Ambient Insight Whitepaper

The 2012 Global Boom in Learning Technology Investment

2012 International Investment Reaches Historic High: Digital Education Goes Retail

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2012 Investment Reaches Historic High

Ambient Insight closely monitors the investments made to learning technology suppliers across the planet. Over $10 billion was invested in learning technology companies between 1999 and 2012. The "billion-dollar threshold" has only been crossed four times in the last fourteen years.

The investments made to learning technology companies in 2012 were the highest in the history of the learning technology industry, reaching over $1.5 billion.

Early private investment peaked at $1.2 billion in 2000 as investors "bought into the recession." Funding declined rapidly after that to bottom out in 2004. Investment activity picked up again in 2005 and increased dramatically in 2007 and 2008. The $1.1 billion in funding in 2008 was the highest since 2000. While funding dropped sequentially in 2009 and 2010, investments were again up in 2011.

Ambient Insight considers learning technology investment patterns to be leading indicators. Those patterns can show a shift away from certain product types toward different or even new product types. The patterns can also expose "customer-facing" trends with funding shifting to companies that serve specific buying segments. This can clearly be seen with funding shifting to new products such as Social Learning and Mobile...
Learning. Funding has also shifted away from corporate-facing companies to companies serving the consumer and academic segments.

The other major shift in learning technology investment patterns is the number of companies being funded. In the early days of the learning technology industry far fewer companies were funded in any given year and very large investments (over $100 million) were not unusual.

- In 2011, over a 121 companies were funded and 23 (19% of all companies funded) garnered amounts over ten million dollars.
- Over a 180 companies were funded in 2012 and 34 (also 19% of all companies funded) garnered amounts over ten million dollars.

In comparison, of the 49 companies funded in 1999, 29 (59% of all companies funded) obtained over $10 million and of the 61 companies funded in 2000, 43 (71% of all companies funded) of them obtained over $10 million.

In 2011, K12, Inc., obtained $125 million in funding, the largest single investment made to a learning technology company since 1999. Desire2Learn garnered $80 million in 2012, by far the highest of all investments in 2012.

While these investments are impressive, they are far from the norm. In fact, relative to the overall investment pattern, most companies are funded at under ten thousand dollars.
Of the 121 companies funded in 2011, 91 (75%) obtained less than ten thousand dollars.

In 2012, 163 (90%) of the 180 companies that received funding obtained less than ten thousand dollars.

The investment trends in learning technology can often appear to be in lock step with general investments in technology, yet the trends in the learning technology industry are actually unique. For example, investors "buy into recessions" with increased investments in academic-facing companies at the first signs of economic slowdowns.

We hold to the analytical adage that "correlation is not causation," but we believe the lingering effects of the recession and the slow global recovery have sparked renewed interest in learning technology companies. There are other catalysts including the textbook digitization mandates across the globe and the rapid uptake of Mobile Learning in specific buying segments, particularly the consumer and academic segments.

Scope of this Whitepaper
The investment totals in this whitepaper include seed, angel, venture capital, and private equity. The totals do not include government and corporate foundation grants. This whitepaper does not include investments made by non-profit educational institutions. This analysis does not include leveraged buyouts or acquisitions made by investment firms.

The analysis in this whitepaper only covers learning technology products and does not deal with investments made to print-based or brick-and-mortar (classroom) education companies. It also does not include non-instructional technology such as student information systems.

Sources of Investment Activity Information
Ambient Insight tracks private investments made to learning suppliers via press releases, industry sites, targeted searches, and public-domain investment tracking sites such as CrunchBase, peHUB, Xconomy, and VentureBeat.

Burning Cash and Startups: A Cautionary Tale
Ambient Insight defines a startup as a company that has been in business for less than two years. While there is no consensus on the failure rate of startups in general, (with many analysts placing the failure rate for startups anywhere from 40% to 80%), the average failure rate for learning technology startups over the last decade is 55% after four years and 81% after eight years.

With very few exceptions, virtually all of the companies funded in 1999 and 2000 were startups that were part of the "irrational exuberance" of the dot.com era. Only five of the
51 companies (10%) funded in 1999 still exist. Only three of the 60 companies (5%) funded in 2000 still exist. Most of them failed within two years, but many survived long enough to be acquired at fire sale prices, with dismal returns on investment (if any) to investors. The dot.com meltdown cannot take complete blame for the collapse of some of these companies.

Many of the companies funded between 1999 and 2001 were corporate-facing and their corporate customers drastically reduced their expenditures on learning technology when the recession hit. Meanwhile the learning technology suppliers were burning through cash as both investment funds and income dried up.

There was also a lack of "buyer readiness" for learning technology products in certain buying segments. For example, several companies funded in 1999 and 2000 were Self-paced eLearning companies selling courses directly to consumers.

It quickly became apparent that consumers were not willing, nor ready, to buy Self-paced eLearning at that time. Again, the learning technology companies burned through a lot of cash before they realized their predicament. Not one of the consumer-facing companies funded in 1999 and 2000 exist today.

By 2001, investors had evidently learned their lesson. Of the 65 companies funded in 2001, 12 of them, or 19%, still exist. In 2001, investors began "buying into the recession" by shifting their attention away from corporate-facing and consumer-facing companies to academic-facing companies. The investors also started shying away from start-ups. **None of the companies funded between 2002 and 2005 were startups.** Investors began to show interest in a few startups starting in 2006 and 2007.

Fast forward to 2012 and there is a renewed interest in startups, particularly for companies serving the consumer and PreK-12 segments. In the context of the learning technology industry, this would normally raise a red flag, considering the history of failures in the early days of the industry.

The situation is quite different now and investors are exposed to much less risk because the investments are much smaller than at the beginning of the decade.

- Of the 78 consumer-facing companies funded in 2012, 41 were startups, an unprecedented percentage relative to historical patterns. Out of the 50 consumer-facing companies funded in 2011, only 11 were startups.
- Of the 39 PreK-12 companies funded in 2012, 24 were startups. In contrast, only 3 of the 23 PreK-12 companies funded in 2011 were startups.

The amounts invested in consumer-facing startups would appear to be ill-advised, although investors are at little risk. Of the 41 consumer-facing startups funded in 2012, **none of them garnered more than fifteen thousand dollars.** The highest amounts went not to startups, but to established businesses with visible revenue streams. For example, Open English and Lumos Labs received $43.0 million and $31.5 million, respectively.

The funding made to PreK-12 startups is probably an anomaly. Otherwise, the investment pattern is disconcerting if it weren't for the fact that the investment amounts were very low. Competing in this buying segment is difficult even for the entrenched legacy suppliers. It is very difficult for new companies to enter this market since the
barriers-to-entry are quite high and the so-called cost of "customer acquisition" is quite expensive.

Investments in PreK-12 startups went to Mobile Learning and Social Learning companies that offer products that the entrenched competitors do not have yet. A startup company called iSchool Campus obtained $4 million in investment in 2012. **Every other startup (23 companies) in the PreK-12 segment obtained less than ten thousand dollars in 2012.**

Considering all the hype in the higher education segment in 2012 about new startups "revolutionizing education," very few of the higher education companies funded in 2012 were startups. Investors are more interested in companies with established businesses and visible revenue streams (such as Desire2Learn who garnered $80 million in 2012.)

- Only 5 of the 28 higher education companies funded in 2011 were startups.
- Of the 41 higher education learning technology companies funded in 2012, only seven were startups.

Investors may have cause to regret investing in some of these higher education startups. Several of the higher education startups funded in 2012 are now operating without viable revenue streams or sustainable business models. Some are offering online courses for free and "exploring" other ways to generate revenue, including fee-based exams, a notoriously low-margin business. Developing, delivering, and supporting high-quality online courses is expensive and these startups are burning through cash.

There seems to be no ancestral memory in the higher education segment. Investors, institutions, and suppliers appear to have forgotten the spectacular failures in the early 2000s. Even the brand recognition of prestigious institutions did not prevent these failures.

Columbia's Fathom, NYU Online, AllLearn (a joint operation by Oxford, Yale, and Stanford), UNext's Cardean University (Columbia, Stanford, the University of Chicago, Carnegie Mellon, and the London School of Economics) are good examples of high profile (and well-funded) operations that failed.

**Investment Totals by Product Type**

Self-paced eLearning and Digital Reference-ware companies were the big winners in 2012, followed by Social Learning and Mobile Learning companies. In contrast, there appears to be no significant interest in Simulation-based Learning anymore. There was a small spike in the investments made to Game-based Learning companies in 2012.

Investor interest in more traditional learning technologies such as Self-paced eLearning, Digital Reference-ware, Collaboration-based Learning, Simulation-based Learning, and Game-based Learning waned considerably starting in 2005. This coincided with the interest in two new types of learning products: Social Learning and Mobile Learning.
In 2012, investments made to Social Learning and Mobile Learning companies were virtually on par at $263.2 million and $256.9 million, respectively. Essentially, they are tied for the third-largest funding amounts in 2012.

There was a significant uptick in funding to Collaboration-based companies in 2012. This may be an anomaly, although most of the funding went to live online tutoring companies serving international audiences. The global demand for online tutoring in the PreK-12 segments is quite large now, mostly due to the need for online English lessons taught by teachers in English-speaking countries. Open English garnered the highest amount in 2012 at $43 million. They are a Miami-based firm providing online English lessons to students across Latin America.

**eLearning Makes a Comeback**

In 1999, investments in Self-paced Learning companies accounted for 76% of all funding. Investments in eLearning companies peaked in 1999 at $765.3 million and dropped precipitously for the next five years. Investors remained ambivalent about the product type until 2008.

From the investment patterns over the past two years, it looks like investors have a renewed interest in eLearning companies. In 2012, eLearning companies obtained the
highest amount of funding out of any product type at $395.0 million - the highest since 2000.

This may be a sustainable pattern considering that $237.5 million of this was invested in higher education companies, most with established business models and positive cash flows. Additionally, another $63.9 million was invested in PreK-12 eLearning companies that also had visible revenue streams. The demand for eLearning in the academic segments across the planet is booming and this certainly is a good place to invest. The fact that investors are placing their largest bets on eLearning companies with proven business models, such as Desire2Learn, rSmart, Scientific Learning, and 2tor (now called 2U) is a major investment pattern in itself.

**Digital Reference-ware, Everywhere: The Demise of the Digital Divide**

In 2012, investments made to Digital Reference-ware companies reached $367.6 million, topping the $362.7 million record reached in 2008. Clearly there is a renewed interest in these companies.

Digital Reference-ware is digital video, text, or audio reference content that includes academic content, "how to" content, technical reference, scientific abstracts, medical research, and market research content. Digital audiobooks, eBooks, eTextbooks, video
course, and online technical manuals are common formats. The three top-funded Digital Reference-ware companies funded in 2012 were Echo360 (a lecture capture company), the Wikimedia Foundation, and Chegg, who garnered $31 million, $28 million, and $25 million, respectively.

The vast majority of digital learning content in the world still resides in text-based formats. However, there is a surge in the demand for other types of digital reference media. There is an explosion of peer and user-generated content ranging from Wikipedia-like products, user-populated search engines, podcasts, and "how-to" videos.

The primary catalysts driving the demand for Digital Reference-ware are the large scale digitization efforts being undertaken in school systems across the planet and the massive adoption of tablets in government-operated school systems worldwide. For example, in June 2011, the South Korean Education Ministry mandated that all instructional content in all primary and secondary schools must be 100% digital by 2015. **This is one case where Ambient Insight is willing to go out on a limb and correlate these catalysts with the 2012 spike in investments in Digital Reference-ware companies.**

The last big spikes in investment in Digital Reference-ware companies occurred in 2007 and 2008, but the patterns were completely different. There is now a distinct movement toward investing in academic-facing companies. Of the 36 Digital Reference-ware companies funded in 2012, 26 were academic-facing companies.

For more information about this research, email: info@ambientinsight.com
This is a dramatic change compared to 2007. Of the 31 Digital Reference-ware companies funded in 2007, only four were academic-facing companies. In 2008, only seven of the 51 companies funded were academic. In both 2007 and 2008, the vast majority of investments in Digital Reference-ware were made to consumer-facing companies. In contrast, only six of the 36 Digital Reference-ware companies funded in 2012 were consumer-facing companies. We expect this preference for academic companies to continue due to the explosion in the digitization of academic content across the planet.

There are now major digitization efforts going on in the school systems in South Korea, Thailand, China, Taiwan, Vietnam, Turkey, Brazil, Malaysia, the Russian Federation, France, Poland, Italy, Spain, Ukraine, Azerbaijan, Kazakhstan, Mongolia, the Philippines, Georgia, Brazil, Mexico, Indonesia, Japan, Singapore, Qatar, Kuwait, the United Arab Emirates (UAE), and in various school systems in the UK and the US. Sixteen countries in Africa have embarked on wide scale digitization efforts. Almost all of these efforts have a strong focus on integrating tablets into the education systems.

The massive adoption of tablets is a major catalyst for Digital Reference-ware. For example, the Turkish government is seeking bids for the purchase of 15 million tablets for school children in the country, a deal touted to be worth over $6 billion, even with heavily-discounted prices. Over five million primary students in Thailand will have a tablet by 2015. The Russian Federation intends to deploy tablets "on a massive scale in the Russian educational system to replace printed textbooks."

Another major catalyst for Digital Reference-ware investment is the explosive worldwide rate of Mobile Learning value added services (VAS) adoption. In Asia alone, over 200 million people subscribe to Mobile Learning VAS products. Beyond Asia, the highest adoptions of Mobile Learning VAS are occurring in developing economies in Africa and Latin America. While virtually all of the Mobile Learning VAS products on the global market are offered by the device makers and telecoms, the content comes from third-party suppliers. The irony is this content is delivered to subscribers in SMS text messages. Yes, plain old text.

In IBM's annual "5 in 5 list" (five-year technology predictions) for 2011, the company stated that, "The digital divide will cease to exist. In our global society, the wealth of economies is decided by the level of access to information. And in five years, the gap between information haves and have-nots will cease to exist due to the advent of mobile technology."

**Crossing the Rubicon: Investors Turn to New Product Types**

Virtually non-existent in 2005, Social Learning products started to gain traction (particularly in the consumer segment) in 2007 and 2008 and investors noticed.

Investors injected $135.6 million into Social Learning companies in 2009, however investments in Social Learning dropped dramatically in 2010. It looked like the bloom was off the rose for Social Learning, but investors showed renewed interest in 2011 and even more so in 2012. Investors plowed $263 million into Social Learning companies in 2012.
In 2010, Mobile Learning companies received the highest total amount of investment dollars out of all eight product types - the first time this product type reached the top. Mobile Learning investments cooled somewhat in 2011, but Mobile Learning companies still managed to attract the second-highest investment after eLearning companies. In 2012, investments made to Mobile Learning companies reached $256 million, on par with investments in Social Learning.

First-generation Cognitive Learning was hyped as the "next best thing" in learning technology in 2000 and investment went from zero in 1999 to $11 million in 2000, and in the next year jumped to $47.2 million. Investments peaked at $63.1 million in 2008. Technology-based Cognitive Learning products are designed to improve or enhance perception, working memory, comprehension, emotional states, decision making, fluid intelligence (general problem solving), and reasoning. Until 2008, almost all of the investments in Cognitive Learning were made in academic-facing companies.

Beginning in 2008, investors started funding companies that were focused on the new (and booming) consumer brain training market. These companies were bringing second-generation Cognitive Learning products designed for consumers to the market.

From 2010 through 2012, all of the Cognitive Learning funding deals were made with consumer-facing companies. Investments were up significantly in 2011 driven by the $32.5 million investment made to Lumos Labs. Lumos Labs obtained an additional $31.5 million in 2012.
Investment Totals by Target Customer Type

In terms of both the number of deals made and investment amounts, 2012 was largely a consumer story. Higher education and PreK-12 investment patterns are also interesting.

In terms of number of deals, consumer-facing suppliers dominated the investment landscape, landing 78 deals in 2012 - roughly twice the number of deals that were made to either PreK-12 or higher education companies.

In 2012, there were 41 deals made to higher education companies and 39 deals made with PreK-12 companies. These totals were significant increases from previous years showing the new investor interest in those two academic segments.

**In 2012, the total investment amounts made to consumer-facing companies were extraordinary with investment totals growing over $400 million from the year before.** The spike in higher education amounts was also impressive with 2012 investments reaching $431 million, more than double the $218 million from the year before.

There was a sharp uptick in the funding of healthcare-facing companies in 2012; investments jumped to $148.6 million compared to the $21.4 million invested in 2011. This pattern is too new to draw any conclusions and it may be an anomaly. As of March 2013, no healthcare-facing learning technology companies have been funded so far this year.

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Ambient Insight maintains that annual patterns are only meaningful if analyzed in a longitudinal context. The dramatic spike in investments made to consumer-facing companies in 2012 could indicate a new trend, but it could also be an anomaly. Even three-year patterns tend to be localized "snapshots" and not particularly reliable indicators if taken out of context.

Analysis over at least 10 years in the context of the macroeconomic environment is needed to draw conclusions about investment trends. For example, the investor response to recessions would not be visible without longitudinal analysis.

**The Fading Investments in the Corporate Learning Technology Market**

Between 1999 and 2001, corporate-facing companies were the only game in town, reaping the vast majority of investments. Investments bottomed out in 2010 at a dismal $45 million. Investments improved somewhat in 2011, but still hovered at historic lows. In 2012 investments dropped and another milestone was reached; corporate-facing companies received the least amount of funding out of all company types. Interestingly, the number of deals made to corporate-facing companies remained relative steady between 2011 and 2012.

Dramatic drops in funding made to corporate-facing learning technology companies occurred during the last two recessions. The current investment pattern for corporate-
facing companies is almost certainly related to the lingering effects of the global recession. One of the first things companies cut during economic downturns are training budgets. It is very difficult for a corporate-facing company to attract investors when customers are trimming expenditures.

In the US, the corporate training industry never recovered from the 2001 recession. Training budgets began to increase in 2006 and 2007, but they were significantly lower than the budgets in 1999 and 2000. The most recent recession again caused a sharp drop in spending on training in 2009 and particularly in 2010. In 2011 and 2012, training budgets in the US appeared to be increasing, yet this is only in the context to the steep cuts made in 2009 and 2010. By 2012, training budgets were back to 2008 spending levels.

The irony about the corporate investment patterns is that corporations are the largest buyers of learning technology in the world. This will change over the next five years as the academic segments go digital, but in 2012, corporations across the globe spent over $15 billion on the eight learning technology products combined.

Another major trend impacting investment is commoditization, particularly in the developed economies. In the US, for example, corporations are the largest Self-paced eLearning buyers. However, the corporate market is highly commoditized and suppliers tend to compete solely on price - not an attractive scenario for funders expecting a return on investment.
The Rise of the Consumer: Digital Education Goes Retail

The investments made to consumer-facing learning technology companies has been spiking since 2006. There were virtually no investments made to consumer-facing companies between 2002 and 2005.

This was in the aftermath of the dot.com meltdown and investors were quite unwilling to go near a consumer company. The sharp jump in 2012 is unusual and may or may not indicate a new trend.

A closer look at the consumer trends reveals interesting patterns. Of the 78 consumer-facing companies funded in 2012, only nine sell Self-paced eLearning. In contrast, 20 of the consumer-facing companies funded in 2012 were Mobile Learning suppliers, 16 were Digital Reference-ware suppliers, and 15 were Social Learning suppliers.

In terms of product types, investors clearly favored consumer-facing companies that offered Social Learning and Digital Reference-ware. Quora obtained $50 million in 2012 and the Wikimedia Foundation brought in $28 million. Both could be considered hybrids of Social Learning and Digital Reference-ware.

Collaboration-based Learning companies (primarily live online tutoring and language learning companies) serving the consumer segment attracted the next largest amount of funding in 2012. Open English received $43 million in funding in 2012 and TutorGroup...
garnered $15 million. Consumer-facing Cognitive Learning companies did relatively well, being led by the $31.5 million obtained by Lumos Labs in 2012.

While Mobile Learning companies had the highest number of deals in the consumer segment (18 deals), they only obtained the fourth largest funding total. The Mobile Learning companies with the highest investments all have one thing in common – they develop educational apps for young children. Fingerprint Digital brought in $7.7 million, followed by Duck Duck Moose, MindSnacks, and Fuhu who obtained $7 million, $6 million, and $5 million, respectively.

The consumer investment patterns are part of a larger trend in which providers are increasingly offering education products to parents instead of the schools. Digital early childhood learning is already a retail business. In the US, 53% of all mobile edugame revenues in 2012 were generated from the sales of early childhood learning games.

Out of the 78 consumer-facing companies funded in 2012, twelve were language learning companies. Essentially, there is a booming digital education industry in the consumer segment, which is bypassing the traditional education systems across the globe.

In their February 2013 financial statement, Pearson stated that, "Looking ahead, we see considerable growth opportunities in education, driven by trends including rapid growth of the global middle class, adoption of learning technologies, the connection between education and career prospects and increasing consumer spend on education, especially in emerging economies."
A Lesson on the Academic Industry: It is an Evolution, not a Revolution

If the 1999-2012 investment patterns for higher education and PreK-12 learning technology companies are combined, a distinct "trench" pattern emerges.

![Graph showing 1999-2012 Private Investments made to Academic-facing Learning Technology Companies (in $US Millions)](image)

This trench pattern provides unmistakable evidence for investor interest in academic-facing companies across the planet. Investors are being cautious, funding mostly well-known companies in higher education and spreading relatively small amounts of funding across multiple startups in the PreK-12 segment.

Numerous press articles and blog entries in 2012 touted a "revolution in education," citing the activities of new venture-backed learning technology companies that offer non-credit online courses for free. It is counter-intuitive, if not an oxymoron, to claim that "freemium" is a business model.

The hyperbole has begun to recede and a closer scrutiny of this flawed business model (or lack of one) is now underway. Online courses that lack some form of accreditation and do not lead to a certification, a credential, or a degree have never been successful in the history of eLearning.

These new companies claim they are academic-facing, but they actually cater to consumers that are not part of a formal education program. Academic institutions may deliver the courses, but the "students" are not enrolled in a formal education program. These new companies are having little impact on the traditional education industry and

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until they find ways to generate revenue, they will have short life spans. At the very least, the funders expect a return on their investment and somehow were convinced by these freemium companies that they would get that.

A few of these recently-funded companies intend to generate revenue from "sponsorships," which is a subtle form of advertising. This has been tried before. Several heavily-funded consumer-facing companies tried to offer free learning content supported by advertising beginning in 2007. Not one of those companies still depends on advertising and they all have moved to fee-based content models, prompting one CEO to say in the press that "advertising and learning are fundamentally incompatible."

The academic market (PreK-12 and higher education combined) in the US alone is over a $1 trillion industry. The combined PreK-12 and higher education learning technology market in the US already generates over $10 billion for academic-facing suppliers.

**By 2016, academic institutions will be outspending corporations on learning technology in many countries of the world, including the US.** Free products will not jeopardize the revenue streams in this supply chain.

This is borne out by the fact that free Open Educational Resources (OER) have been available to institutions and individuals for over ten years and have never represented competition to commercial education products. Just like open source learning platforms, which never impacted the sales of commercial learning platforms, OER and commercial products are used in tandem and are not mutually exclusive.

The US academic market is a very complex opaque market and very difficult for new companies to enter. Academic markets in other countries are no less opaque. Ambient Insight has country profiles for 85 countries and the academic buying behavior is different in each one. The first thing an education company needs to do in order to compete in any country is to understand the intricacies of the academic supply chains. This can be a daunting task.

**The Foregone Conclusion of the Evolutionary Tale**

When the 2012 investment patterns for higher education and PreK-12 learning technology companies are analyzed independently, there are striking differences.

Investment in higher education companies was heavily concentrated in companies that sell eLearning and Digital Reference-ware, and with minor exceptions, most of them (34 out of 41) were established firms with histories of positive cash flow.

In contrast, 2012 investment in PreK-12 companies was concentrated in Mobile Learning, eLearning, and Social Learning. Many of these companies were startups with short track records, but investors minimized their risk. The funding amounts were relatively small and spread out among many companies.

While there was a small amount of investment in Game-based Learning in 2012 in the higher education segment, there were almost no investments made in academic companies selling Collaboration-based Learning and Cognitive Learning. No Simulation-based Learning companies serving the academic segments were funded in 2012.
The uptick of Mobile Learning investments in the PreK-12 segment is in large part being driven by the digitization of learning content and the adoption of tablets in the school systems across the globe. The Social Learning investment patterns in the PreK-12 segment are very new and may not be a viable pattern.

The investment in eLearning and Digital Reference-ware companies serving the higher education segment is related to the rapid migration to digital formats by all the education institutions in every corner of the world and the massive demand for online higher education courses and eTextbooks.

There are more than 40 million online higher education students in the world that take one or more of their classes online as of February 2013. All of these students are participating in formal education programs. By 2017, 24.5 million higher education students in the US will be taking one or more of their classes online. What makes the US unique is that 4.4 million of these students will be taking all of their classes online by 2017.

**At the current growth rate of online enrollments, there will easily be over 120 million higher education students across the globe taking online classes by 2017.**

The most explosive growth is in developing economies. Many countries with developing economies are adopting eLearning as a way to meet the strong demand for higher education – a demand they simply cannot meet with traditional campuses and programs.
It is no longer a question of financing higher education - it is a matter of reaching all the people that want higher education.

The boom in online higher education enrollments in Africa is nothing short of astonishing. The University of South Africa (UNISA) and the African Virtual University are examples of pan-African virtual universities with very large enrollments. Five new virtual universities launched in Sub-Sahara Africa in 2012 alone.

If there is any such thing as an education revolution underway, it is the inexorable move away from print textbooks and classroom instruction, with the most dramatic events occurring in Latin America, Africa, and Asia.

The delivery medium in the global education industry is evolving very fast, but relative to the supply chain, there is no revolution afoot. The supply chain (comprised of buyers and sellers) is evolving slowly. Institutions across the globe are changing the way they deliver learning, but the institutions themselves are not undergoing fundamental change. It will be business as usual for the foreseeable future.