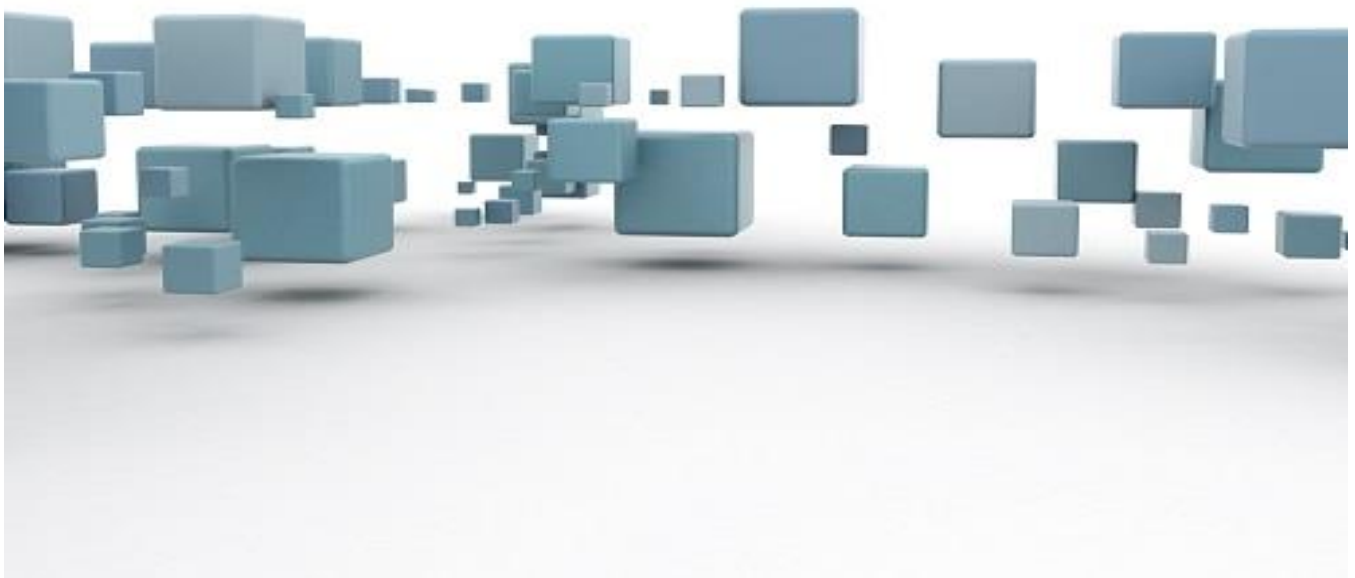


Ambient Insight

H1 2015 International Learning Technology Investment Patterns

Analysis by: Sam S. Adkins, Chief Researcher

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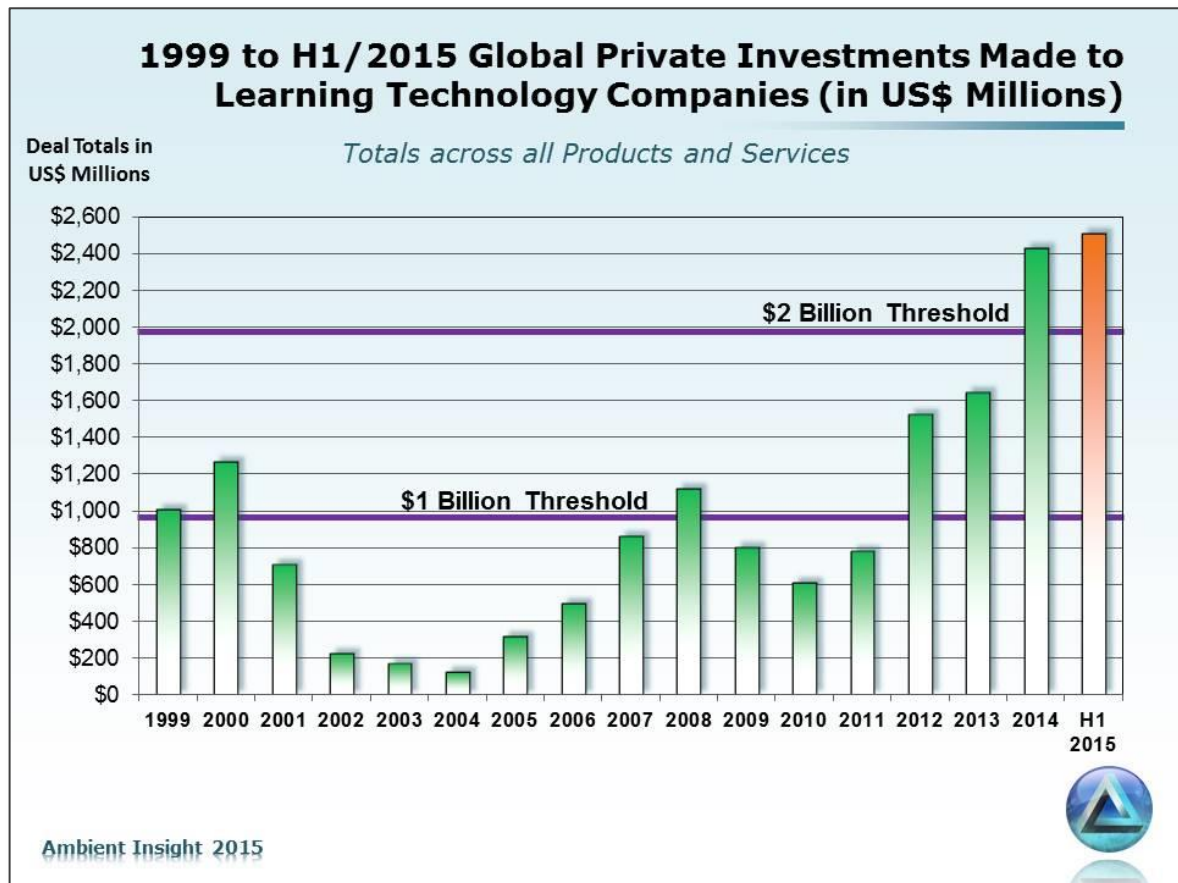


The H1/2015 Global Learning Technology Investment Patterns

Historic High in the History of the Learning Technology Industry

The investments made to learning technology companies in the first half of 2015 were the highest for a half year period in the history of the learning technology industry and exceeds the total amount for the entire year of 2014. In the six month period between January and June 2015, **\$2.51 billion** was invested in learning technology companies across the globe. This is astonishing considering that the total global investments made to learning technology companies for the entire year of 2014 was \$2.42 billion, which set a record in the industry.

Figure 1 – 1999-H1/2015 Global Private Investment in Learning Technology Companies (in US\$ Millions)



Thirteen learning technology companies across the planet garnered investments amounts above \$50 million in the first half of 2015: Genshuixue, Xuebajun, NetDragon, Mapbox, Affero Lab, Yuan Tiku, Udemy, TAL Education (Tarena), Virgin Pulse, HuJiang.com, Changingedu, 17zuoye, and lynda.com. Eight of these companies are based in China, four in the USA, and one in Brazil. **These thirteen companies combined obtained \$1.05 billion in the first half of 2015.**

The learning technology investment patterns were also unique in the first half of 2015 due to the sheer volume of deals. In the first half of 2014, 159 companies had been funded; by the first half of 2015, 262 companies had been funded—a 66% increase compared to the first half of 2014.

Investors overwhelmingly favored consumer-facing learning technology companies in the first half of 2015; these companies accounted for the vast majority of funding and the highest number of deals. Just over \$1.4 billion (56% of all global investments combined) went to consumer-facing companies in the first half, which far exceeded the \$984.2 million invested in these companies in the entire year of 2014. Of the 262 deals made in the first half of 2015, 126 went to consumer-facing companies.

Investor interest in China continues unabated. In the first half of 2015, **\$798.6 million went to 20 learning technology companies operating in China**; this was 32% of the total investment that went to all companies combined around the globe. This is extraordinary considering that the total investments made to Chinese learning technology companies for the entire year of 2014 was \$634.4 million, which was 26% of all global investments.

Learning technology investments in India are starting to heat up again. A total of **\$137.0 million went to 33 learning technology companies operating in India in the first half of 2015**. This is clear evidence of renewed interest in Indian companies. For the entire year of 2014, only \$83.0 million went to just 13 companies in India, which was a dramatic decrease from the year before.

In the first half of 2015, there was strong evidence of new interest in Brazilian learning technology companies. This is all the more significant considering the current near-recessionary economic slowdown in Brazil. Investments in Brazil between 2012 and 2014 were tepid at best and peaking at \$5.3 million in 2013. **In the first half of 2015, \$97.0 million was invested in eight Brazilian learning technology companies**, including the \$55 million that went to Affero Lab, the highest amount ever invested in a Brazilian learning technology company, so far.

Scope of this Whitepaper

The investment totals in this whitepaper include seed, angel, venture capital, and private equity. The totals do not include government grants, NGO grants, or corporate foundation CSR grants. This whitepaper does not include investments made by non-profit educational institutions unless the investments are made to commercial spinoffs. This analysis does not include leveraged buyouts or acquisitions made by investment firms. Once an investment firm takes a majority stake in a company, Ambient Insight defines that as an acquisition, not an investment.

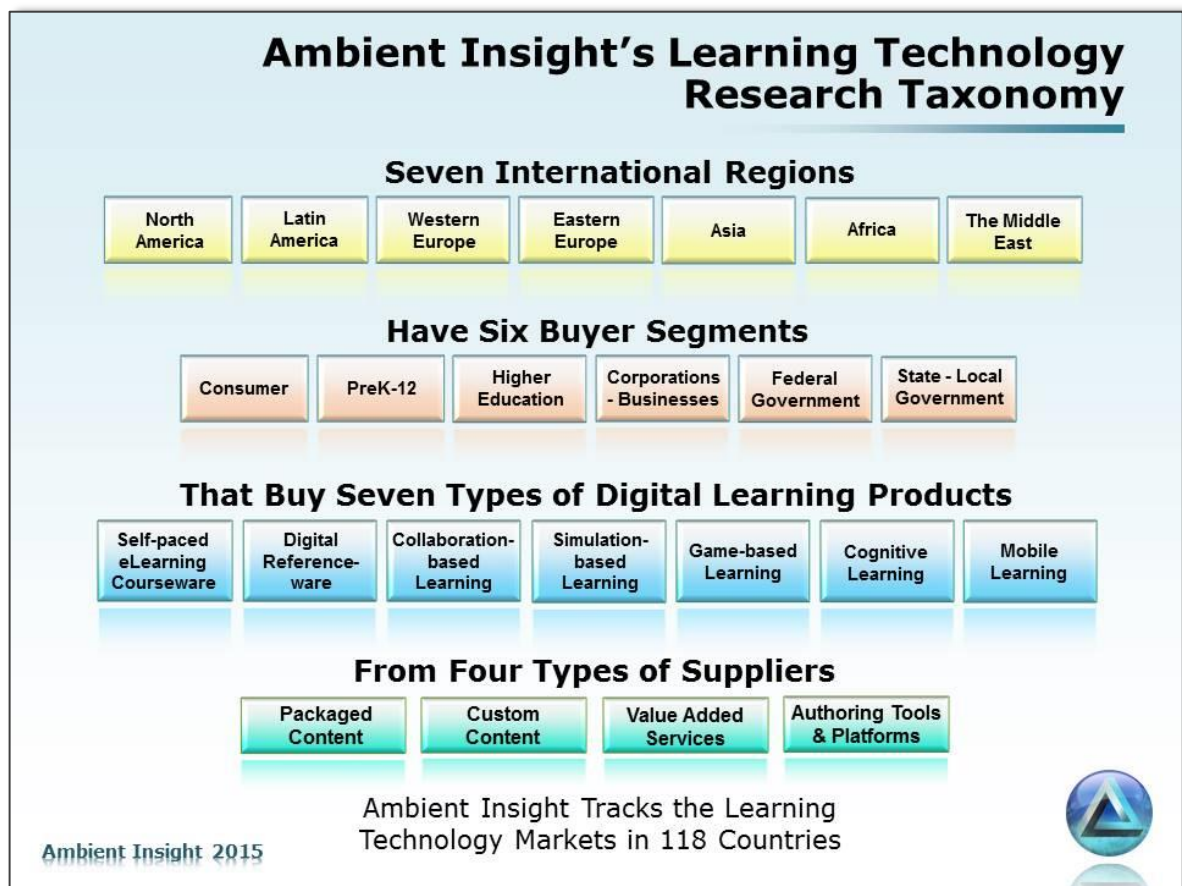
We do not track investments made to print-based or brick-and-mortar education companies. We do not include non-instructional technology such as hardware, student information systems, back-office IT systems, front-office systems, student services platforms (retention, course finders, etc.), classroom equipment, education supplies, student loan and tuition platforms, facilities management software, program management systems, test messaging and mobile alert systems, or institutional administrative systems.

For example, a company called SoFi received a \$200 million round in February 2015. They market a peer-to-peer student loan lending platform in the higher education segment. They also finance mortgages. Their solution is more accurately defined as financial technology (fintech), not learning technology.

US-based AltSchool raised \$100 million in May 2015. The company places a great deal of emphasis on technology and makes extensive use of learning technology in their physical classrooms. But it is a classroom-based brick-and-mortar operation; they do not sell learning technology products. We do not categorize them as a learning technology company and their funding is not included in our tally.

The whitepaper only covers learning technology companies that develop instructional products directly involved in the learning process. Ambient Insight's Research Taxonomy defines seven learning technology product types: Self-paced eLearning (courseware), Collaboration-based Learning (live online tutoring), Digital Reference-ware, Simulation-based Learning, Game-based Learning, Mobile Learning, and Cognitive Learning.

Figure 2 – Ambient Insight's Learning Technology Research Taxonomy



Ambient Insight tracks the investments made to companies that sell four types of learning products: packaged retail digital content, custom content development services, subscription-based value added services, and authoring tools & learning platforms. As of June 2015, we track the learning technology markets in 118 countries.

Sources of Investment Activity Information

Ambient Insight tracks private investments made to learning technology suppliers via press releases, financial reports, investment firm sites, targeted searches, and public-domain investment tracking sites including CrunchBase, Ventures Africa, peHUB, Xconomy, DealStreetAsia, VCCircle India, VatorNews, EducationInvestor (UK), China Money Network, SinoBeat, VC4Africa, FinanceAsia, VentureVillage (Germany), the Latin American Private Equity & Venture Capital Association (LAVCA), SeedTable, the Asian Venture Capital Journal, DealCurry (India), and VentureBeat.

We also track public domain investment sources that focus on particular countries. For example, the top information source for the commercial education technology market in China is a learning technology news website called Jiemo Media (JMDEdu).

Investment Reached Unprecedented High for the First Half of 2015

Investments made to learning technology companies across the globe reached an astonishing \$2.51 billion in the first half of 2015. Not only is this the highest first half amount, it is also the record for total investments made in any given year. The exact amount invested as of June 30 was \$2,512,803,700.

The most significant investment patterns in the learning technology industry in the first half of 2015 was the spike in the funding of companies operating in China and the strong investor interest in consumer-facing companies.

Investments in companies operating in China accounted for 32% (\$798.6 million) of all investments made to learning technology companies in the first half of 2015. The investment made to Chinese learning technology suppliers also dominated the 2014 investment activity. For the full year of 2014, a total of \$634.4 million was invested in learning technology companies in China, which was just over 26% of all funding that went to learning technology suppliers across the globe in 2014. To put this in perspective, only 6% of all investments made to learning technology companies in 2013 and a meager 1% of funding in 2012 went to companies operating in China.

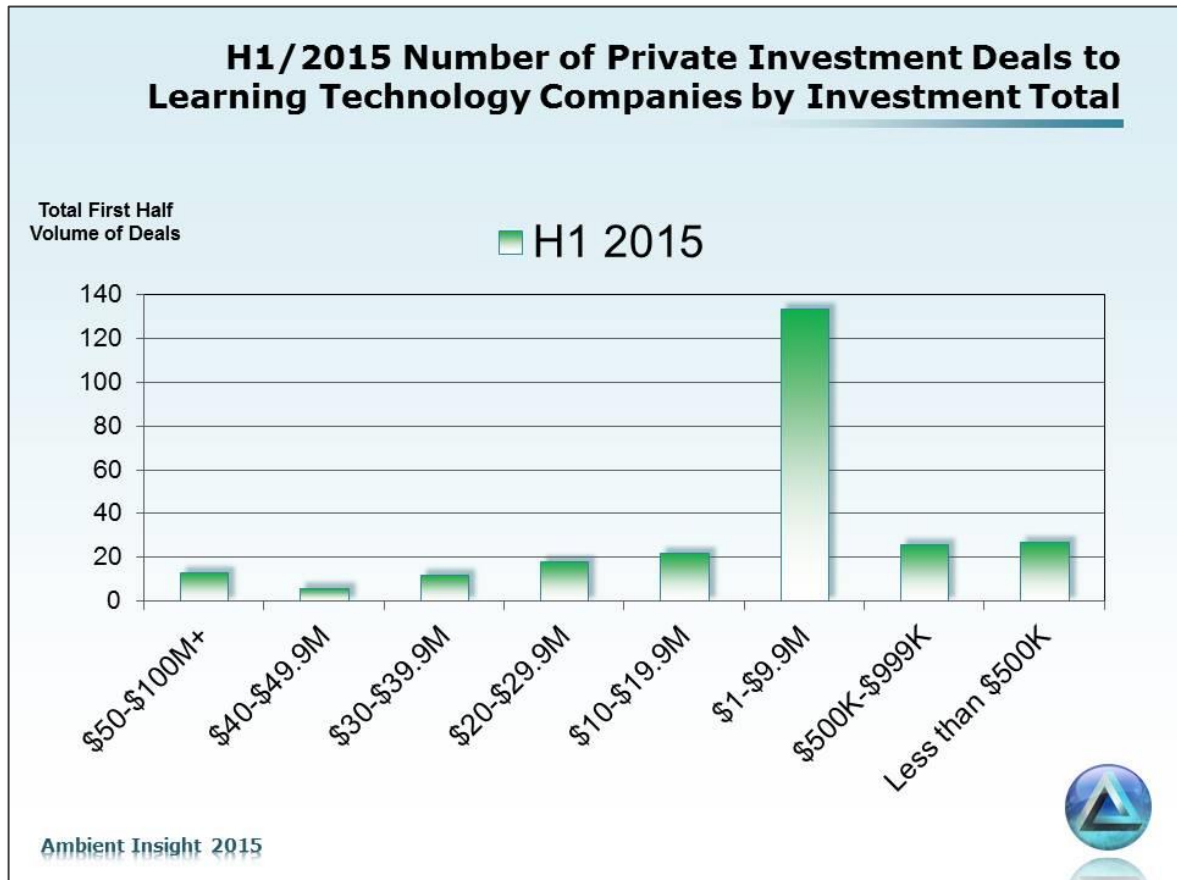
The One to Ten Million Investment Sweet Spot

Investments over \$10 million were common in the early days of the industry. Of the 49 companies funded in 1999, 29 (59% of all companies funded) obtained \$10 million or more and of the 61 companies funded in 2000, 43 (71% of all companies funded) obtained \$10 million or more.

In 2014, 45 of the 339 of the learning technology companies funded obtained \$10 million or more; this is 13.4% of all companies funded. In the first half of 2015, 71 of the 262 companies that were funded garnered over \$10 million-this is 27% of all deals made in the first half.

It is too soon to tell, but there is now evidence that investors are willing to invest \$10 million or more, particularly to companies operating in certain countries or selling certain types of learning products.

Figure 3 – H1/2015 Total Number of Private Investment Deals to Learning Technology Companies by Investment Amount Ranges



The sweet spot now is in the \$1 million to \$9.9 million range. Of the 262 learning technology companies funded in the first half of 2015, 137 obtained amounts between \$1 million and \$9.9 million. This is a pattern seen in the investment activity for the last four years.

Funding Amounts Over \$50 million in First Half of 2015

Until 2014, funding amounts over \$50 million in single rounds were rare in the learning technology industry. There were no investments over \$50 million in 2008 and 2009. Echo360 was the only learning technology company to obtain over \$50 million in 2010.

K12, Inc. was the only company in 2011 to garner more than \$50 million and only one company (Desire2Learn) obtained more than \$50 million in 2012. In 2013 and 2014, the patterns changed; three companies obtained over \$50 million (Lynda.com, Open English, and Knewton) in 2013 and thirteen companies exceeded the \$50 million threshold in 2014. This pattern appears to be holding. In the first half of 2015, thirteen companies obtained funding of \$50 million or over.

Table 1 – Learning Technology Companies that Obtained \$50 Million or More in Funding in the First Half of 2015

Company Name	Funding Amount	Date of Funding	Product Type	Base Operating Country
Genshuixue	\$50,000,000	March 2015	Collaboration-based Learning	China
Xuebajun	\$50,000,000	March 2015	Mobile Learning	China
NetDragon's Best Assistant Education	\$52,500,000	January 2015	Mobile Learning	China
Mapbox	\$52,550,000	June 2015	Digital Reference-ware	USA
Affero Labs	\$55,000,000	June 2015	Self-paced eLearning	Brazil
Yuan Tiku	\$60,000,000	March 2015	Mobile eLearning	China
Udemy	\$65,000,000	June 2015	Self-paced eLearning	USA
TAL Education (Tarena)	\$70,000,000	June 2015	Collaboration-based Learning	China
Virgin Pulse	\$92,000,000	May 2015	Cognitive Learning	USA
HuJiang.com	\$100,000,000	February 2015	Self-paced eLearning	China
Changingedu	\$100,000,000	June 2015	Mobile Learning	China
17zuoye	\$120,000,000	February 2015	Self-paced eLearning	China
lynda.com	\$186,000,000	January 2015	Self-paced eLearning	USA
Total	\$1,053,050,000			

Several companies came close to the \$50 million threshold in the first half of 2015. For example, a Chinese company called Tsingda eEdu Corporation garnered \$49 million in February 2015 and the online language learning company Duolingo obtained \$45 million in June 2015.

Funding amounts of \$100 million (or more) are very rare in the learning technology industry. There have only been ten learning technology companies that have obtained \$100 million (or more) in single rounds of funding in the last 17 years.

- ElementK and Unext each obtained \$100 million in 1999 at the height of the dot.com era and before the economic meltdown in 2000 and 2001.
- In the wake of two economic downturns, there were no investments over \$100 million between 2000 and 2010.
- In 2011, K12, Inc. obtained \$125 million in funding and in 2013, lynda.com garnered \$103 million.
- The China-based online tutoring company TutorGroup obtained \$100 million in February 2014. The investment was led by Alibaba, the dominant online retailer in China.
- In August 2014, Pluralsight garnered an astonishing \$135 million in funding; this was the highest single amount invested in a learning technology company at the time. (Pluralsight had also obtained \$2.5 million earlier in 2014 and \$27.5 million in 2013.)
- The breathtaking \$186 million invested in lynda.com in January 2015 broke this record and still stands as the highest investment made to a learning technology company in the history of the industry

Three Chinese companies (Hujiang.com, Changingedu, and 17zuoye) garnered \$100 million or more in the first half of 2015 as well. In 2014, only one company garnered over \$100 million. In the first half of 2015 alone, four companies have reached this threshold.

Retail Education: Consumer-facing Companies Dominate Investment in the First Half of 2015

One trend that has remained stable over the last four years is the investor interest in consumer-facing learning technology companies. This trend is clearly evident in the data for the first half of 2015. This was not always the case. In the early days of the industry, consumer-facing learning technology suppliers that were funded all failed within 2-3 years, largely due to the lack of consumer readiness for the products.

It is now abundantly clear that there is strong demand for digital learning products in the consumer segments across the planet and consumers are now avid buyers of digital education and training content. Online language learning is the top selling learning product type in every consumer segment across the globe.

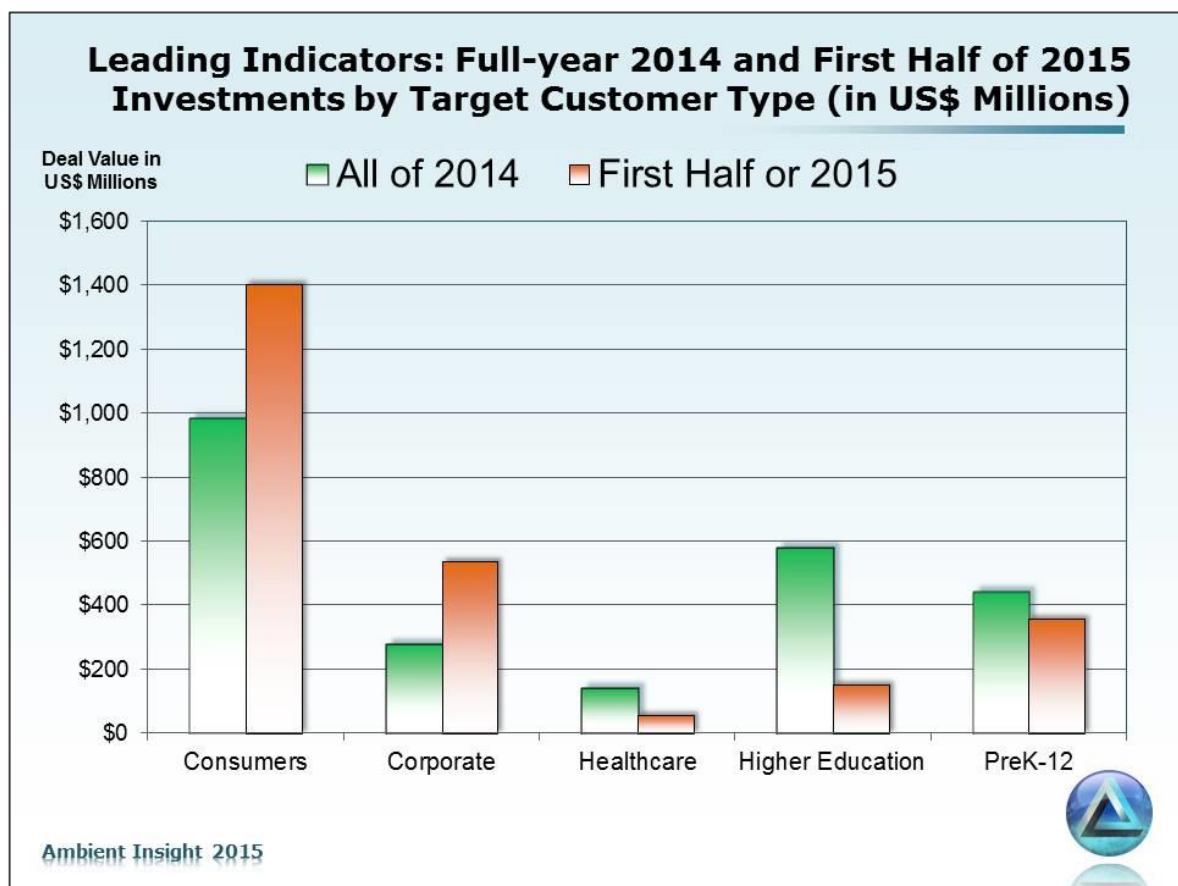
In the first half of 2015 consumer-facing companies accounted for the highest number of deals and the vast majority of funding. Just over \$1.4 billion went to consumer-facing companies followed by corporate-facing companies at \$537.2 million and PreK-12 companies at \$358.2 million.

There was virtually no investor interest in consumer-facing learning technology companies between 2003 and 2009. Investors started taking notice again in 2012 and 2011. In 2012, investors sank \$626 million into consumer-facing learning technology companies, more than double from the year before.

- In 2013, consumer-facing learning technology companies garnered \$736.8 million, which was 44% of all money invested into learning technology companies on the globe.
- In 2014, a total of \$983.9 million was invested in consumer-facing companies; this was 40.5% of the total international investments in learning technology in 2014. This was a record high at the time.

In the first half of 2015 alone, \$1.407 billion was invested in consumer-facing learning technology companies; this was 56% of all funding that went to learning technology companies in the first half and far exceeded the \$984 million invested in consumer-facing companies in the entire year of 2014.

Figure 4 – Full-year 2014 and H1/2015 Private Investment by Target Customer Type

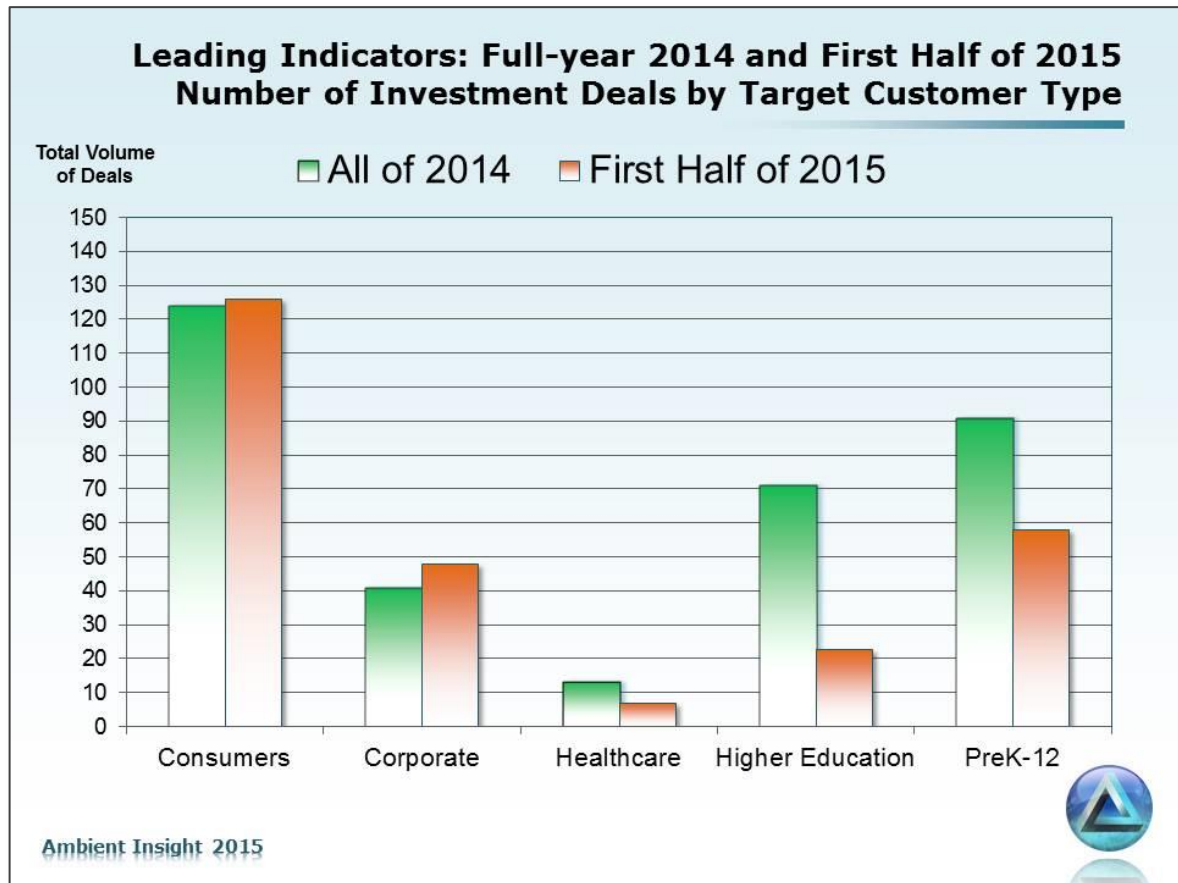


Consumer-facing learning technology companies across the globe also accounted for the highest number of deals in the first half of 2015. There were 126 deals made with consumer-facing companies in the first half, followed by PreK-12 at 58, and corporate facing companies at 48. Of the 126 deals made with consumer-facing learning technology suppliers in the first half, 51 of the deals were with Mobile Learning companies.

The volume of deals made to consumer-facing companies in the first half of 2015 is essentially on par with the number of deals made in the entire year of 2015. The number of deals made with corporate-facing learning technology suppliers in the first half already

exceeds the number of deals made in the full year of 2014. The PreK-12 first-half deal totals are already at 59% of the total number of deals made in 2014.

Figure 5 – Full-year 2014 and H1/2015 Total Number of Private Investment Deals to Learning Technology Companies by Target Customer



Investor interest in higher education learning technology suppliers is trending downward as of the end of June 2015. Investments made to healthcare-facing companies in the first half of 2015 are virtually identical to the totals in the first half of 2014.

Which Consumer-facing Suppliers Attract Investment?

In the first half of 2015, investors focused heavily on learning technology suppliers that sold self-paced courses to consumers. The striking pattern in these data is the dramatic spike in funding going to these companies compared to 2014 when "only" \$369.1 million was invested in Self-paced eLearning companies.

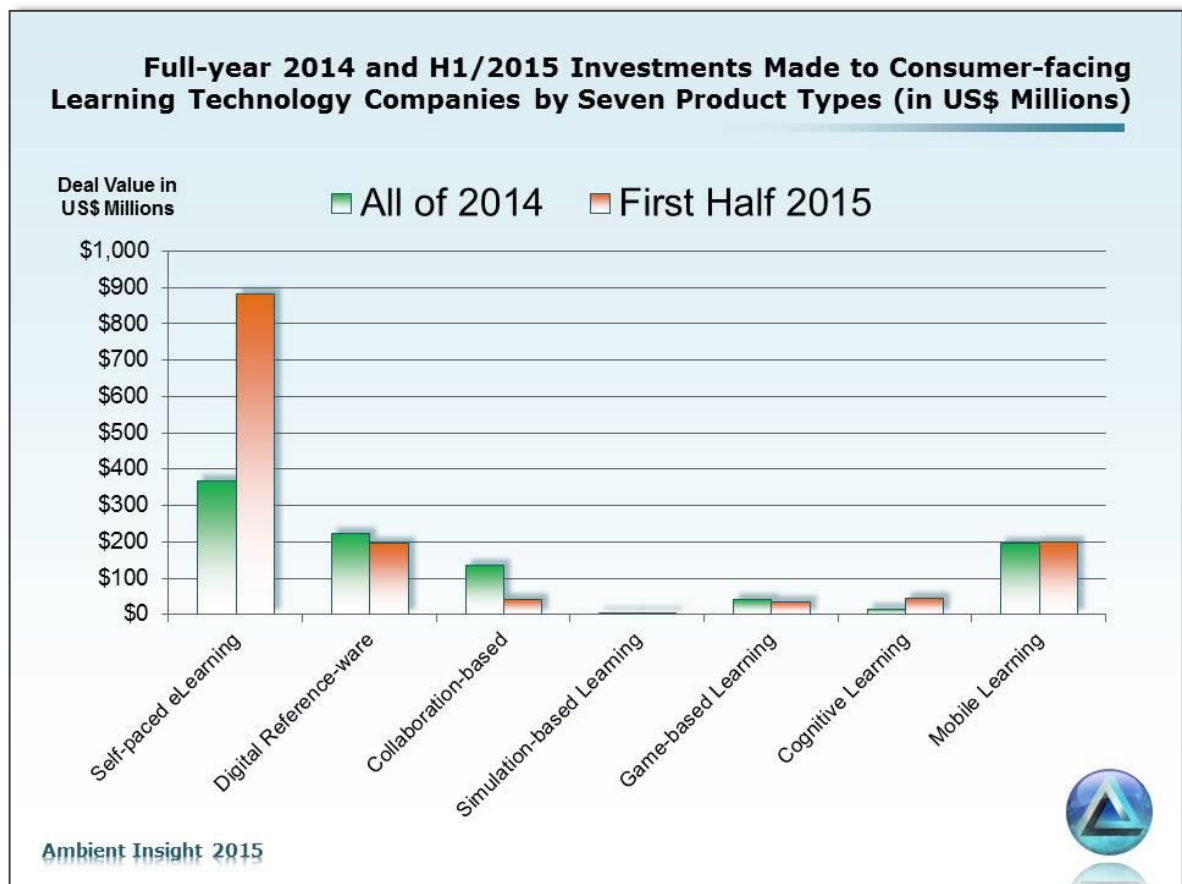
In the first half, investors poured \$881.1 million into suppliers that sold online courses to consumers. This spike is due in large part to the funding patterns in China and represents a new education distribution channel; effectively it is retail education.

By far, online language learning suppliers, test prep course providers, and early childhood learning suppliers attracted the most investment. Suppliers that sell supplemental academic content (particularly for the early grades) are also attracting increased investment.

The investor interest in online language learning suppliers is particularly prevalent in China, South Korea, Japan, Thailand, Indonesia, and India. Test prep suppliers are attracting significant investment in "exam cultures" that have national matriculation exams.

An impressive \$199.2 million in funding went to consumer-facing suppliers selling Mobile Learning products. The amount only appears low in contrast with the large investments made to Self-paced eLearning companies. The investments made to Mobile Learning companies in the first half of 2015 are almost identical with the investments made in the entire year of 2014.

Figure 6 – Full-year 2014 and H1/2015 Total Number of Private Investment Totals to Consumer-facing Learning Technology Companies by Product Type



The investments made to consumer-facing Digital Reference-ware suppliers in the first half of 2015 are on par with the investments made in the entire year of 2014.

The 2015 investments (in terms of total funding amounts) made to consumer-facing learning technology companies in the first half of 2015 are heavily concentrated in China. Private investments made to learning technology suppliers in India and Brazil are also trending upward.

All Eyes on China, India, and Brazil

Investment activity in China has been a fixture in the learning technology investment patterns for the last three years. Investor interest in Indian learning technology suppliers lagged in 2014, but surged in 2015. The activity in Brazil is a very new pattern and it is too soon to tell if it is an anomaly or a stable pattern.

All Roads Continue to Lead to China

The investor interest in learning technology companies operating in China is a relatively new trend; 2012 was the first hint of the interest in Chinese companies. TutorGroup obtained \$15 million in April 2012 and the language learning startup 51Talk garnered a meager \$2 million in December 2012.

There were only six investments made to learning technology companies in China in 2012. In 2013, 47 online education companies in China received funding from investors. By the end of 2014, 36 companies operating in China had obtained funding. While 2014 saw a smaller number of deals, the investment total was more than double that of 2013.

A total of \$634.4 million was invested in online education companies in China in 2014; this was just over 26% of all funding that went to all of the learning technology suppliers across the globe during the year. By far, the largest amounts went to suppliers selling language learning products and academic content (primarily for young children). There was also a significant amount of funding going to online test prep companies in China.

Table 2 - Table 3 – Learning Technology Companies in China that Obtained Funding in the First Half of 2015

Company Name	Funding Amount	Date of Funding	Product Type
Gowell	\$1,000,000	March 2015	Self-paced eLearning
JueSheng.com	\$2,000,000	March 2015	Digital Reference-ware
Kano	\$2,400,00	May 2015	Self-paced eLearning
WuXi Jin Xun Tong (JXT)Technology	\$3,366,000	April 2015	Self-paced eLearning
O2O	\$4,800,000	March 2015	Self-paced eLearning
Satech (Beijing) Network Education Technology Limited	\$10,000,000	January 2015	Mobile Learning
Scholastic Teaching	\$16,000,000	May 2015	Self-paced eLearning
XueXiBao	\$20,000,000	January 2015	Digital Reference-ware

Zhan.com	\$29,000,000	April 2015	Self-paced eLearning
Xiaozhan Jiaoyu	\$29,000,000	March 2015	Collaboration-based Learning
Huakang Mobile Health	\$32,000,000	April 2015	Mobile Learning
Tsingda eEdu Corporation	\$49,000,000	February 2015	Mobile Learning
Genshuixue	\$50,000,000	March 2015	Collaboration-based Learning
Xuebajun	\$50,000,000	March 2015	Digital Reference-ware
NetDragon's Best Assistant Education	\$52,500,000	January 2015	Mobile Learning
Yuan Tiku	\$60,000,000	March 2015	Mobile eLearning
TAL Education (Tarena)	\$70,000,000	June 2015	Collaboration-based Learning
HuJiang.com	\$100,000,000	February 2015	Self-paced eLearning
Changingedu	\$100,000,000	June 2015	Mobile Learning
17zuoye	\$120,000,000	February 2015	Self-paced eLearning
Total in China for First Half of 2015	\$798,666,000		

In the first half of 2015, **\$798.6 million** went to 20 learning technology companies operating in China; this was 32% of the total investment that went to all companies combined around the globe. This is extraordinary considering that the total investments made to Chinese learning technology companies for the entire year of 2014 was \$634.4 million.

The major patterns in the investment activity in China are the funding going to new Mobile Learning companies and the investments flowing into traditional online learning companies that intend to use the funds to expand their catalog with Mobile Learning. Investors are particularly attracted to companies that develop mobile English language learning apps and mobile edugames for young children. Mobile educational healthcare suppliers in China have just started to attract the attention of investors.

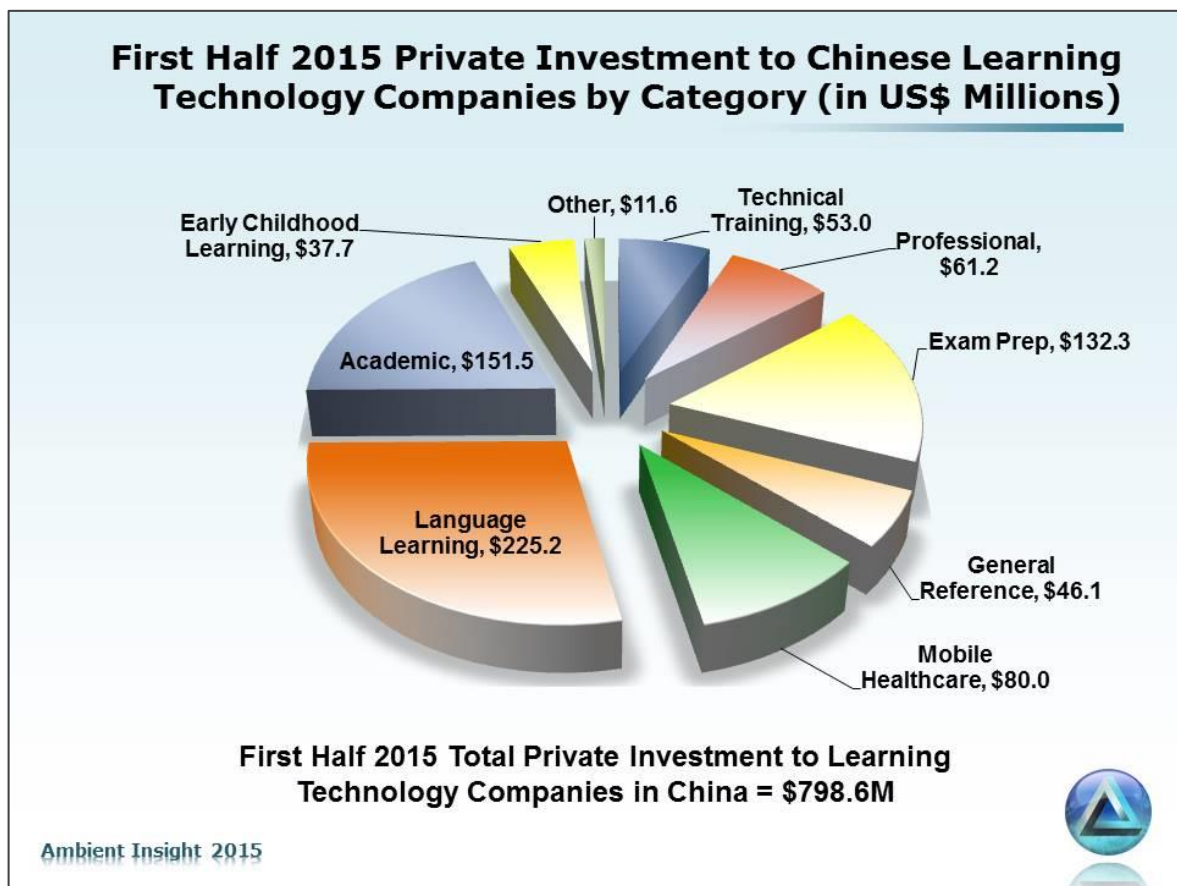
Most commercial online learning providers focus on particular demographics or on specific content types. Their catalogs tend to offer a range of content designed for their target demographic. There are exceptions. HuJiang.com specializes in English language

learning and caters to students of all ages, although the majority of their students are young working professionals.

China is the epitome of an exam culture and every year over eight million high school students take the high-stakes Gao Kao exam. Six of the twenty learning technology suppliers that were funded in the first half of 2015 were online test prep suppliers. Test prep provider Yuan Tiku garnered the largest investment so far at \$60 million.

The Gao Koa is not the only exam that providers focus on. A company called Xiaozhan Jiaoyu sells online test prep courses for global standardized exams including the SAT, ACT, TOEFL, IELTS, and GRE; they garnered \$29 million in March 2015.

Figure 6 - First Half 2015 Private Investment to Chinese Learning Technology Companies by Category (in US\$ Millions)



The most active investors in online education in China are the venture capital firms Gobi Partners, GGV Capital, Temasek, DCM, Qiming Venture Partners, Yongjin Group, Northern Light Venture Capital, Shunwei Capital, Weitoulu, ZhenFund, Matrix Partners China, and IDG. The largest corporate investors are New Oriental, TAL Education, Xueresi, Alibaba, Qualcomm, Baidu, Bertelsmann, and NetEase.

The Big Guns Enter the Fray

The Internet giants in China with billions of revenues are now entering the edtech market in China either through investment or acquisition. Baidu, Alibaba, and Tencent are the largest Internet companies in China and they all entered the commercial eLearning and Mobile Learning markets in 2013 and 2014. Many of the edtech startups in China are getting funding from the Internet giants and it is not uncommon for a full acquisition to follow.

Several other leading Internet companies entered the commercial learning technology market in the last year including NetEase, Sohu, Renren, Kaixin, Jiayuan, Sina Weibo, YY, NetDragon, Youku Tudou, and Kingsoft. All of their online learning businesses at launch were web-based; all of them are now adding mobile features and launching dedicated mobile products.

What is interesting is the diversity of the Internet companies now competing in the Mobile Learning market in China. Baidu is the largest search engine in China. Alibaba and Tencent are eRetailers. Jiayuan is a dating site, RenRen and Kaixin are social networks, NetDragon is a game developer, Sohu is an online media and gaming company, NetEase is an IT giant, YY is a Skype-like platform, Sina Weibo is a media company with a Twitter-like product, Youku Tudou is an online video provider, and Kingsoft is a productivity software company.

To put this unusual ecosystem in perspective, imagine if Google, Google's YouTube, Yahoo, eBay, Facebook, Microsoft, Microsoft's Skype, Gameloft, Twitter, Netflix, Amazon, and eHarmony all entered the commercial learning technology market ***at the same time***.

India Learning Technology Investment Activity Heating Up

A total of \$137.0 million in investment went to 33 learning technology companies operating in India in the first half of 2015. This is clear evidence of a renewed interest in Indian companies.

In 2012, only 10 learning technology companies in India were funded: a total of \$36.4 million went to these companies for the entire year of 2012. Investor interest picked up considerably in 2013 with a total of \$141.7 million going to 17 companies operating in India. A mere \$83.0 million went to just 13 Indian companies in 2014, which indicated a diminishing interest among investors. If the investment activity in the first half of 2015 is any indication, investors are turning their attention to India again.

Table 4 - Learning Technology Companies in India that Obtained Funding in the First Half of 2015

Company Name	Funding Amount	Date of Funding	Product Type
LabInApp	\$100,000	June 2015	Simulation-based Learning
Bodhi Health	\$120,000	April 2015	Self-paced eLearning

Guiddoo	\$200,000	June 2015	Mobile Learning
Jay Robotix	250,000	May 2015	Mobile Learning
Venturesity	\$270,000	May 2015	Self-paced eLearning
Nayi Dish Studios	\$320,000	April 2015	Game-based Learning
Daily Rounds	\$500,000	February 2015	Mobile Learning
BabyChakra.com	\$600,000	June 2015	Digital Reference-ware
Logic Roots	\$400,000	April 2015	Game-based Learning
Zenparent	\$500,000	May 2015	Mobile Learning
Edsix Brain Lab	\$500,000	June 2015	Cognitive Learning
MeetUniv	\$920,000	May 2015	Collaboration-based Learning
Impartus Innovations	\$1,000,000	January 2015	Collaboration-based Learning
Englishleap.com	\$1,000,000	January 2015	Self-paced eLearning
Harness Handitouch	\$1,000,000	March 2015	Mobile Learning
EduKart	\$1,000,000	June 2015	Self-paced eLearning
Sigrid Education	\$1,000,000	June 2015	Self-paced eLearning
UrbanPro	\$2,000,000	May 2015	Collaboration-based Learning
HealthyWorld.in	\$2,000,000	January 2015	Digital Reference-ware
Purple Squirrel Eduventures	\$2,000,000	April 2015	Self-paced eLearning
Planceess Edu Solutions	\$2,000,000	May 2015	Self-paced eLearning
CAKART.in (Suphalaam)	\$2,000,000	June 2015	Self-paced eLearning

SuperProfs.com	\$3,000,000	February 2015	Self-paced eLearning
MeritNation	\$4,000,000	June 2015	Self-paced eLearning
Brazen Careerist	\$4,700,000	June 2015	Self-paced eLearning
iNurture	\$5,000,000	January 2015	Self-paced eLearning
Vedantu	\$5,000,000	May 2015	Collaboration-based Learning
Speakwell Enterprise	\$10,000,000	March 2015	Self-paced eLearning
Healthifyme	\$10,000,000	Two Rounds: May 2015 and June 2015	Mobile Learning
Toppr	\$10,000,000	May 2015	Self-paced eLearning
U Education	\$16,000,000	January 2015	Self-paced eLearning
PagalGuy	\$20,000,000	April 2015	Self-paced eLearning
Simplilearn	\$29,734,800	Two Rounds: January 2015 and April 2015	Self-paced eLearning
Total in India for First Half of 2015	\$137,014,800		

Like China, India is an exam culture and test prep startups are attracting investment. Five of the 33 companies funded in the first half of 2015 are test prep firms. Simplilearn obtained two rounds of funding totaling \$29.7 million in the first half of 2015; they specialize in professional certifications. Toppr is another test prep startup in India and they garnered \$10.0 million in May 2015. Toppr specializes in test prep for college entrance exams. MeritNation obtained \$4 million in June 2015; they offer wide range of test prep courses ranging from first grade to college boards.

Brazil Coming into Focus

There was very little investments (in terms of funding amounts) made to learning technology companies in Brazil between 2012 and 2014. Descomplica and Veduca were the only Brazilian learning technology companies to get funding in 2012 at \$2 million and \$740 thousand, respectively.

Things picked up in 2013 with 12 Brazilian learning technology companies garnering investments, which obtained \$5.3 million combined. Qranio obtained \$400 thousand and a company called xMile received \$650 thousand. A test prep company called Rota dos Concursos obtained \$500 thousand and the social learning company Izzui garnered \$1.4

million. Macmillan Digital Education invested in two Brazilian learning technology companies in early-2013: Veduca and Easyaula. Each obtained \$750,000. Veduca obtained an additional \$480,000 from a private equity firm in late-2013.

The accelerator Startup Brasil was launched in August 2012 and announced their first cohort in August 2013. They fund startups from Brazil and other countries. In August 2013, Startup Brasil selected 56 companies in their first cohort; eleven were edtech companies and seven were from Brazil: Easyaula, EvoBooks, Kiduca, EduSynch, MobGeek, Mundo de Aventura, and Profes. Each were funded with the equivalent of \$64 thousand.

Another edtech accelerator in Brazil is Start-Ed. In 2014, they funded seven companies, albeit in small amounts averaging \$20 thousand or less. AppProva, Árvore de Livros, Me salva!, PortPy, Silabe, Stoodi, Geekie obtained funding from Start-Ed. In March 2014, the Brazilian investment firm Bozano and Bertelsmann announced an education investment fund called the BR Education Ventures fund. They funded three learning technology companies in 2014: Qmágico, Passei Direto, and Evolve. BR Education Ventures does not disclose funding amounts.

Table 5 - Learning Technology Companies in Brazil that Obtained Funding in the First Half of 2015

Company Name	Funding Amount	Date of Funding	Product Type
NutriSoft	\$46,200	January 2015	Mobile Learning
Profes	\$1,000,000	January 2015	Self-paced eLearning
Navitoo	\$2,000,000	February 2015	Mobile Learning
Geekie	\$7,000,000	May 2015	Self-paced eLearning
Descomplica	\$7,000,000	June 2015	Digital Reference-ware
EduK	\$10,000,000	May 2015	Self-paced eLearning
PlayKids	\$15,000,000	June 2015	Mobile Learning
Affero Lab	\$55,000,000	June 2015	Self-paced eLearning
Total in Brazil for First Half of 2015	\$97,046,200		

In the first half of 2015, there was clear evidence of an invigorated interest in Brazilian learning technology companies. This would appear to be odd considering the current near-recessionary economy in Brazil. Yet, investors have always invested in education

companies during economic slowdowns. Despite the lack of discretionary income, people tend to increase expenditures on education during slowdowns.

Affero Lab is a corporate-facing learning technology company in Brazil. In June 2015, they obtained the highest investment (\$55 million) ever made to a Brazilian learning technology company. Bertelsmann led the funding round and took a 40% stake in the company. Affero Lab is using the record-setting investment to expand into Europe; They are opening an R&D facility in Dublin in 2015.

PlayKids is a division of Movile, one of the largest media conglomerates in Brazil. The PlayKids apps consistently rank in the top twenty bestselling apps in the app stores across the planet. They garnered \$15 million in funding in June 2015, which is a relatively high amount in Brazil.

About Us

Ambient Insight is an ethics-based market research firm that identifies revenue opportunities for learning technology suppliers. We track the learning technology markets in 118 countries. Ambient Insight publishes quantitative syndicated reports that break out revenues by customer segment (demand-side) and by product category (supply-side) based on our taxonomy and our proprietary Evidence-based Research Methodology (ERM). We specialize exclusively in learning technology.



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