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## **CURRENT EVENT ANALYSIS**

### *COVID-19 and Emergence of EdTech*

**Lumbini Barua**

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Only 20 years back, a mere 3.0-5.0% of the world's population had access to the internet. Today, almost 60.0% are already online and this numbers grows every day, thanks to mobile devices<sup>1</sup>. As internet access becomes more ubiquitous and technology more affordable, ways we live our lives, do business, and even socialize are driven to change. However, education is probably one of the few sectors which have been more resistant to change. Although online education has become popular in various countries, in many others, including Bangladesh, it was not until COVID-19 broke out that meaningful debates about the role of EdTech in mainstream education, actually took place.

As schools and universities were forced to shift classes online, stakeholders across varied spectrums woke up to the realization that we were unprepared and unequipped for such an event. However, we have come far in the last 6-8 months. Most universities of repute, as well as secondary and primary schools have been forced to reckon with, and for the most part, overcome the challenges of online learning.

Globally, the present crisis has brought forth significant traction in online learning. As schools, colleges and universities were closing campuses to minimize physical interaction, EdTech companies and startups have tried to seize the moment to scale their businesses. While some have offered free courses and other online resources; others have sought collaboration with universities and schools. Skill development is an area that has come under increasing attention as people stayed home during COVID-19.<sup>2</sup> In this white paper, we take a

closer look at the rise of EdTech startups globally and in Bangladesh, in the context of COVID-19 and beyond. We also offer lessons for Bangladeshi EdTech startups.

## **Global Scenario**

Globally, EdTech startups like Coursera, Udemy, EdX, Skillshare, and Indian companies like BYJU's are changing the landscape of learning and skill development. The demand for e-learning services is growing exponentially, as is the market. According to a Global Online Education Market Forecast Report, in 2019, the global online education market was \$187.9 billion, with a projected CAGR of 9.2% in 2020- 2025<sup>3</sup>. While the US has the largest e-learning market, countries like India, China, and Malaysia are stepping up. In 2019, the 44 EdTech unicorns globally have reportedly received \$8.56 billion in funding, which is about 45.9% of the total investment<sup>4</sup>.

In our neighbouring country India, there are currently about 3500 EdTech start-ups. In 2018, they raised a total of \$700 million in investor funds.<sup>5</sup> The market size is projected to reach \$2 billion in 2021, implying a 52.0% growth<sup>6</sup>. However, this is a pre-COVID estimate, and the actual reality may be rosier for online learning in India. Of course, the jewel in the crown of Indian EdTech is BYJU's, which, recently touched a valuation of \$8 billion<sup>7</sup>.

According to a research on the 2019 global learning technology investment patterns, funding for higher education learning technology globally has nearly doubled from 2018 to 2019 reaching almost \$740.58 million. On the other hand, funding in PreK12 EdTech companies has experienced a surprising decline. The findings also suggest that in the last four years, a significant number of investors have lost interest in conventional e-learning platforms and are focusing on companies with next generation innovations like AI, VR and game based learning, mobile learning and even physical and virtual educational bots<sup>8</sup>.

## **How is Bangladesh Doing?**

At home, e-learning is at an embryonic stage. A couple of larger EdTech startups are doing \$40,000 to \$50,000 in business, a year, as per reported estimates. Some are struggling to monetize. Bangladeshi startups like the 10 Minute School, Bohubrihi, EshoShikhi, Shikhbe Shobai, REPTO, Caretutors, e-Shikhon.com, Tech Academy and others are actively working and gradually expanding in this field. Not unlike in other countries, the COVID lockdown has given Bangladeshi startups a boost in their existing demand and recognition. For instance,

according to sources, Robi 10-minutes school's learning app was downloaded by 490,401 new users during this lockdown period. A recent study by the LightCastle Partners on the startup ecosystem of the country reveals that, about 56.0% of the startups in the country has experienced at least a 50.0% drop on revenue generation whereas EdTech is seeing steep growth<sup>9</sup>.

Nonetheless, this is not an easy market for EdTech yet where certificates are considered more important than the quality of education. Hence, EdTech startups will be hard-pressed to innovate. While these startups innovate, worth considering the market that is less dependent on certificates, i.e., the market for tutoring. In fact, estimates suggest that the market for tutoring is \$17.8 million per year and it is growing at a rate of 10.0%<sup>10</sup> and this was before the pandemic situation.

### **BYJU's: A Case Study**

As of November 2020, there are only 20 EdTech Unicorns globally who have raised over \$9 billion of total funding in the last decade. BYJU's is at the second on this list with a current valuation of \$10.5 billion<sup>11</sup>. BYJU's launched their learning app in 2015 after four years long development phase. They invested their focus and time in making diverse and distinguished content. The format of its video lessons is considered to be the primary reason for its success. Their contents are delivered in a highly visual context with a unique mix of animation, live-action, and in particular, gamification, which makes the lessons highly engaging. In addition to that, BYJU'S provides each customer with a personalized and learning experience by building and maintaining a learning profile for each student as the app memorizes their learning pattern and tracks their weaknesses.

As for revenue generation, BYJU'S has adopted a freemium business model where the communications happens from business-to-consumer (B2C). They provide free access to some of their basic contents and if the customers want access to more advanced courses and scope of customized learning, they have to pay a subscription fee. While BYJU'S no compromise policy in case of content quality kept the students hooked, they appointed consultants to advertise their app to the parents who will be paying for the product. This approach has made it possible for them to crack the code of marketing to both group of target

audience; students and parents. As of now, BYJU'S has more than 50 million registered users and about 3.5 million have paid for the premium product.



**Fig. 1:** Success Factors of BYJU's

### Lessons for Bangladesh

The major lessons for the EdTechs in Bangladesh from assessing BYJU'S success should probably be being innovative and keeping quality of contents as the key focus. Mr. Nirjhor Rahman, CEO of Bangladesh Angels shared that most of the EdTech startups in the country are being commoditized mostly because they tend to outsource their technology part to companies providing cookie-cutter solutions. He believes that the value addition is still relatively low amongst these platforms due to their failure in offering scopes of personalization and a comprehensive user experience. He suggested that partnering with universities can be hugely beneficial in this regard as they have established brands and physical space.

To get ahead of this interest, an avenue worth exploring for the EdTechs in our country is VR (Virtual Reality) technologies in education. To cite Mr. Mychilo Cline's book on the future of VR, integration of VR in education is probably the much-required shift from theoretical learning to more experiential mode of conceptual understanding<sup>12</sup>. VR technologies enable a

student to roam through space to see the formation of stars, shrink down to inspect human anatomy up close, and everything in between. The EdTech industry worldwide have already grasped the massive potential of VR technology, which is evident from the rapid spending already happening in the space<sup>13</sup>. Education is now expected to be the fourth largest sector for VR investment. It is predicted to be a \$200 million industry by 2020, and a \$700 million industry by 2025.



**Fig. 2:** Learning with VR Technology

In conclusion, it needs to be said that considering the current demand for e-learning and online education services, this is the optimum time to be talking about and investing in EdTech. But this is not just a question of financial investment. There needs to be investment in creating strategy, having the right policy makers in place, encouraging the right moves by universities and educational institutions, much of what we have already in Bangladesh. We do need EdTechs to step up in their creativity and drive, and long-term thinking, so they can get into more sustainable relationships with universities and educational institutions instead of trying to parachute Western or other models to Bangladesh. But there are encouraging signs. While universities, particularly, private, have been very nimble in embracing online learning, startups are also stepping up. The future certainly looks bright for EdTech.

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- <sup>1</sup> <https://thenextweb.com/growth-quarters/2020/01/30/digital-trends-2020-every-single-stat-you-need-to-know-about-the-internet/>
  - <sup>2</sup> <https://www.dqindia.com/EdTech-startups-helping-education-industry-amidst-covid-19/>
  - <sup>3</sup> <https://www.researchandmarkets.com/reports/4986759/global-online-education-market-forecasts-from>
  - <sup>4</sup> <https://markets.businessinsider.com/news/stocks/2019-global-EdTech-investments-reach-a-staggering-18-66-billion-1028800669#>
  - <sup>5</sup> <https://www.ibef.org/industry/education-sector-india.aspx>
  - <sup>6</sup> <http://www.aurumequity.com/the-online-education-industry-in-india-present-and-future/>
  - <sup>7</sup> [https://www.business-standard.com/article/companies/as-valuation-touches-8-bn-byju-s-pips-ola-as-3rd-largest-unicorn-in-india-120010901413\\_1.html](https://www.business-standard.com/article/companies/as-valuation-touches-8-bn-byju-s-pips-ola-as-3rd-largest-unicorn-in-india-120010901413_1.html)
  - <sup>8</sup> <https://markets.businessinsider.com/news/stocks/2019-global-EdTech-investments-reach-a-staggering-18-66-billion-1028800669#>
  - <sup>9</sup> <https://www.arx.cfa/-/media/regional/arx/post-pdf/2020/08/11/bangladesh-startup-ecosystem.ashx?la=en&hash=BA87A1B2902EAD8CAF31CB88CF9C06A99F848761>
  - <sup>10</sup> <https://futurestartup.com/2020/02/27/online-tutoring-slowly-sees-traction-in-bangladesh/>
  - <sup>11</sup> <https://www.holoniq.com/edtech-unicorns/>
  - <sup>12</sup> <https://www.veative.com/blog/future-education-vr/>
  - <sup>13</sup> <https://appreal-vr.com/blog/virtual-reality-classroom-the-future-of-EdTech/>