CHAPTERS

Our Remote Learning Experiment ................................................................. 4
Persisting Inequities & Accelerating Progress ........................................... 16
The New ‘Virtual’ Reality ............................................................................. 27
Connecting Education to Opportunity ....................................................... 36
Edtech Market Tailwinds ............................................................................ 47
About Reach Capital

Reach funds people and ideas that empower humans across their lifetimes.

We believe massive global businesses will be built at the intersection of education, economic mobility and technology. And there is no better way to improve lives than through education and increasing access to economic opportunity.
The pandemic forced the world to conduct the biggest experiment with online education ever.

And what we’ve learned will fundamentally shape the future of teaching and learning.
In a crunch, schools used more online resources than ever before.

Teachers and students accessed **MORE** online educational tools and websites each month.

Source: LearnPlatform
Note: Epic! and Desmos are in Reach Capital’s portfolio.

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Many turned to existing platforms to keep instruction going...

Google Classroom users grew **375%** YoY

Zoom education users made up **50%** of subscribers in <3 Months

Sources: Google Classroom Roadmap; Zoom
...and leading digital tools helped students around the world keep learning.

**ClassDojo**
Keeping teachers, students, and families in touch

**IN 2020:**
- 10x new signups
- 3x revenue growth
- 51M users across 180 countries

**nearpod**
Delivering engaging, interactive lessons

**IN 2020:**
- 5x new teachers
- 19.5M lessons delivered
- 1.5B student interactions

Sources: ClassDojo, TechCrunch, The New York Times, Nearpod
Note: ClassDojo is in Reach Capital’s portfolio and Nearpod has exited Reach Capital’s portfolio
Some learning activities translate easily online...

**Newsela**

- Leveled reading activities
- Used in **90%** of U.S. Schools
- 22M Teachers & Students
- ~2x
- 40M Teachers & Students

**Quizlet**

- Digital flashcards and study resources
- 1B QUESTIONS answered weekly
- 60M Monthly Users
- 300% Signup Growth in 2020

Sources: EdSurge; Newsela; Quizlet
Note: Newsela is in Reach Capital's portfolio
...although keeping students engaged has been difficult...

84% Of teachers are struggling to keep students engaged and motivated to learn remotely

74% Of teachers need strategies to address loss of hands-on learning (e.g. internships, labs)

70% Of teachers need tools to assess students’ social and emotional well-being

Sources: RAND Corporation, RAND American Education Panels
...particularly with our **youngest** students.

1.1M

**TOTAL STUDENTS disenrolled**

Kindergarten experienced the **STEEPEST** drop in enrollment 2019-2020

<table>
<thead>
<tr>
<th>Grade</th>
<th>Enrollment Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>-9.3%</td>
</tr>
<tr>
<td>1st</td>
<td>-3.4%</td>
</tr>
<tr>
<td>2nd</td>
<td>-3.0%</td>
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<tr>
<td>3rd</td>
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<td>0.6%</td>
</tr>
<tr>
<td>11th</td>
<td>0.8%</td>
</tr>
<tr>
<td>12th</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Kindergarten is so much more than learning letters and numbers. It’s learning **how to be in a classroom**. It’s learning **how to be a student**.

- School Principal

Sources: EdSource; The New York Times; National Center for Education Statistics
But technology also enabled vital human connections and social experiences...

Kahoot!
Social, game-based learning

Outschool
Live, small-group classes for school and extracurriculars

1.5B
GLOBAL USERS

Played
250M
Games Together

628K Learners
Logged
4.4M
Class Hours

Sources: Kahoot; Outschool; TechCrunch
Note: Outschool is in Reach Capital’s portfolio

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...and in doing so, redefined what’s possible with remote learning.
While students are spending a lot more time online...

Average time spent online has DOUBLED for kids, from 3 hours before the pandemic to 6 hours during.

More kids are spending 6+ HOURS online.

Source: Parents Together Foundation
…they are also finding support through studying together…

**THE “STUDY WEB”**

Popular platforms where students gather online to study

- **TikTok**
  - Sample stream: #StudyTok
  - 1.2B+ views

- **YouTube**
  - Popular channel: TheStrive Studies
  - 339K subscribers
  - 24M+ views

- **Discord**
  - Popular servers: LofiGirl, Study Stream, Study Together, Jvscholz
  - 1.3M+ members

**I don’t feel alone anymore**

**I’ve never been this productive**

Sources: Cybernaut; YouTube; StudyStream; TikTok

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...and connecting through creating apps and games.

**Roblox**

Online game and game creation platform

**In 2020:**
- 32.6M users (~2x increase YoY)
- 2/3 users under age 16
- $500K earned by some students

**Repl.it**

Collaborative coding environment for digital economy

**In 2020:**
- 6M users (~2x increase YoY)
- 70% of users under age 21
- 9M apps deployed

Sources: SEC; The New York Times; Repl.it

Note: Repl.it is in Reach Capital's portfolio
While remote learning exacerbated long-standing disparities, we have seen heroic efforts to address inequities.
During the pandemic, roughly 30% of K-12 students lacked access to digital learning at home...

Sources: Boston Consulting Group, Common Sense & Southern Education Foundation; United States Department of Commerce, National Telecommunications and Information Administration (NTIA)
...but schools have made significant leaps in procuring devices for students.

Sources: Futuresource Consulting; Sterling Partners

US K-12 device shipments nearly **DOUBLED** YoY

<table>
<thead>
<tr>
<th>Year</th>
<th>Devices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>14M</td>
</tr>
<tr>
<td>2020</td>
<td>26.7M</td>
</tr>
</tbody>
</table>

Nearly **ALL** teachers reported **1:1 DEVICES** for students at home and/or at school toward end of 2020

- **27%** 1:1 in school and at home
- **29%** 1:1 in school only
- **41%** 1:1 at home only
- **3%** No 1:1 environment

**97%**

Sources: Futuresource Consulting; Sterling Partners
Students missed class...

Nationally, **CHRONIC ABSENTEEISM** among U.S. students increased from **15%** to **~25%**

**IN 2016**  **IN 2020**

The most **VULNERABLE** students are more likely to be chronically absent

SPOTLIGHT ON CONNECTICUT

Sources: KinVOLVED; School Innovations and Achievement; EdSight, Connecticut State Department of Education
...or did not enroll in schooling at all...

~3M Students

MAY NOT HAVE RECEIVED ANY EDUCATION IN THE SPRING OR FALL OF 2020

Source: Bellwether Education Partners
…but we’ve seen scalable efforts to re-engage families and students.

PERSONALIZED FAMILY OUTREACH can lead to

15% reduction in CHRONIC ABSENTEEISM

Helping schools deliver personalized communications and attendance interventions to families

1M+ students served
1M+ absences prevented
390M+ additional minutes of instruction

Source: Everyday Labs
Note: Everyday Labs is in Reach Capital’s portfolio
Mental wellness suffered significantly...

**K-12**

48% Of parents said the pandemic caused mental health problems for their children

and...

26% Of parents sought help for their children

**Higher Ed**

83% Of college students said their academic performance suffered because of the pandemic’s impact on their mental health

Sources: American Psychiatric Association; Boston University
...and teacher burnout and stress went through the roof...

Teachers significantly **MORE STRESSED** and **DEPRESSED** than the general population (January 2021)

Source: RAND Corporation

- **Job-Related Stress**
  - 40% (US Adults, n=1,075)
  - 78% (US Teachers, n=1,000)

- **Symptoms of Depression**
  - 10% (US Adults, n=1,075)
  - 27% (US Teachers, n=1,000)

~2x

~3x
...and districts and states are feeling urgency to fund mental health supports and interventions.

35

states named MENTAL HEALTH and SOCIAL-EMOTIONAL SUPPORT as priorities for federal education stimulus spending.

States plan to EXPAND school-based mental health supports

+$35M

Oklahoma: PLANNED

+$50M

Michigan: PROPOSED

Sources: The 74, Department of Education
Students had unequal access to live instruction...

Students who had **NO LIVE INTERACTIONS** with teachers last fall (in-person, by phone, or by video)

- **16%** Hispanic
- **15%** Black
- **8%** White

Black & Hispanic students were **2x** as likely as white students to have **NO LIVE ACCESS** to teachers

Source: McKinsey & Company
...but many schools are making live support available to all students.

**PAPER**

On-demand, 24/7 access to 1:1 help, offered through districts

**BookNook**

Live, small-group instruction and tutoring

1M+

STUDENTS SERVED

1,600+

LIVE LEARNING HOURS/DAY

60% come from underserved communities and qualify for Free / Reduced Lunch

Sources: Paper; BookNook, Columbia University

Note: Paper and BookNook are in Reach Capital’s portfolio
As COVID continues to impact how schools operate, students and families want and will have more options for how and where they learn.
Families want remote learning as an option...

**IN FEB ‘21**

29% OF PARENTS

said they may stick with remote learning INDEFINITELY.

**AS OF APRIL ‘21**

~60% OF PARENTS

want BOTH in-person and remote options...

...and the power to CHOOSE which.

Sources: National Parents Union; Ipsos
...and states and districts are responding by creating virtual academies.

68% of the 200 largest U.S. districts now offer virtual academies (as of August 2021)

**CALIFORNIA** requires all districts to offer a REMOTE INDEPENDENT STUDY OPTION

**MINNESOTA** on track to DOUBLE number of state-approved ONLINE SCHOOLS

**COLORADO** provides full funding for districts to offer ONLINE PROGRAMS

Sources: Burbio; EdSource, Chalkbeat, The New York Times
The largest infusion ever of federal money is coming to K-12 schools...

$190B
FEDERAL STIMULUS DOLLARS to K-12...
which is...

~5X
TOTAL FEDERAL K-12 spending in 2019-2020

Districts plan to USE STIMULUS dollars to...

• Make up lost instructional time
• Provide social-emotional, mental health supports
• Expand technology capabilities
• Support teacher capacity

Sources: Center for Reinventing Public Education, American Enterprise Institute
...and teachers feel better equipped to teach effectively with technology.

Source: Education Week

NEARLY 80% OF TEACHERS Say they are more able to use technology EFFECTIVELY

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For some students, remote instruction works better.

Top reasons why parents do not plan to send their children back to school this fall.

- **31%** “My child(ren) feel safer in remote school”
- **30%** “I am concerned about my child(ren) transmitting COVID-19”
- **22%** “My child(ren) like remote school better”

Source: RAND Corporation
Black and Hispanic families are less likely to send their kids to school in person this fall...

90% of WHITE parents

73% of HISPANIC parents

72% of BLACK parents

Source: RAND Corporation (as of May 2021)
...and saw the **biggest increase** in homeschooling during 2020.

Black and Hispanic families experienced **biggest increase** in homeschooling:

- **5x BLACK**
- **2x HISPANIC**

![U.S. Homeschooling Rates BY RACE](chart)

- **Black**: 3% to 16% (Week 1: Apr 23-May 5, 2020; Week 16: Sep 30-Oct 12, 2020)
- **Hispanic**: 6% to 12% (Week 1: Apr 23-May 5, 2020; Week 16: Sep 30-Oct 12, 2020)
- **White**: 6% to 10% (Week 1: Apr 23-May 5, 2020; Week 16: Sep 30-Oct 12, 2020)
- **Asian**: 5% to 9% (Week 1: Apr 23-May 5, 2020; Week 16: Sep 30-Oct 12, 2020)

Source: U.S. Census Bureau
The K-12 student population is increasingly diverse.

**AS OF 2018**
white students comprised 47% of K-12 public school students...

...this is **PROJECTED TO DECREASE**

**2020-2021 actual K-12 enrollment BY RACE**

- **55%** HISPANIC
- **22%** WHITE
- **10%** ASIAN
- **5%** BLACK

Source: National Center for Education Statistics
In higher education, technology will not only expand access to quality learning, but also better connect it to economic opportunities.
Demographic shifts have been underway in higher education.

74% Of higher ed students are NONTRADITIONAL and need flexible learning options.

CHARACTERISTICS INCLUDE:
- Independent of parents for financial aid reasons
- One or more dependents
- Single caregiver
- Non-traditional high school diploma
- Delayed postsecondary enrollment
- Part- or full- time enrollment

Source: National Center for Education Statistics
Overall college enrollment continued to decline, yet growth of online universities accelerated.

**OVERALL*** University Enrollment

-4.2% in Spring 2021

**ONLINE** University Enrollment

+3.2%

GROWTH of select online universities (2019-2020)

+23%

+43%

+8%

Sources: National Student Clearinghouse Research Center; ASU News; The Chronicle of Higher Education; WGU 2020 Annual Report

*Undergraduate and graduate
Traditional colleges and students are turning to third-party online courses...

Sources: Coursera S-1, Coursera Impact Report

77M LEARNERS SERVED
+65% YOY GROWTH

59M ENROLLMENTS
+248% YOY GROWTH

4K+ COLLEGES are using Coursera for Campus to deliver ready-made online courses

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...as universities work with companies to build online programs.

NEW university partnerships established with Online Program Managers and bootcamps

Source: HolonIQ, July 2021
...and attitudes toward online learning are shifting.

67% Of faculty would like to use more technology and digital materials

73% Of students would like to take some fully online courses in the future

Source: Bay View Analytics
Though there is a mismatch between education, employment and career opportunities...

**DESPITE**

10.1M

**JOB OPENINGS** in June 2021,

8.7M

people were **UNEMPLOYED** in July

Almost **HALF** of recent college grads are underemployed or unemployed (as of June 2021)

41% UNDEREMPLOYED

47% UNDEREMPLOYED

6% UNEMPLOYED

Sources: Wall Street Journal; Federal Reserve Bank of New York
...online career tools are helping students everywhere find opportunities.

Handshake
Democratizes access to jobs for all college students

49% of college grads report receiving job offers via Handshake (2018-2020)

Virtual career fairs enable MORE students to access employers

Attendees
Virtual Events

Source: Handshake
Note: Handshake is in Reach Capital's portfolio
Employers want to see programs that integrate work and learning...

Top three employer-recommended priorities for colleges and universities:

1. INCORPORATE real world projects and engagements with employers and the world of work

2. GIVE academic credit for experience and on-the-job learning

3. INCLUDE more industry and employer validation of curriculum

Source: Northeastern University Center for the Future of Higher Education and Talent Strategy
...as colleges partner with industry on career-relevant programs...

Connecting employers with college students on work-based learning projects

**IN 2020:**
- 17K+ employers
- 360+ colleges
- 89K students
- 5.8M+ learning hours

**WITH RIIPEN:**
- 50+ career-relevant courses
- 400K+ work-based project hours
- 75% of students report improving in:
  - Teamwork
  - Communication
  - Critical thinking
  - Professional skills

Sources: Work Shift; Riipen
Note: Riipen is in Reach Capital’s portfolio
...and companies partner with colleges to help their workforce upskill and advance.

86% of frontline workers **DO NOT** have a bachelor’s degree

- 49% with High school diploma, GED, or less
- 23% with Some college
- 14% with College certificate or 2-year degree
- 14% with Bachelor's degree or higher

**Sources:** Urban Institute; CNBC

**Guild**

Making higher education accessible to 4M workers across Fortune 500 companies

Chipotle employees enrolled via Guild are

7.5x

MORE LIKELY to move into management

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These tailwinds present major financial and impact opportunities for education entrepreneurs and investors.
Investments in the edtech industry are at record highs...

U.S. edtech investing on track to MORE THAN DOUBLE in 2021

Sources: Pitchbook, EdSurge
...fueling more edtech unicorns and highly valued startups...

Age of Learning®
$300M raise at $3B valuation

GUILD
$150M raise at $3.8B

Newsela
$100M raise at $1B

Paper
$100M raise at Undisclosed*

Handshake
$80M raise at $1.5B

Outschool
$75M raise at $1.3B

Class
$105M raise at $804M

Note: Newsela, Paper, Handshake, Outschool and Class are in Reach Capital’s portfolio.
* Paper is based on Montreal but has an office in Los Angeles and a significant U.S. presence

7 of the LARGEST U.S. EDTECH INVESTMENTS to date in 2021 went to K-12 and higher ed startups
...as big exits via IPOs and M&A transactions accelerate.

### 2021 IPOs

<table>
<thead>
<tr>
<th>Company</th>
<th>Valuation</th>
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</thead>
<tbody>
<tr>
<td>Coursera</td>
<td>$5.8B</td>
</tr>
<tr>
<td>PowerSchool</td>
<td>$3.5B</td>
</tr>
<tr>
<td>Duolingo</td>
<td>$3.7B</td>
</tr>
<tr>
<td>Instructure</td>
<td>$2.9B</td>
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</table>

### 2021 M&As

<table>
<thead>
<tr>
<th>Company</th>
<th>Transaction Size</th>
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<tbody>
<tr>
<td>edX</td>
<td>$800M</td>
</tr>
<tr>
<td>Nearpod</td>
<td>$650M</td>
</tr>
<tr>
<td>Clever</td>
<td>$500M</td>
</tr>
<tr>
<td>Epic!</td>
<td>$500M</td>
</tr>
</tbody>
</table>

Note: Nearpod and Epic! are exited companies from Reach Capital's portfolio.
More digital innovation in education can temper skyrocketing costs...

$20B

Additional family spending on EDUCATION-RELATED activities during COVID-19

CPI shows education costs RISE while software costs DECLINE

Sources: Tyton Partners; American Enterprise Institute, Bureau of Labor Statistics

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...as sales of digital materials continue to grow...

**K-12 instructional materials**

- Projected sales in 2020: $5.5B
- Sales in 2021: $2.2B
- Sales in 2022: $0.8B

**HIGHER ED instructional materials**

- Projected sales in 2022: $2.9B
- Sales in 2020: $2.4B
- Sales in 2021: $2.2B

**Per-student yearly cost for:**
- Traditional textbooks: $20–$40
- Newsela digital content: $6–$14

Source: Simba Information; TechCrunch
...yet the education technology market opportunity remains massive.

Spending in the global education market remains largely **NON-DIGITAL**

$6.4T

96% **NON-DIGITAL SPEND**

<4% **DIGITAL SPEND**

Source: HolonIQ
By embracing and investing in edtech innovations, we can help expand education opportunities and elevate economic mobility for all learners.
Building, funding or supporting the **next generation** of innovative learning solutions?

We’d love to hear from you. **REACH OUT!**

Send us your pitch: [reachcapital.com/submit](http://reachcapital.com/submit)

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