LearningMate
A STRAIVE COMPANY

The Great EdTech Reset

Where industry's biggest opportunities lie in 2025 & beyond

Contents

Overview

Is EdTech growth still happening?

The industry's pandemic gold rush may be over, but EdTech's momentum is far from fading. With funding hitting a decade low from $17.3 billion in 2021 to just $3 billion in 2024, the days of easy investor capital are gone.

However, despite market shifts, global EdTech is still on track to hit $7 trillion by 2027. The path to success looks radically different than it did just a few years ago. Companies are creating and capitalizing on market share by making every dollar work harder. Profitability—not just scale—is now the chief success metric.

Winning in this new reality requires more than just a great product. EdTech companies must now demonstrate impact internally, by tightening ops and doubling down on proven revenue streams, and externally, by delivering hard data and clear ROI to potential partners.

For investors, opportunities abound for those who see beyond the funding slowdown. This report identifies where they lie—and how companies can seize them.

Through our work impacting 10 million learners nationwide with innovative K-12 and Higher-Ed solutions, we bring insights from the front lines of digital education.

Here, we break down the forces shaping EdTech's next chapter:

- Where the funding is going
- Which business models are thriving
- How the smartest players are future-proofing their strategies.

The EdTech landscape may be changing, but one thing is clear:

This is the time to
GROW BOLDLY

EdTech 2025: Who’s cashing in

In this section, you’ll find:

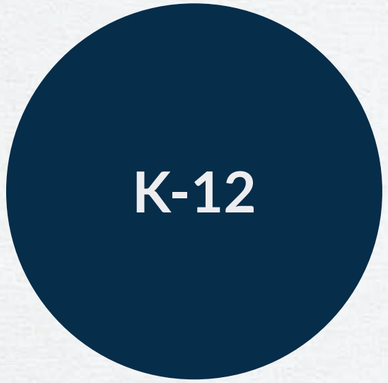
- A $10 trillion industry? Why education remains one of the world’s biggest and fastest-growing markets.
- EdTech funding has plunged—see what’s driving the shift and who’s still getting funded.
- K-12, Higher-Ed, and workforce training—which of these are thriving?

Despite short-term volatility, the market's potential remains undeniable.

The global education market was worth $7.6 trillion in 2024 and is on track to hit $10 trillion by 2030, expanding at a 4.4% CAGR.

According to HolonIQ, a mix of public and private investment is fueling this growth. Governments foot most of the bill, covering 60-70% of education funding—the equivalent of 4-5% of global GDP. Private sector investment is also accelerating, with regional variations creating new opportunities.

Across key segments, growth remains steady:



$3.6 billion market size, growing at **3.5% CAGR**—still thedominant category.

$2.2 billion, with a **4% CAGR**, fueled by online degrees and non-traditional credentials.

$900 million, growing at **6.5% CAGR**, as corporate learning and reskilling gain traction.

Source: HolonIQ, February 2021

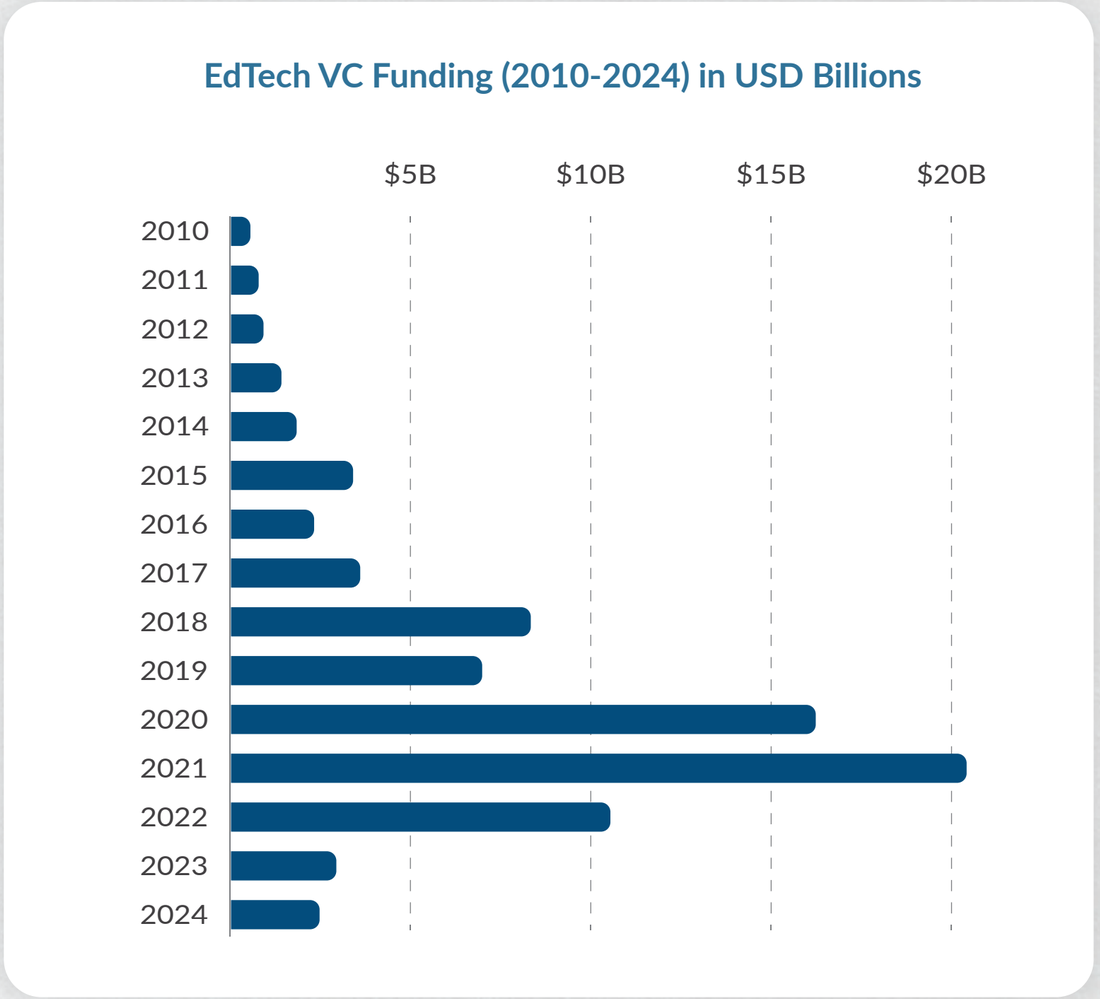
Where is EdTech's VC money now?

Venture capital is no longer flooding into EdTech the way it did just a few years ago.

- In 2020, the industry saw an astonishing $16 billion in funding, surging to nearly $21 billion in 2021.
- But in 2024, that number collapsed to just $2.4 billion—the lowest level in over a decade and a far cry from the pandemic-era boom.

The decline was inevitable. The pandemic created an artificial surge in demand, leading to overvaluation, overfunding, and an unsustainable boom.

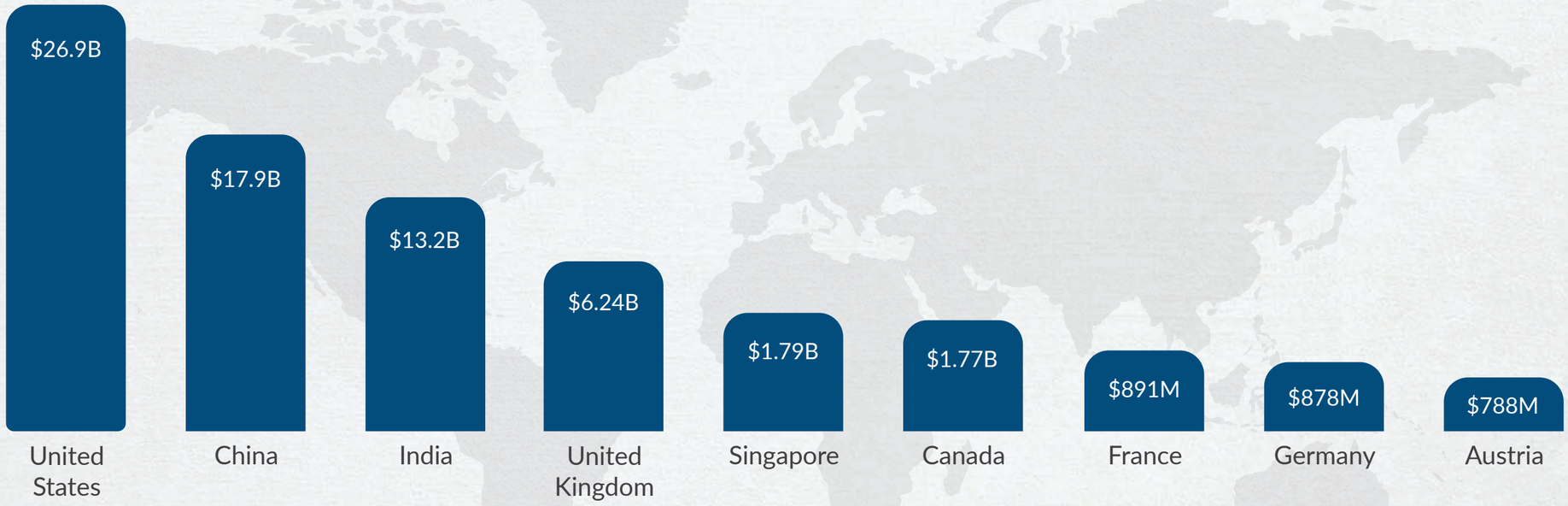
Now, the market is resetting. Investors are pulling back, prioritizing profitability over scale, and taking a cautious, long-term approach.



Source: HolonIQ, January 10, 2025

A market in transition

Mega-rounds of $100 million are now a rarity. Instead, investors are betting on companies that solve real problems with measurable outcomes. **K-12 EdTech remains a top investment area,** focusing on student success, tutoring, and assessment. Geographically, **North America leads with 50% of global VC investment**, followed by Europe (30%) and South Asia (20%). The road ahead will be more selective, but growth capital will return to companies that prove they can thrive in a leaner market.



Credit: Data from Tracxn

How EdTech can survive the economic and policy squeeze

In this section, you'll find:

- With federal dollars vanishing, a significant source of EdTech funding is crumbling. So, who's still buying?
- Higher-Ed's financial cliff is here. Can universities survive without a major business model overhaul?
- Why the smartest EdTech companies are shifting from classrooms to boardrooms?

What's left in EdTech's cash tank?

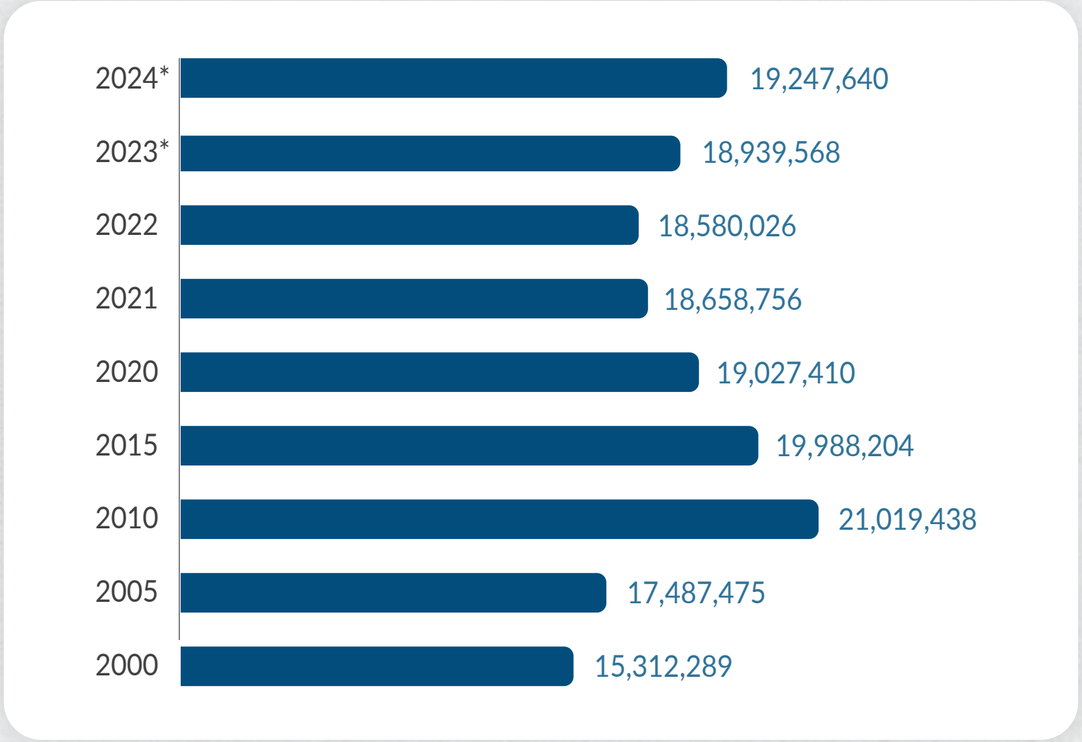
In 2021, EdTech was the golden child of venture capital. As is abundantly evident already, investor interest in the industry stands on shaky grounds.

However, even government funding—a safety net for many EdTech players—is shrinking. The government's push to defund the Department of Education and send education "back to the states" is a domino effect in motion.

The $190B in ESSER funds expired in September 2024, cutting off a major K-12 tech investment source. Meanwhile, a proposed $4.7B Title I funding cut could eliminate up to 72,000 teaching jobs, hitting low-income schools hardest.

Higher-Ed’s financial crunch

Fewer students mean fewer tuition dollars, creating immediate and long-term financial instability for institutions nationwide.
The National Center for Education Statistics recorded a 15% drop in 2021's undergraduate enrollment as compared to 2010 (when college attendance peaked).



Credit: Education Data

A student who paid $1 for tuition in 2000 now pays $2.26 at private colleges and $2.33 at public universities (unadjusted for inflation) - US News

- At least 8 colleges shut down in 2024, and projections suggest up to 80 more could close by 2029 due to financial distress.
- Over 40 million adults under 40 have student debt, with median balances between $20,000 and $25,000.
- With tuition high and financial aid in flux, more students question whether college is worth the debt burden.

Colleges, too, are being forced to rethink their financial models, explore mergers, and find new ways to attract students. **Students should no longer attend college just to rack up loans. They need to be job-ready with employable skills that are industry-approved.**

Where can EdTech companies still win?

Survival now depends on adapting to new funding streams and buyer expectations.

Repackage & realign

28 states now mandate career-readiness programs in K-12, and 35% of school districts nationwide invest in AI-adaptive learning.

Here, EdTech leaders need to reposition their offerings as an infrastructure investment. They must also deliver quantifiable impact, since schools want hard ROI metrics before committing funds.

Promise security

99% of school districts say cybersecurity is a top priority, considering more than 2.6 million US students were affected by ransomware attacks between 2018 and 2021.

A winning move for EdTech brands: If they handle student data, they can pitch cybersecurity as a compliance-ready, FERPA-secure solution to schools.

Pivot to upskilling

K-12 and Higher-Ed budgets tighten, but corporate training surges—a $350B+ market growing at a 7.8% CAGR.

To capitalize on this, leaders must:

- Partner with employers. Companies will fund job-ready learning programs to fill talent gaps.
- Target states that fund workforce development, like Arkansas, Connecticut, New York, Michigan, California, Louisiana, Texas, and Ohio.

A decade-long partnership with LearningMate helped an EdTech giant save $40mn annually. Here's how.

Background

This EdTech giant had a bold vision: making learning accessible anytime, anywhere. Achieving that vision meant processing massive volumes of content, including textbook solutions, live tutoring, and AI-assisted learning.

For over a decade, LearningMate has helped this company set up a cost-efficient operation that meets student demand without breaking stride.

Solution

LearningMate's Global Expertise Center transformed the company's operations by shifting from reactive hiring to a demand- responsive talent ecosystem.

- Helped expand the SME network from 700 to over 5,000 across 25+ disciplines using university partnerships and a vast freelance network.
- Closely supported a multi-layered QC framework designed by them, with expert validation, feedback loops, and standardized checklists, reducing content errors by 40%.
- Created feedback loops to train AI models for continuous improvement.

Impact

By aiding a scalable, high-precision content operation, LearningMate continues to help this EdTech leader stay ahead, ensuring students always get reliable, high-quality learning experiences.

The biggest disruptors in education today

In this section, you'll find:

- AI is transforming education, but 65% of schools don't have a plan.
- Degrees are losing ground—the alternative credentials market is taking over.
- Education is going D2C, and subscription-based learning is the next big wave.

Artificial Intelligence

With education leaders voting AI as their top priority for implementation in 2025, learners and educators alike are going all in for the tech.

Open-source AI tools like ChatGPT have impacted nearly every job globally, and education is no different. In the past decade, the conversation has shifted from “if” AI should be integrated into schools to “how fast” it can happen.

Today, 97% of district leaders recognize AI’s potential to transform education, but only 35% have an implementation plan. That gap is unsustainable.

Source: The Consortium for School Networking’s State of EdTech District Leadership report

Education is at an inflection point. McKinsey and Microsoft’s 2020 report found that teachers work an average of 50 hours weekly, with administrative burdens steadily rising. Meanwhile, AI tools are already proving their worth:

42%

educators using AI report reduced time on administrative tasks.

25%

say AI enhances personalized learning.

18%

see improvements in student engagement.

17%

report that AI improves student learning outcomes.

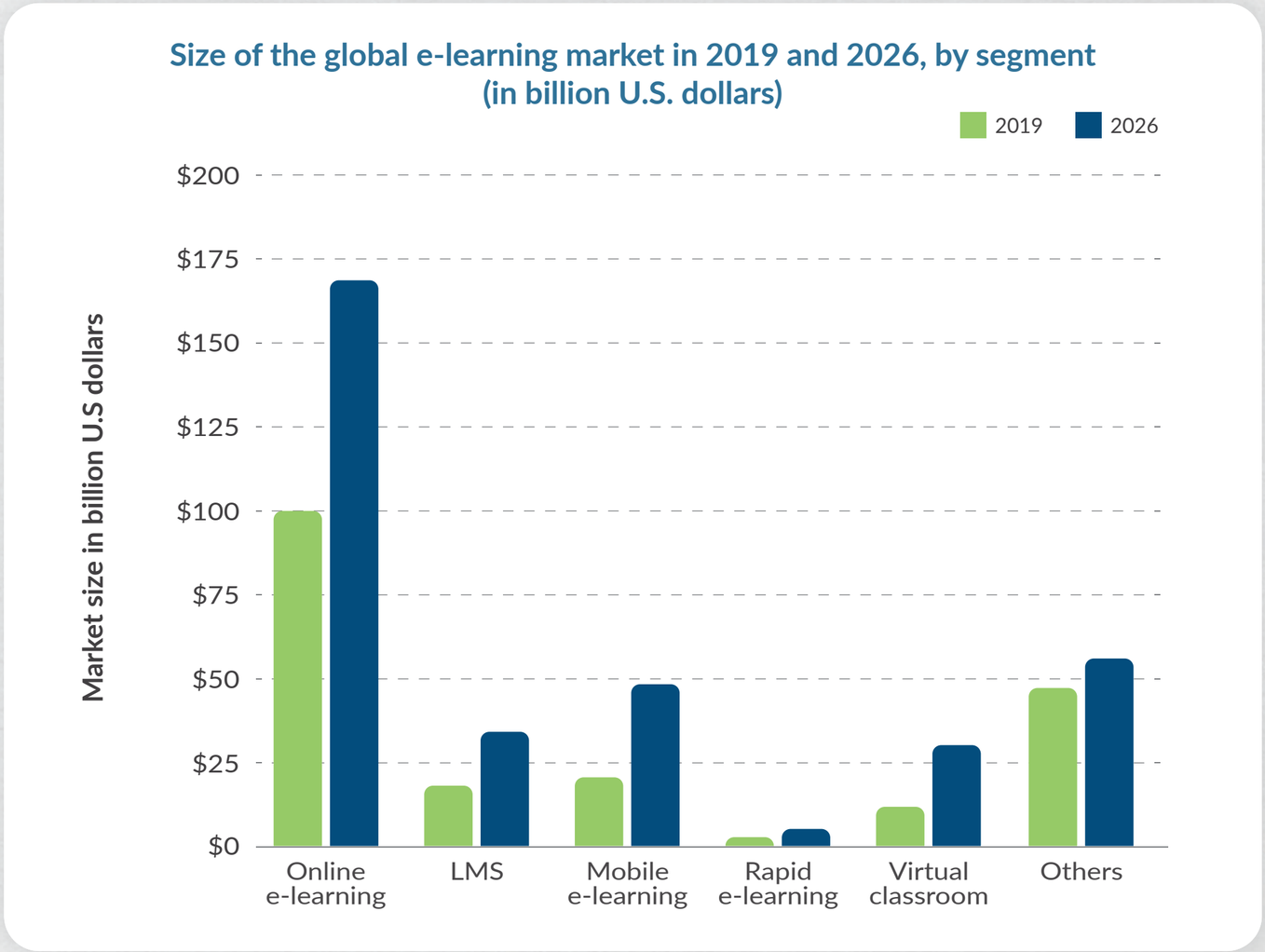
As AI moves from experimentation to everyday application, solutions like LearningMate’s Kadal AI are ensuring it drives measurable impact where it matters most, by:

- **Automating assessments to give instructors back valuable time.**
- **Skillifying curriculum to align coursework with real-world job demands, preparing students for the careers of tomorrow.**

Globalization

Digital platforms have created a **borderless learning economy,** where students can access courses from top institutions worldwide. By 2030, over 50% of Higher-Ed enrollments are expected to come from emerging markets like Africa and the APAC region.

For investors, this represents a rare opportunity to back EdTech firms with **a clear globalization play**. Early movers into these markets—especially those leveraging Global Capability Centers (GCCs) to expand profitably—will capture **the lion's share of global growth**.



Source: ResearchGate

Alternative credentials

Degrees are no longer the only currency of knowledge.

$117 billion size of the global alternative credential market by 2025.

Google, IBM, and Apple are bypassing traditional degrees with employer-backed certificates.

90%

of students say earning an industry micro-credential makes them more likely to land a job.

76%

of students are more likely to enroll in a degree program offering industry-backed

72%

of employers are more likely to hire a candidate with a micro-credential, and 88% say it strengthens an application.

53%

of hiring managers say their biggest challenge is finding applicants with job-specific skills—alternative credentials solve this gap.

Source: Coursera, Advancing Higher-Education with Industry Micro-Credentials Report 2023

Employers want AI-ready talent- two-thirds of business leaders say they won't hire candidates without AI skills. Applicants' skills must be deemed job-ready and globally recognized by accreditation bodies.

American Council on Education (ACE) (U.S.)

Assesses courses to determine eligibility for college credit.

National Skills Qualifications Framework (NSQF) (India)

Establishes standardized guidelines for skill-based education and career progression.

European Credit Transfer and Accumulation System (ECTS) (Europe)

Facilitates the recognition and transfer of academic credits across European universities.

The two biggest scaling pitfalls in EdTech

#1: Talent crunch in core markets

The world’s biggest EdTech hubs are facing a talent squeeze.

High attrition rates in competitive job markets mean companies invest heavily in talent only to lose them in 18-24 months.

The demand for data scientists and learning experience designers far exceeds supply, making hiring a slow, expensive battle.

Learning science, adaptive AI, and scalable content development require specialized expertise.

With potential government budget cuts, competition for top-tier EdTech talent will intensify as public institutions scale back hiring and private firms bid for a shrinking talent pool.

Global AI talent cost comparison

Country	Entry-level AI engineer	Mid-level AI engineer	Senior-level AI engineer
United States	$80,000 – $100,000	$80,000 – $100,000	$80,000 – $100,000
United Kingdom	$55,128 – $75,641	$55,128 – $75,641	$55,128 – $75,641
India	$4,800 – $9,600	$4,800 – $9,600	$4,800 – $9,600

#2: Compliance hurdles

Expanding into global markets means navigating an intricate web of data privacy laws. Non-compliance is costly—Meta paid $1.3 billion in fines for violating GDPR.

Key data privacy laws around the world

Canada

PIPEDA (Personal Information Protection and Electronic Documents Act) – Governs how private-sector organizations handle personal data.

European Union

GDPR (General Data Protection Regulation) – Requires EdTech companies to obtain explicit consent before collecting and processing student data.

China

PIPL (Personal Information Protection Law) – Enforces stringent data collection and storage rules, particularly for minors, often surpassing GDPR in strictness.

United States

CCPA (California Consumer Privacy Act) – Grants students and parents control over personal data collected by EdTech platforms.

FERPA (Family Educational Rights and Privacy Act) – Regulates how schools and third-party vendors handle student records.

COPPA (Children's Online Privacy Protection Act) – Strictly limits data collection from children under 13, making EdTech compliance more stringent.

India

DPDP Act (Digital Personal Data Protection Act, 2023) – While not education-specific, it regulates how personal data is collected, stored, and processed.

Brazil

LGPD (Lei Geral de Proteção de Dados) – Modeled after GDPR, mandating clear consent and transparency in handling student data.

Singapore

PDPA (Personal Data Protection Act) – Regulates how organizations collect, use, and disclose personal data.

South Africa

POPIA (Protection of Personal Information Act) – Requires EdTech firms to secure consent for data collection and ensures strict processing rules for student data.

Building profit-first EdTech strategies

In this section, you'll find:

- How smart AI tools slash teacher prep time from 11 hours a week to just six.
- AI-powered tutoring is scaling 1:1 learning, without the 1:1 costs.
- Why 1,700+ GCCs call India home—and why global enterprises keep investing.
- LearningMate's 3-step blueprint to transition, stabilize, and innovate with your GCC.

AI in EdTech

AI has upended nearly every industry. With technology projected to add $15.7 trillion to the global economy, automation is driving massive efficiency gains across sectors like healthcare and finance.

The broader education landscape, however, is still on the fence.

In a 2024 Pew Research Center study, a quarter of the respondents (public K-12 teachers) said AI will do more harm than good. Another third weren't sure, while only 6% seemed to acknowledge its benefits.

However, leading players are already using it to future-proof learning. Here's how:

Hyper-personalization at scale

Online learning platforms like Coursera and Duolingo track user interactions— like quiz performance, response time, and topic preferences—to adjust difficulty levels and suggest tailored content. Birdbrain, Duolingo's AI system, analyzes billions of exercises daily, adapting lesson difficulty based on user responses.

Why it matters		
Fewer dropouts result in more revenue.	Tailored recommendations prevent content fatigue.	Scales efficiently —delivering 1:1 learning without 1:1 costs.

With Kadal AI's Personalization module, institutions can give their students exactly what they need, when needed, through personalized learning paths and real-time content adaptation.

Freeing up educator time

AI lets teachers focus on what matters—teaching.

McKinsey research shows AI could cut lesson prep time from **11 hours to 6** per week, giving educators more time for students.

Smart lesson planning

AI generates structured lesson plans, quizzes, and real-time modifications based on student progress.

Real-time assessment

AI quickly identifies learning gaps, helping teachers intervene faster.

AI as a co-tutor

Tools like **Kadal AI** provide personalized tutoring and instant Q&A support, extending teacher availability beyond class hours.

The GCC advantage in EdTech

Having evolved from back-office operations into high-impact strategic hubs, Global Capability Centers (GCCs) now drive innovation for MNCs worldwide.

With companies seeking scalable, cost-effective solutions to fuel growth, GCCs have emerged as critical enablers of business success.

1700+ GCCs

in India alone.

$64.6 billion

in revenue in FY 2024—a 40% jump from the previous year.

1.9 million professionals

employed by these centers.

The real power of GCCs, however, lies in their ability to create long-term value. Companies leveraging GCCs gain:

- **Access to a deep talent pool** with specialized AI, machine learning, and digital transformation expertise. Attrition rates in best-in-class GCCs are as low as 12%.
- **Significant cost savings**, with operational expenses up to 70% lower than Western markets. Companies start seeing tangible business value from their GCC within 18 months.
- **Faster speed to innovation**, thanks to their focus on R&D and emerging technologies. 80% of mature GCCs also actively invest in internal innovation programs.

Why India is the GCC capital of the world

India dominates the GCC market, hosting 50% of the world's GCCs, although alternatives are emerging in Malaysia, Vietnam, and the Philippines.

01

The deepest STEM talent pool

India produces 5-10 million+ STEM graduates annually, including specialists in AI, cloud computing, and data science. This means companies can quickly scale high-tech teams without hiring bottlenecks.

02

Cost efficiency

Salaries in India are 60–80% lower than in the USA or Japan, while operational costs (office space, utilities, etc.) are 50–70% lower.

03

Advanced infrastructure & government support

The country offers a stable, business-friendly environment with world-class IT parks, Special Economic Zones (SEZs), and government-led initiatives like Digital India and Skill India.

How LearningMate's GCC model is built for scale

LearningMate's GCC framework is built for scale and long-term value creation. Here's an example of our process.

STAGE 1

TRANSITION

The first 90 days set the tone for everything to come. When this phase ends, your GCC will be **operationally sound and fully integrated** into your organizational fabric.

In the first 90 days LearningMate works with clients to:

- We're people-first. We **handpick top talent** that aligns with your culture and business needs.
- Our structured **rebadging and training frameworks** ensure your team ramps up fast.
- We establish **reporting structures and security protocols** from Day 1.
- Establish a **customized, branded workspace** to integrate with the EdTech company's ecosystem.

STAGE 2

STABILIZE

With the foundation in place, we shift gears to ensure efficiency. By this time, your GCC is **running consistently at peak performance**.

In the following months, LearningMate works with clients to:

- With train-the-trainer models of **knowledge sharing and process streamlining**, we eliminate bottlenecks. We also automate where possible.
- We implement **team/resource scorecards and QBRs** to measure success and optimize execution.
- Our team **fine-tunes workflows and product planning cycles**, guaranteeing that quality remains paramount even as you scale.

STAGE 3

STEADY STATE

This is where your GCC evolves from a service center to a strategic growth driver. Now, your GCC is a self-sustaining, high-impact unit delivering repeatable business value.

In 1 - 2 years and onward, LearningMate works with clients to:

- Your GCC now has the expertise to **cross-pollinate knowledge** and create **new value streams**.
- With a stable, high-functioning GCC, we explore **new growth opportunities** and revenue channels.
- At the heart of every GCC is great talent. We invest in **hiring, training, and retaining** top industry experts.

For investors:
Go where the growth is

APAC’s growing potential

Asia-Pacific’s EdTech market is a paradox: booming demand but fragmented execution. Investors eyeing the region must navigate stark contrasts, since a one-size-fits-all approach doesn't work.

Investment hotspots

Thailand

High smartphone penetration but volatile policies.

Opportunity: Direct-to-consumer (D2C) and corporate learning.

Malaysia

Government-backed EdTech meets market fragmentation.

Opportunity: Customizable, multilingual solutions.

Vietnam

Digital-first policies create a robust EdTech ecosystem, but rural accessibility remains a challenge.

Opportunity: Offline-friendly mobile solutions.

Indonesia

The world’s fourth-largest education market struggles with rural connectivity.

Opportunity: Hybrid models (TV, radio, mobile apps).

Philippines

A thriving private education sector coexists with underfunded public schools.

Opportunity: B2C learning platforms & teacher training tech.

As an investor, what should you look for in an EdTech startup before placing your bet?

- Businesses that go low-tech to scale fast will win.
- Initiatives built in tandem with local government priorities drive adoption.
- Customizing content for infrastructure limitations and diverse languages ensures broader engagement.

Africa: The world’s youngest, fastest-growing market

Africa is home to 70% of the world’s under-30 population, with 22 million young people entering the workforce every year. By 2050, it will have the largest global workforce.

But while demand for skills is surging, the system is struggling:

- 98 million children in Sub-Saharan Africa are out of school
- Many schools lack basic infrastructure, trained teachers, and modern curricula.

Room for investor involvement:

- With 600 million mobile subscribers, smartphones—not computers—are the gateway to learning. Low-bandwidth, SMS, and offline-friendly solutions have the highest reach.
- The African EdTech sector is projected to surpass $20 billion in value within the next decade.
- Over 2,300 EdTech startups are operating in the region, yet only 172 are funded. The funding gap presents a massive investment opportunity.

The funding gap, combined with a rising demand for scalable, affordable educational solutions, makes Africa a prime target for EdTech investment.

South Africa: A key player

Home to 42 active EdTech startups, South Africa represents 8.6% of the continent’s EdTech ecosystem. The South African market is on track to reach a value of $1.52 billion by 2026, with a compound annual growth rate (CAGR) of 16.9%.

- 26.2% of EdTech companies are founded or co-founded by women, showcasing a growing gender-inclusive movement.
- Cape Town is the hub of innovation, with 52.4% of EdTech companies based there, while Johannesburg houses 38.1%.
- 12.2% of jobs in South Africa are generated by EdTech.

The final word

EdTech's next chapter will be defined by scale over spend. The companies that lead this industry forward must optimize costs, leverage AI-driven efficiencies, and expand their reach through strategic partnerships. At LearningMate, we help drive such industry-defining shifts. The efficiency gains we drive for our clients are a direct result of our future-proof growth strategies.

LearningMate offers a **cradle-to-career solution** covering every educational journey, from designing innovative learning platforms to improving access and affordability. We help you grow boldly by tackling the challenges of the modern education landscape head-on.

However, that alone doesn't create industry leaders—long-term partnerships do. Our clients believe in us as much as we believe in them. Our long-term partnerships with industry giants like Elsevier, McGraw-Hill, Pearson, Wolters Kluwer, and Wiley, some of whom have been with us since 2003, reflect the trust and value we bring. Over the years, we've been their team's extended arm, helping them scale ops and launch products that reach millions of learners worldwide.

We're at a tipping point where AI-driven automation and smarter ops are necessary. The next wave of EdTech success depends on embracing these innovations to cut through complexity and accelerate growth. **With over 20 years of proven experience,** LearningMate is built for this moment.

The next five years will determine which companies thrive and which struggle under the weight of outdated models.

The next big EdTech success story should be yours. Explore our solutions today.

Thank you.

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