the time users expect to spend on these platforms



Insights

- Edtech budgets will see a compound annual growth rate of around 17% for the five years from 2019, meaning the total edtech market opportunity is set to double by 2024. However, this will still only account for about 5% of total education and training spending
- When compared to time expected to be spent online learning, the amount of spending on edtech suggests that there is a considerable gap to be made up. A parallel can be drawn between the revenue of new media and old media versus the time spent on each of these platforms
- While this comparison may not be entirely valid, it is an interesting thought exercise and suggests that the global edtech opportunity may be materially larger than the USD\$360 billion forecast for 2024
- This assumes of course that traditional learning and online learning have a similar cost per hour of delivery. It could be argued that online learning is more efficient/scalable, therefore lower spending per hour of learning is expected

Source Citi Research

Contact

Michael Hui

Director, Head of Private Enterprise Investments

Tel: +61 7 3182 3200

Email: michaelh@arowanaco.com

