

# Are edtechs the future of education?

The pandemic accelerated existing trends, and the increase in edtech adoption was no exception. Whilst this was partially a necessity, it demonstrated the value of and opportunity for these innovative organisations. But what does the future look like as we move to a post-COVID world?



Where the pandemic brought challenges to many industries, it contributed to a 72% growth in the UK edtech sector according to Tes. As restrictions eased, the sector continued to see significant growth, with global VC investment increasing 1.3x from \$15bn in 2020 to \$20bn in 2021 and the emergence of new unicorns. We have since seen the market begin to consolidate, with the rapid rate of M&A slowing.

While we expect edtech adoption to continue, it is likely to slow as the requirement for rapid adoption decreases, with organisations carefully considering their technological investments alongside further consolidation and emergence of new players.

So, what might the impact be on the education sector? Where digital education solutions were once seen as alternative, they are moving into the mainstream. The benefits are clear to see not only for user experience, but for institutions supporting early years through to professional upskilling.

Could personalisation enhance student outcomes, gamification increase engagement or even augmented reality provide practical education in a low-risk environment? As hybrid and digital learning look to be here to stay, we are beginning to see more innovative collaborative structures, partnerships and acquisitions for in-house expertise.

Through whichever arrangement, edtech adoption and integration could be used to differentiate organisations from their competitors; with so many subsectors the question is where to prioritise.

There is, however, little that takes away from the social value of learning and so we expect edtechs to continue to hone in on community features as they become more embedded. This does bring into question the safeguarding of younger year groups, which remains at the top of the agenda, alongside other considerations like privacy requirements and scaling solutions. With institutions still facing economic uncertainty, return on investment and long-term strategic plans remain critical.

## Closing thoughts

A number of challenges remain as the market continues to emerge. However, we expect trailblazers in education to continue to embrace these solutions, with increasingly innovative and integrated edtech solutions allowing them to operate more efficiently, increase educational outcomes and make their mark on the sector. Please do get in touch with us if you would like to discuss anything further.



**Leo Jones**  
Head of Education,  
Charities and NPOs, HSBC UK

December 2023