



Reimagin**ED** Report

2021 K-12 & Higher Education Trends



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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.

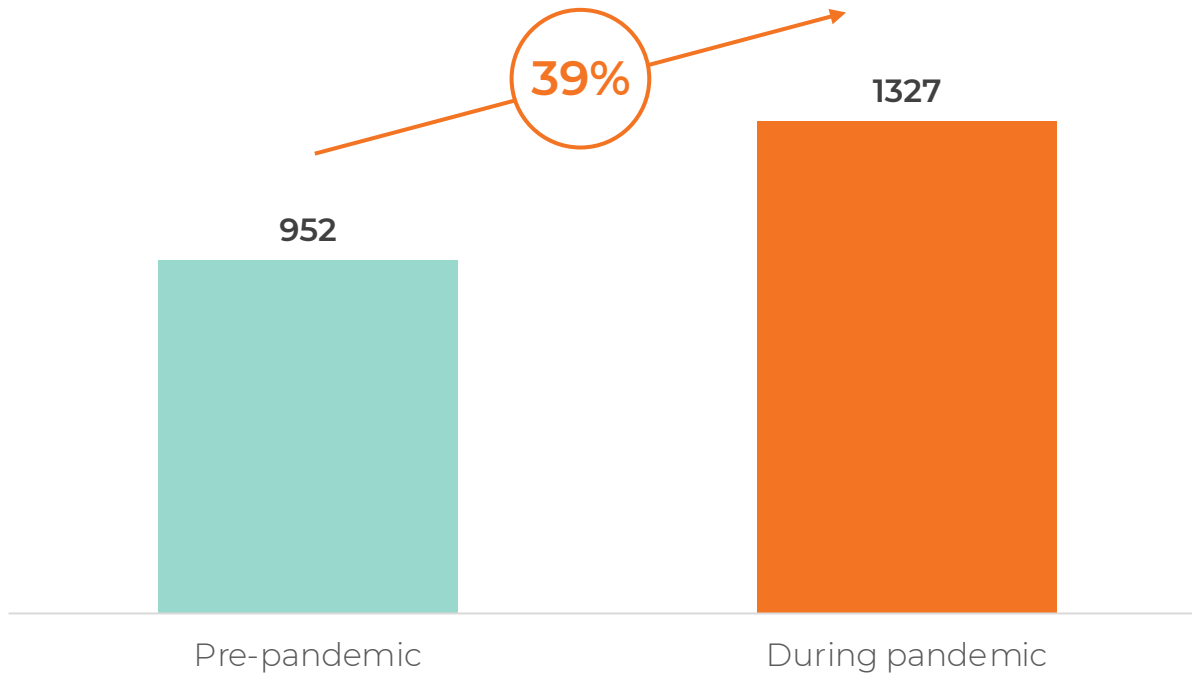


The pandemic forced the world to conduct the **biggest experiment** with online education ever.

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



AMONG TOP 40 MOST POPULAR ONLINE TOOLS

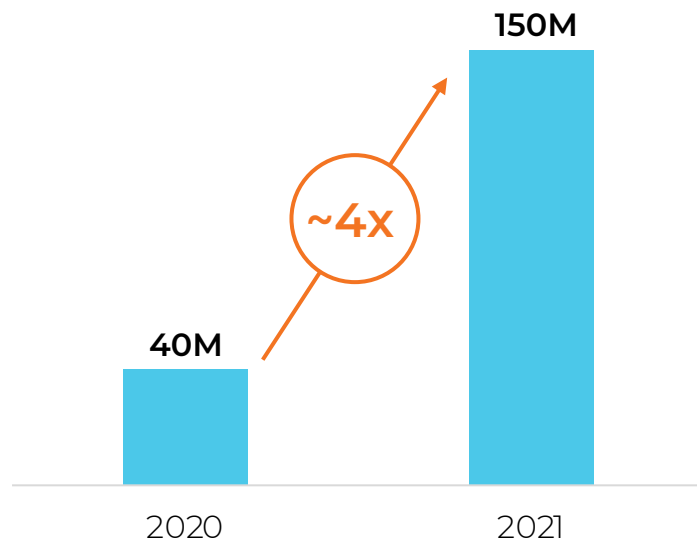


Many turned to existing platforms to keep instruction going...

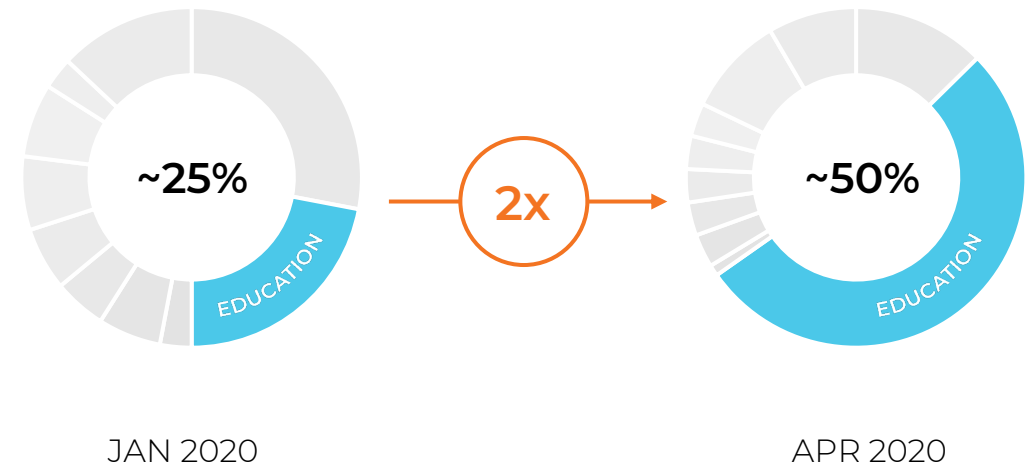


Google Classroom users grew **375%** YoY

Google Classroom



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

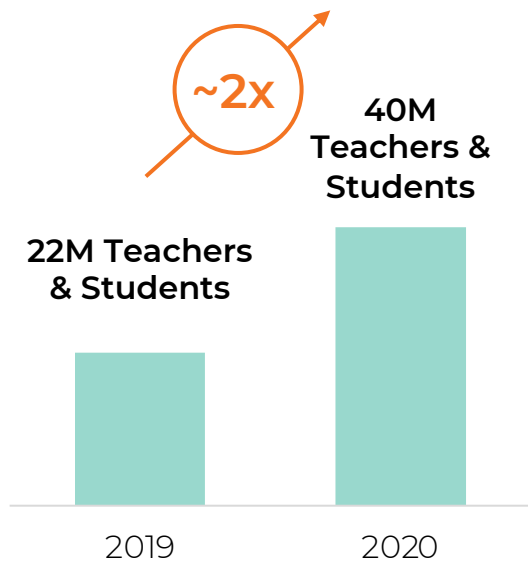
1.5B student interactions

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...



Leveled reading activities



Used in
90%
Of U.S. Schools

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%

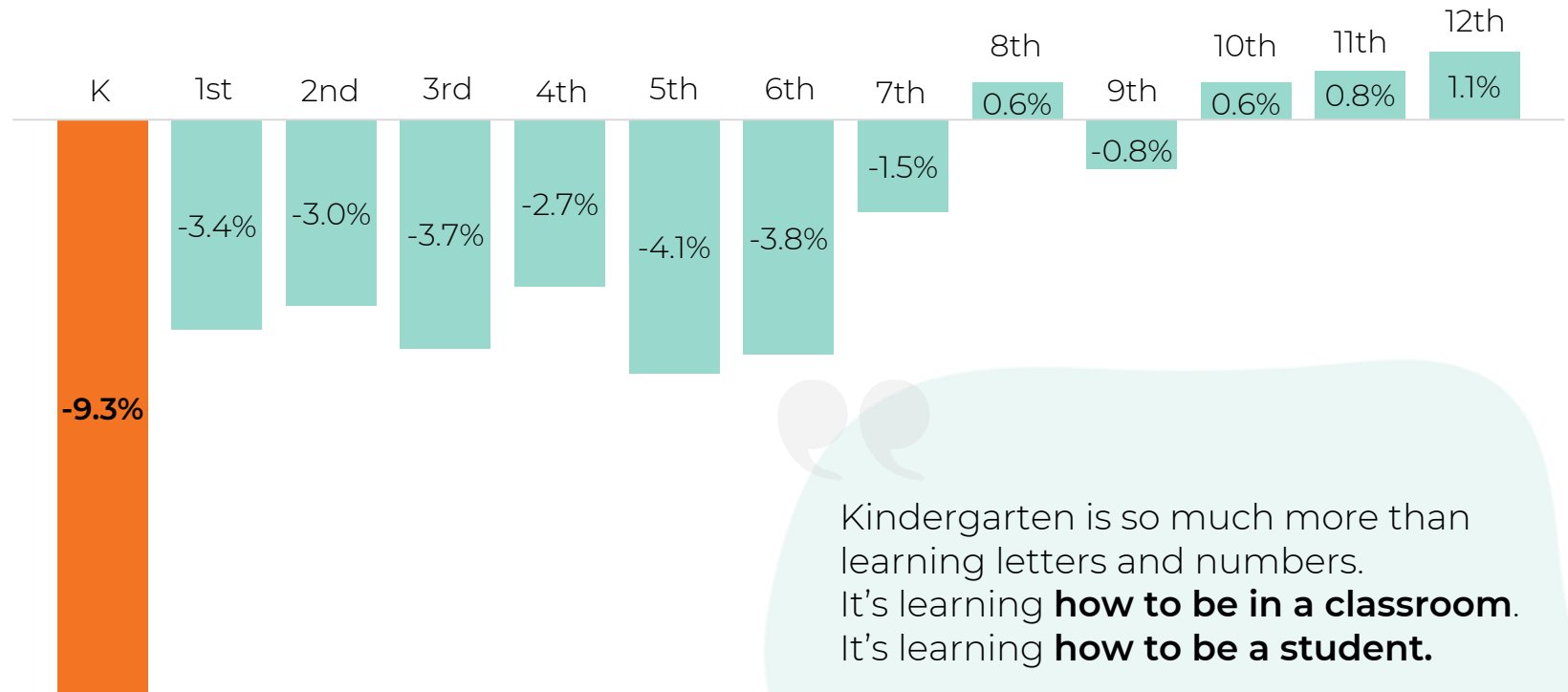
Of teachers need tools to assess **students' social and emotional well-being**

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



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

1.5B
GLOBAL USERS

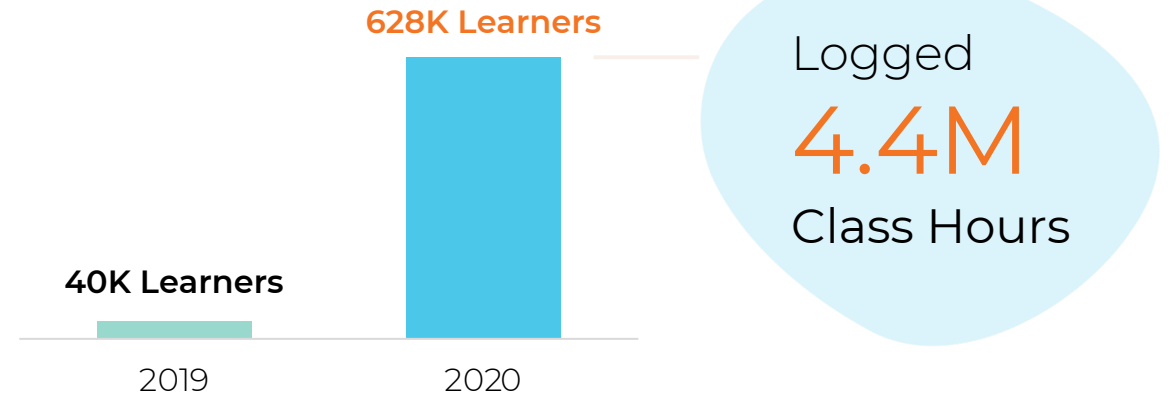
Played
250M
Games Together

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



Outschool

Live, small-group classes for school and extracurriculars



...and in doing so, redefined what's possible with remote learning.



Source: Outschool
Note: Outschool is in Reach Capital's portfolio



While students are spending a lot more time online...

Average **time spent online** has **DOUBLED** for kids, from

3 hours

before the pandemic to

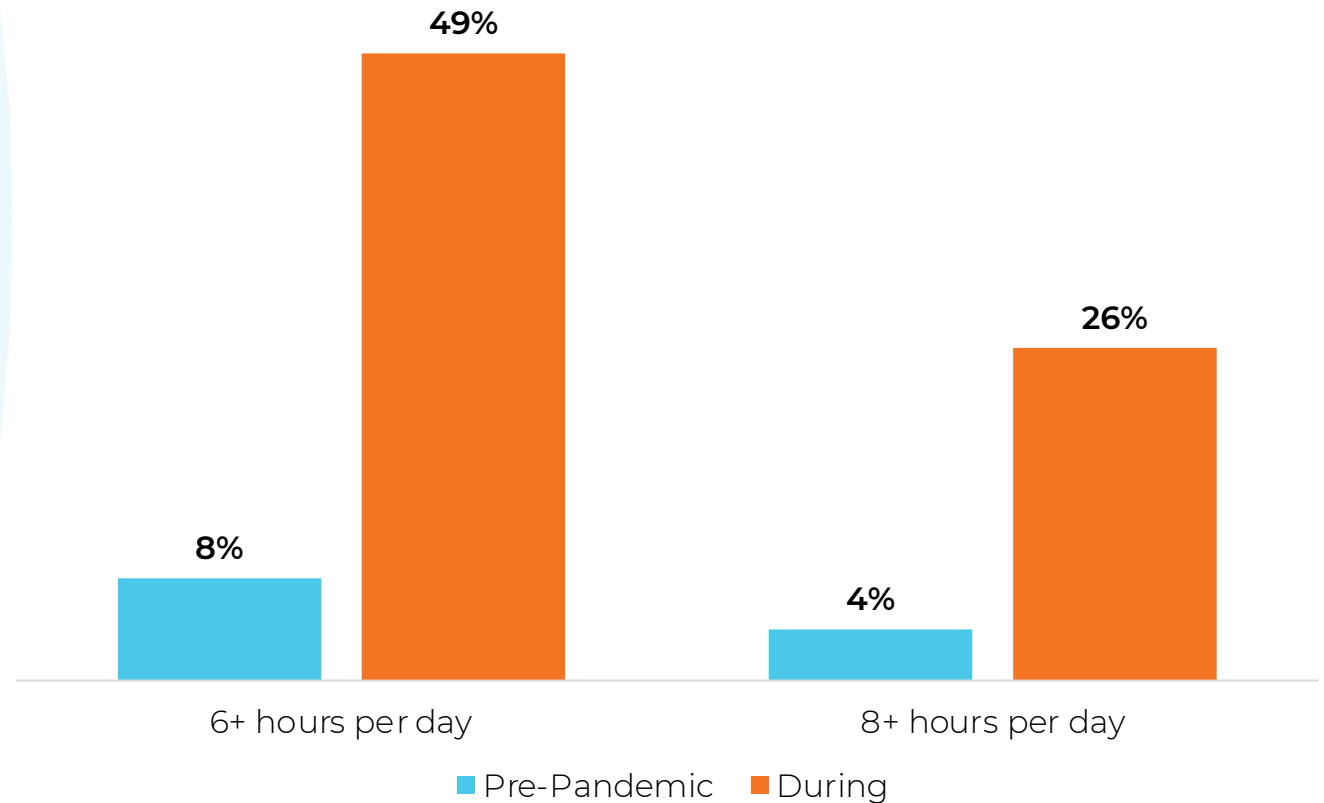
6 hours

during

Source: Parents Together Foundation



More kids are spending **6+ HOURS** online



...they are also finding support through **studying together**...



YouTube

Popular channel:
TheStrive Studies

339K
SUBSCRIBERS

24M+
VIEWS



TikTok

Sample stream:
#StudyTok

1.2B+
VIEWS



THE "STUDY WEB"

Popular platforms where students
gather online to study



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

...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



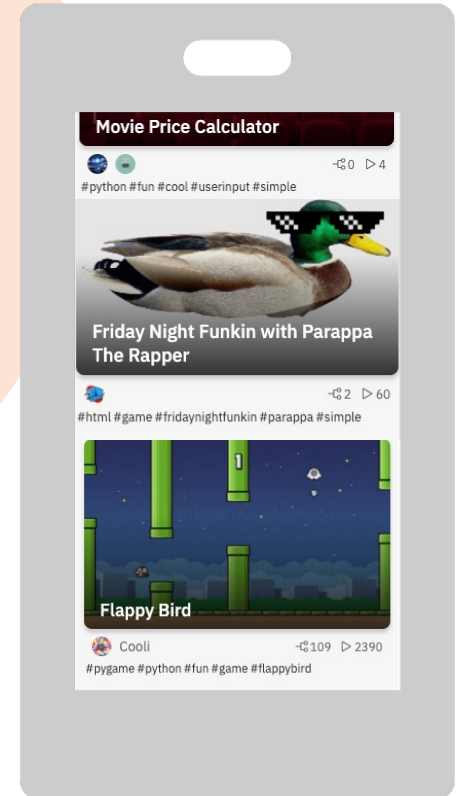
Collaborative coding environment for digital economy

IN 2020:

6M users (~2x increase YoY)

70% of users under age 21

9M apps deployed



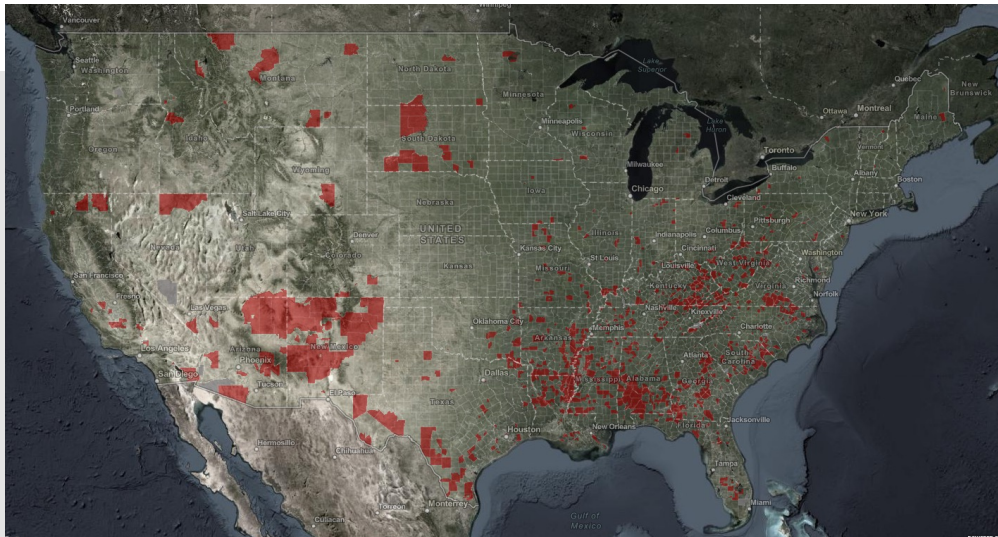
Sources: SEC; The New York Times; Replit
Note: Replit is in Reach Capital's portfolio



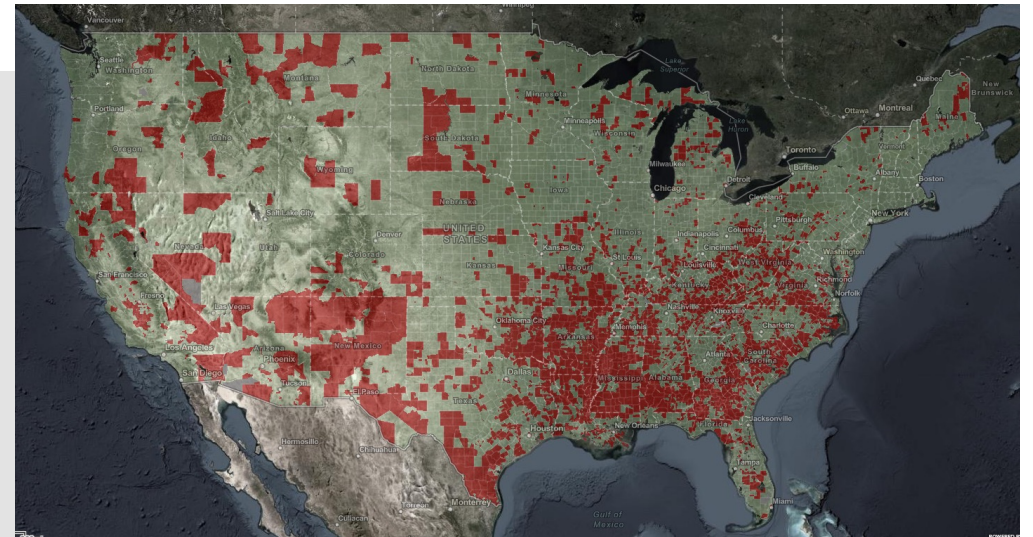
While remote learning exacerbated **long-standing disparities**, we have seen heroic efforts to **address inequities**.

During the pandemic, roughly 30% of K-12 students lacked access to digital learning at home...

NO DEVICE



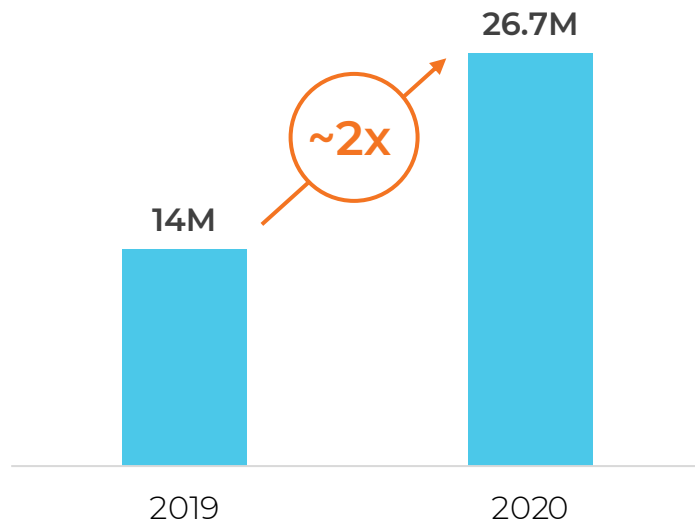
NO BROADBAND INTERNET



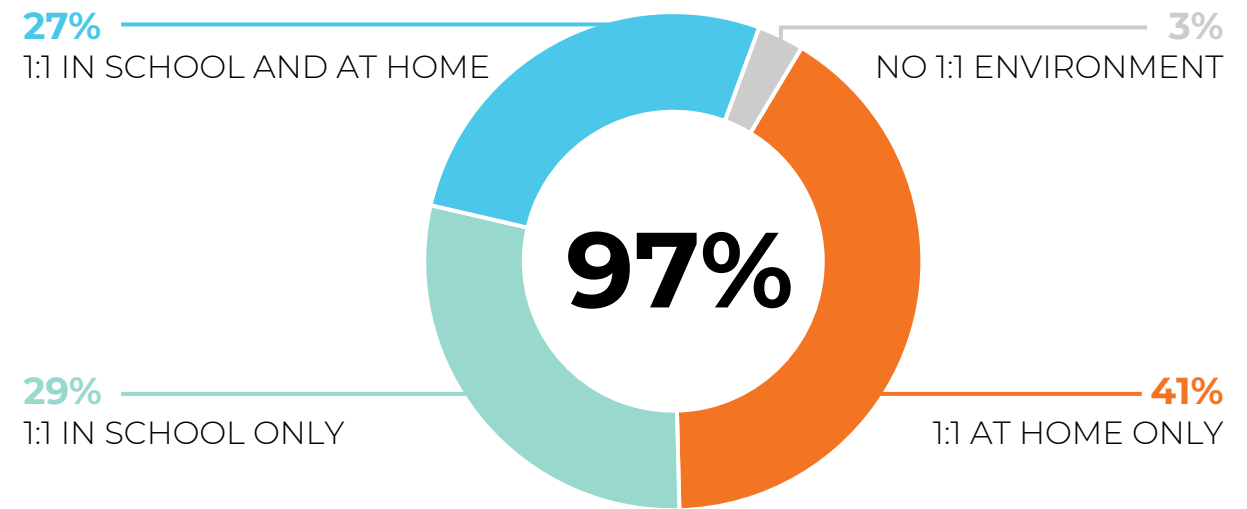
Sources: Boston Consulting Group, Common Sense & Southern Education Foundation; United States Department of Commerce, National Telecommunications and Information Administration (NTIA)

...but schools have made significant leaps in **procuring devices** for students.

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



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



Sources: Futuresource Consulting; Sterling Partners

Students missed class...

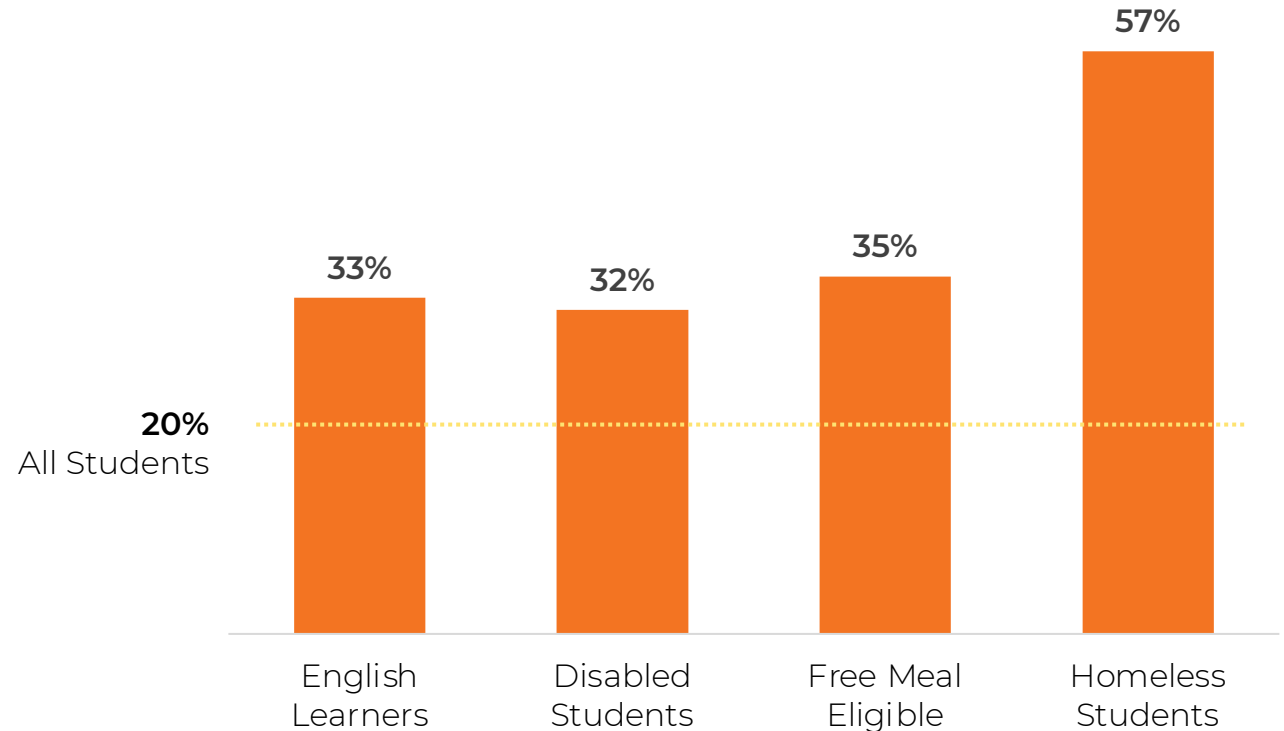
Nationally, **CHRONIC ABSENTEEISM**

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

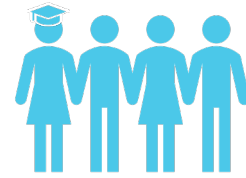
48%

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

and...

26%

Of parents **sought help** for their children



Higher Ed

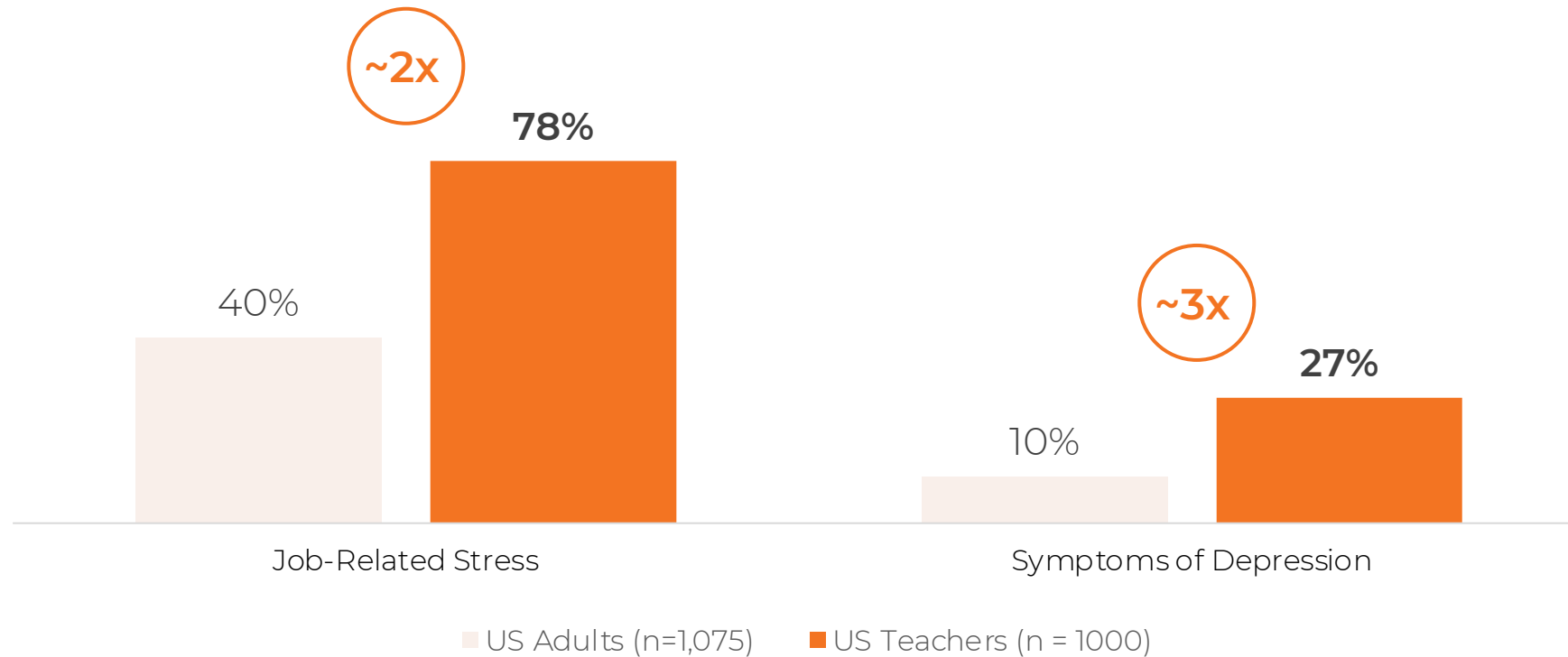
83%

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

...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**

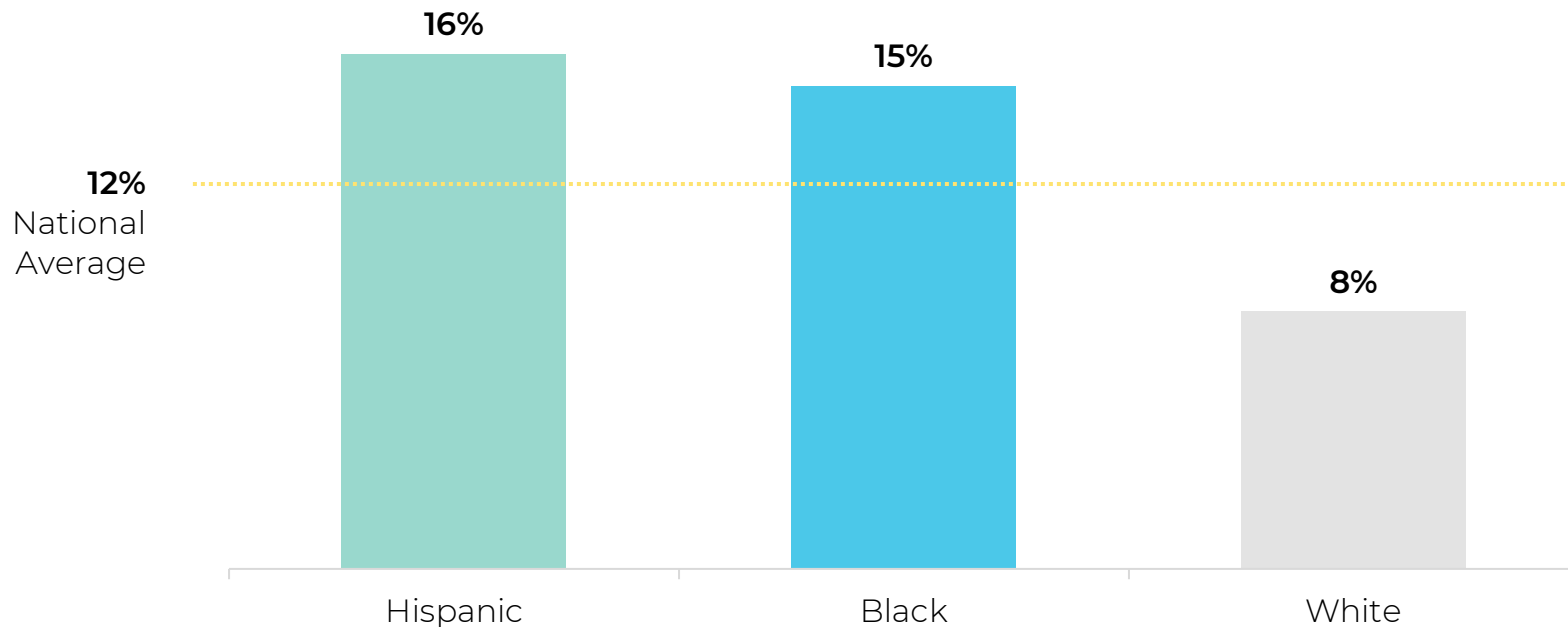
+\$50M

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)



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.



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

1M+
STUDENTS SERVED

1,600+
LIVE LEARNING HOURS/DAY

60%

come from underserved communities and qualify for Free / Reduced Lunch



Live, small-group instruction and tutoring

BookNook helps students **CATCH UP** in literacy



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

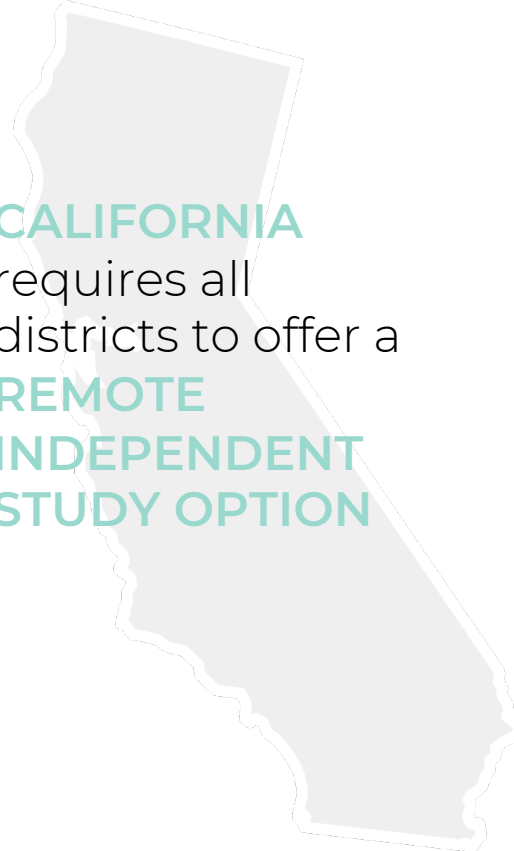
want **BOTH** in-person and
remote options...
...and the power to
CHOOSE which.

Sources: National Parents Union; Ipsos

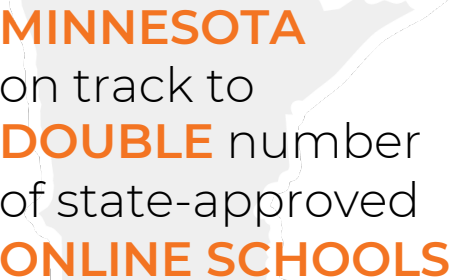
...and states and districts are responding by creating **virtual** academies.

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.



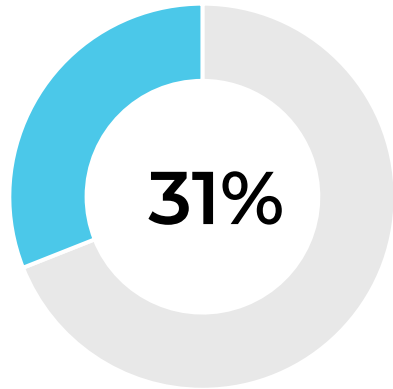
NEARLY
80%
OF TEACHERS

Say they are more able to use technology
EFFECTIVELY

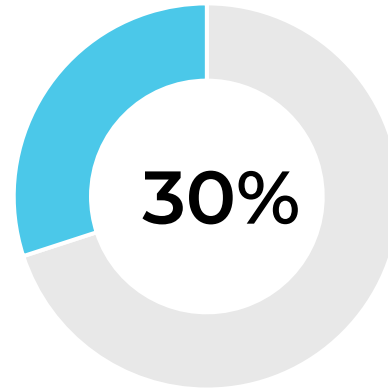
Source: Education Week

For some students, remote instruction works better.

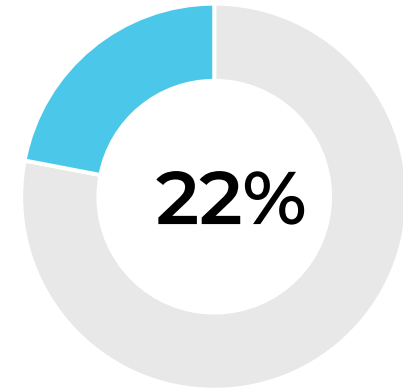
Top reasons why parents **do not** plan to send their children back to school this fall.



"My child(ren) feel **safer** in remote school"



"I am concerned about my child(ren) **transmitting COVID-19**"



"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%

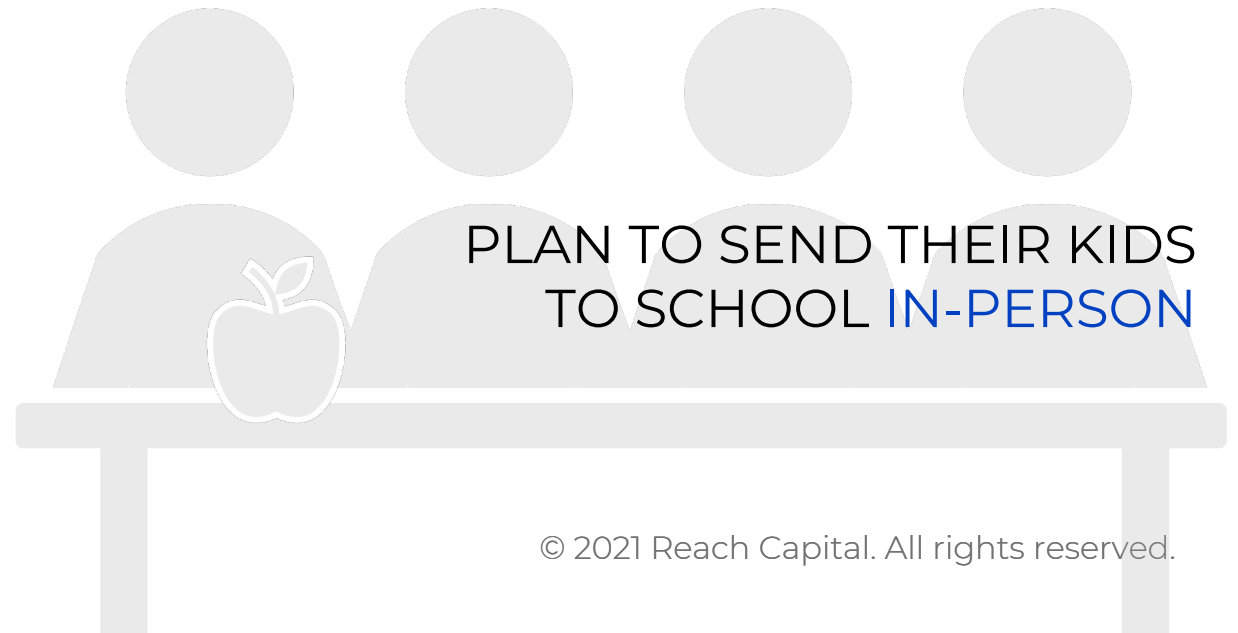
Of **WHITE** parents

73%

Of **HISPANIC** parents

72%

Of **BLACK** parents



Source: RAND Corporation (as of May 2021)

...and saw the biggest increase in homeschooling during 2020.

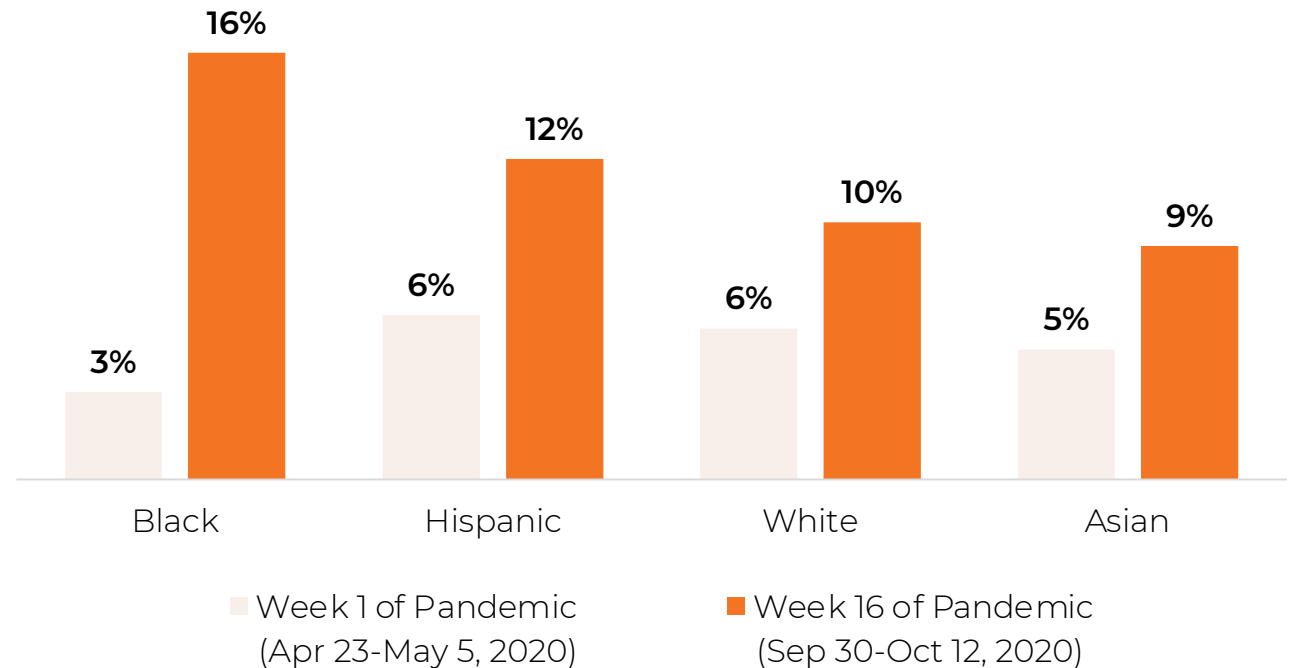
Black and Hispanic families experienced **biggest increase** in homeschooling

5x and **2x**
BLACK and **HISPANIC**

Source: U.S. Census Bureau



U.S. Homeschooling Rates **BY RACE**



The K-12 student population is increasingly diverse.

AS OF 2018

white students comprised

47%

of K-12 public school students...

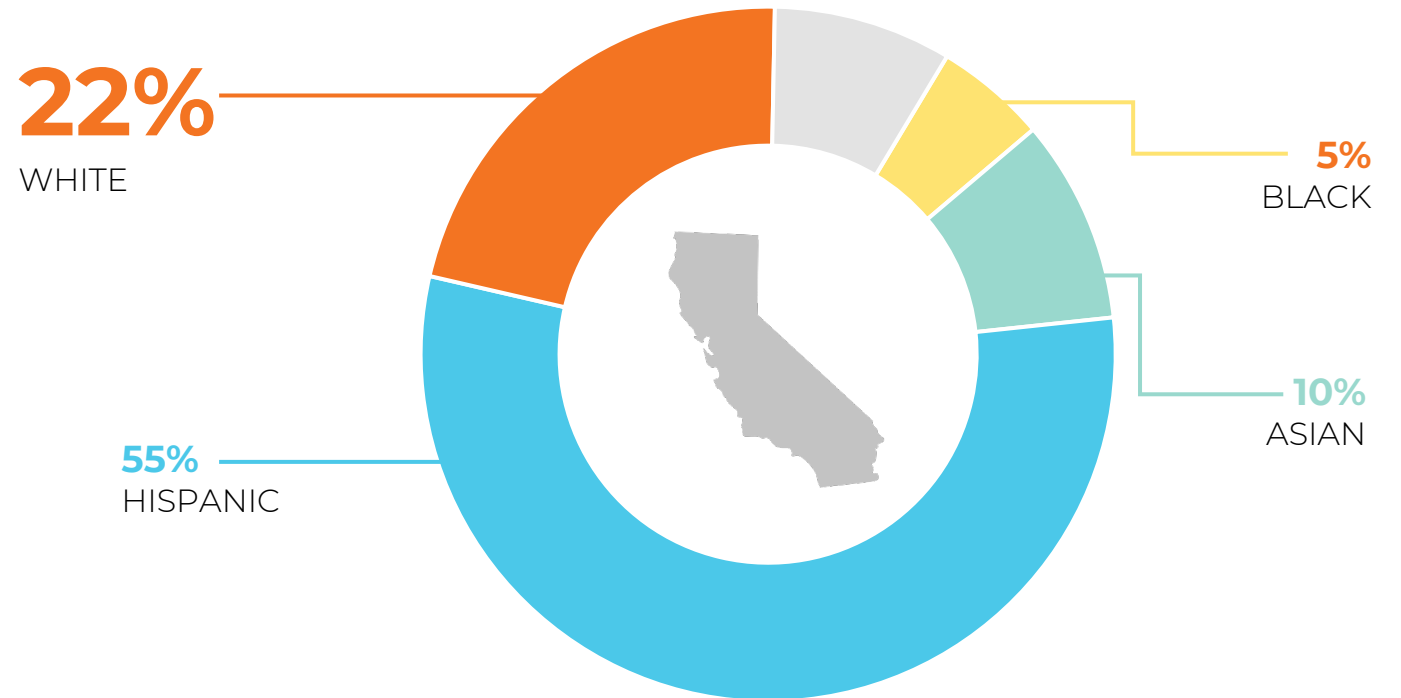
...this is **PROJECTED TO DECREASE**

Source: National Center for Education Statistics



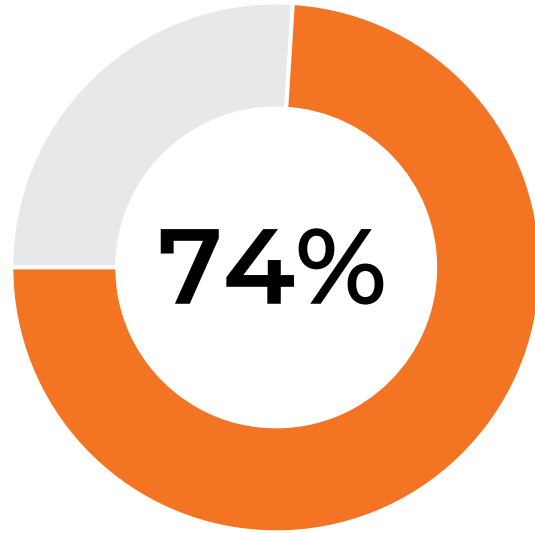
2020-2021 actual K-12 enrollment **BY RACE**

SPOTLIGHT ON CALIFORNIA



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.



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**.



*Undergraduate and graduate

OVERALL*
University Enrollment

-4.2%

in Spring 2021



ONLINE
University Enrollment

+3.2%

GROWTH of select online universities
(2019-2020)

+23%

ASU Online
Arizona State University

+43%

snhu.edu

+8%

WGU
WESTERN GOVERNORS UNIVERSITY

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



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

coursera

77M

LEARNERS SERVED

+65%

YOY GROWTH

59M

ENROLLMENTS

+248%

YOY GROWTH

4K+

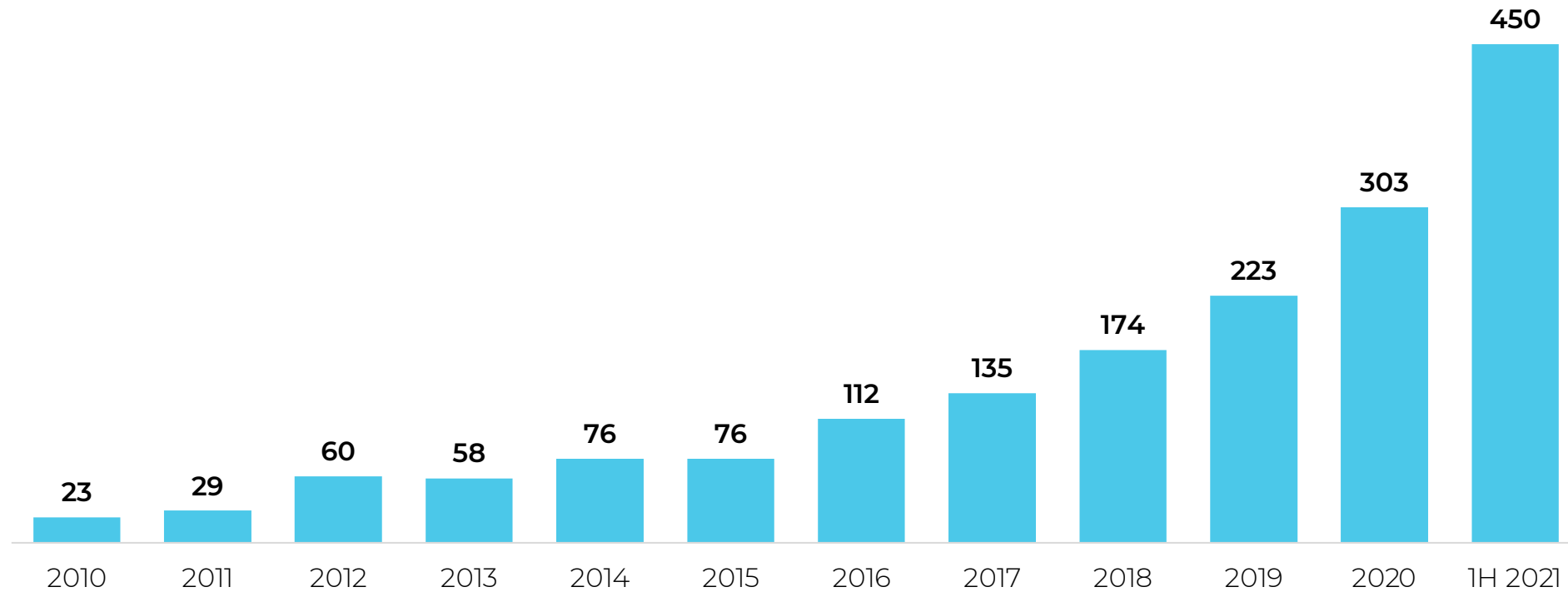
COLLEGES

are using Coursera for Campus to deliver ready-made online courses

Sources: Coursera S-1, Coursera Impact Report

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

NEW university partnerships established
with Online Program Managers and bootcamps

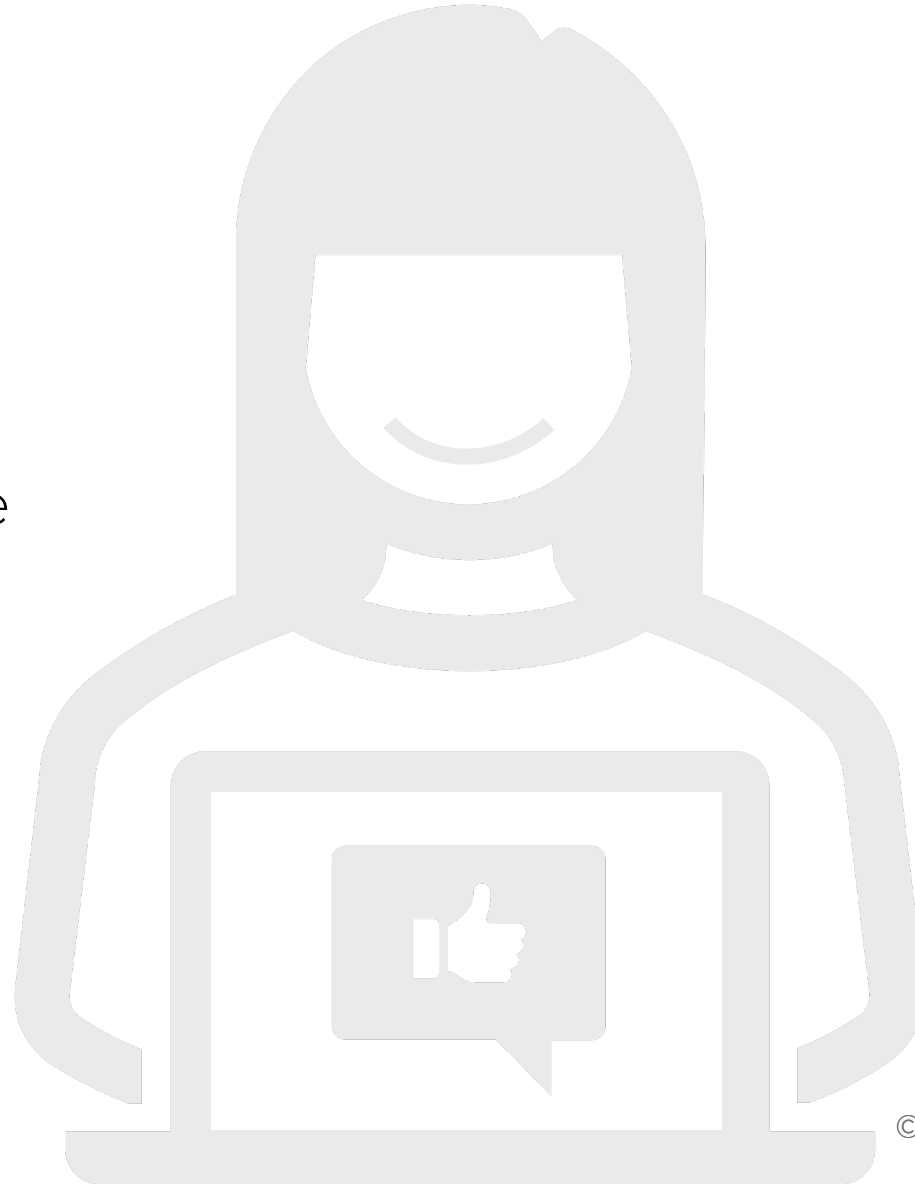


Source: HolonIQ, July 2021

...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

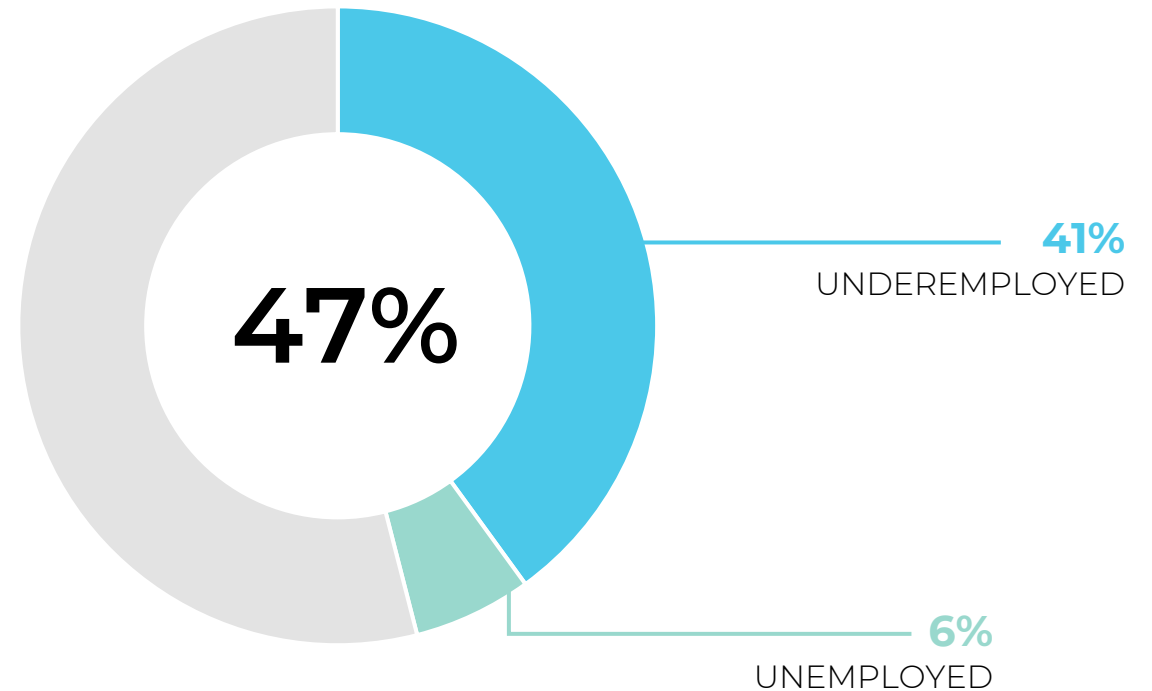
in June 2021,

8.7M

people were

UNEMPLOYED in July

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



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

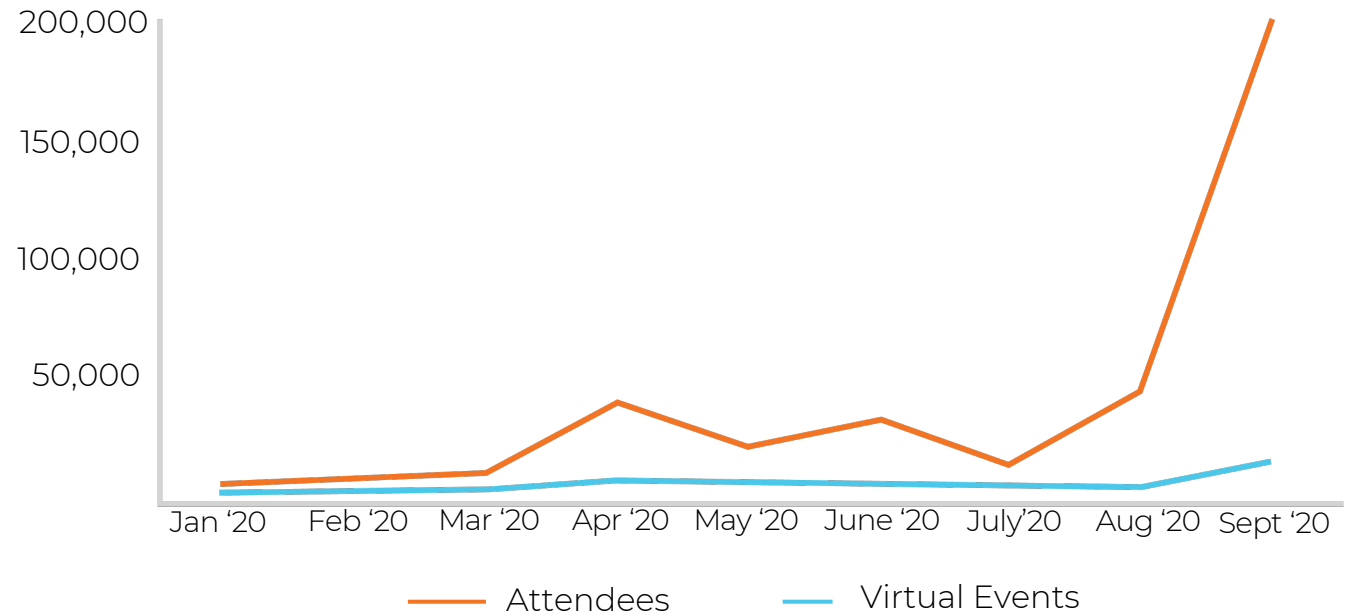
49%

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

Source: Handshake
Note: Handshake is in Reach Capital's portfolio



Virtual career fairs enable **MORE** students to access employers





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...

Riipen

Connecting employers with college students on work-based learning projects

IN 2020:

17K+ employers

360+ colleges

89K students

5.8M+ learning hours

ASU Online
Arizona State University

WITH RIIPEN:

50+ career-relevant courses

400K+ work-based project hours

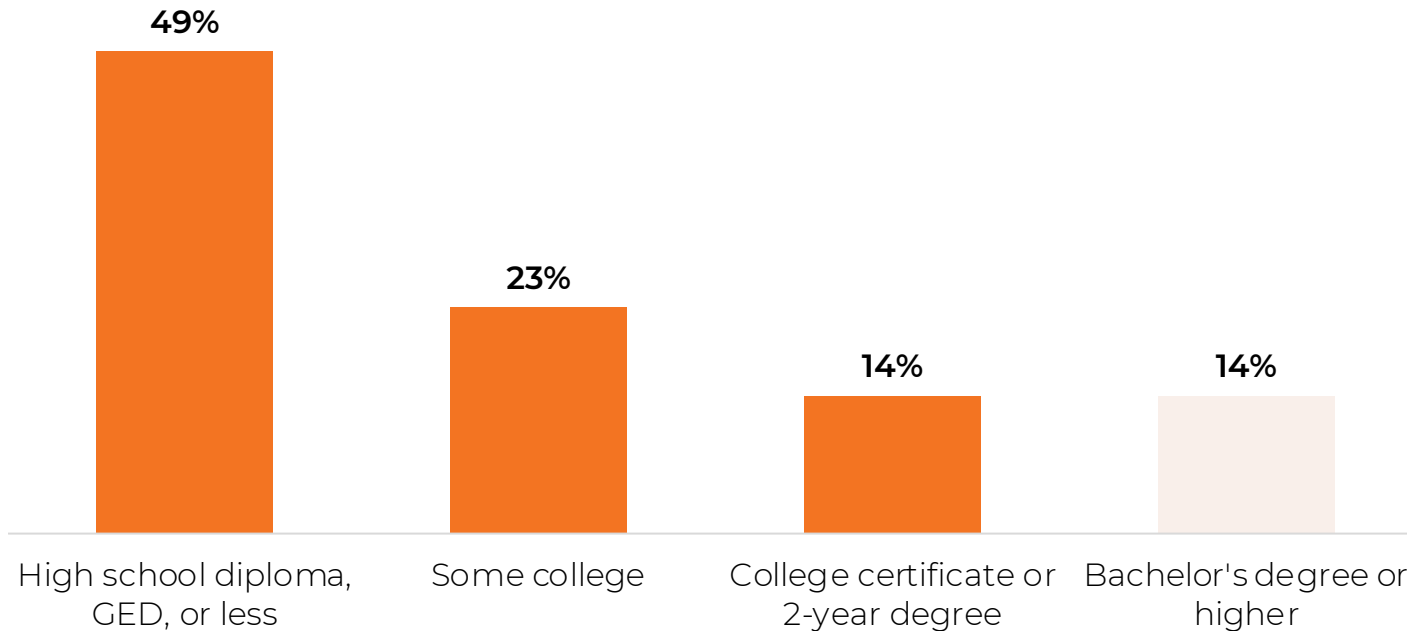
75% of students report improving in:

- 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



Sources: Urban Institute; CNBC



GUILD

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

Chipotle employees enrolled via Guild are

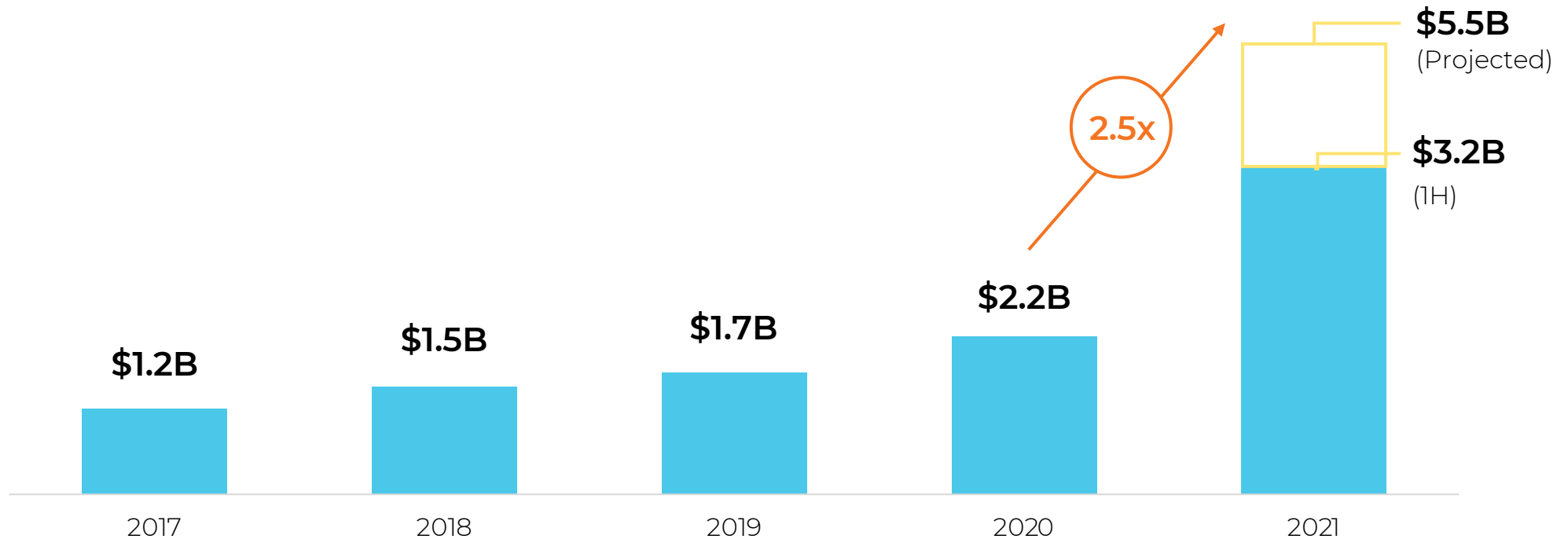
7.5x

MORE LIKELY to move into management

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...



\$300M raise at \$3B valuation



\$150M raise at \$3.8B



\$100M raise at \$1B



\$100M raise at Undisclosed*



\$80M raise at \$1.5B



\$75M raise at \$1.3B



\$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

coursera

\$5.8B
valuation

 **PowerSchool**

\$3.5B

duolingo

\$3.7B


INSTRUCTURE

\$2.9B

2021 M&As



\$800M
transaction size

 **nearpod**

\$650M

Clever

\$500M

epic!

\$500M

Note: Nearpod and Epic! are exited companies from Reach Capital's portfolio

More digital innovation in education can temper skyrocketing costs...

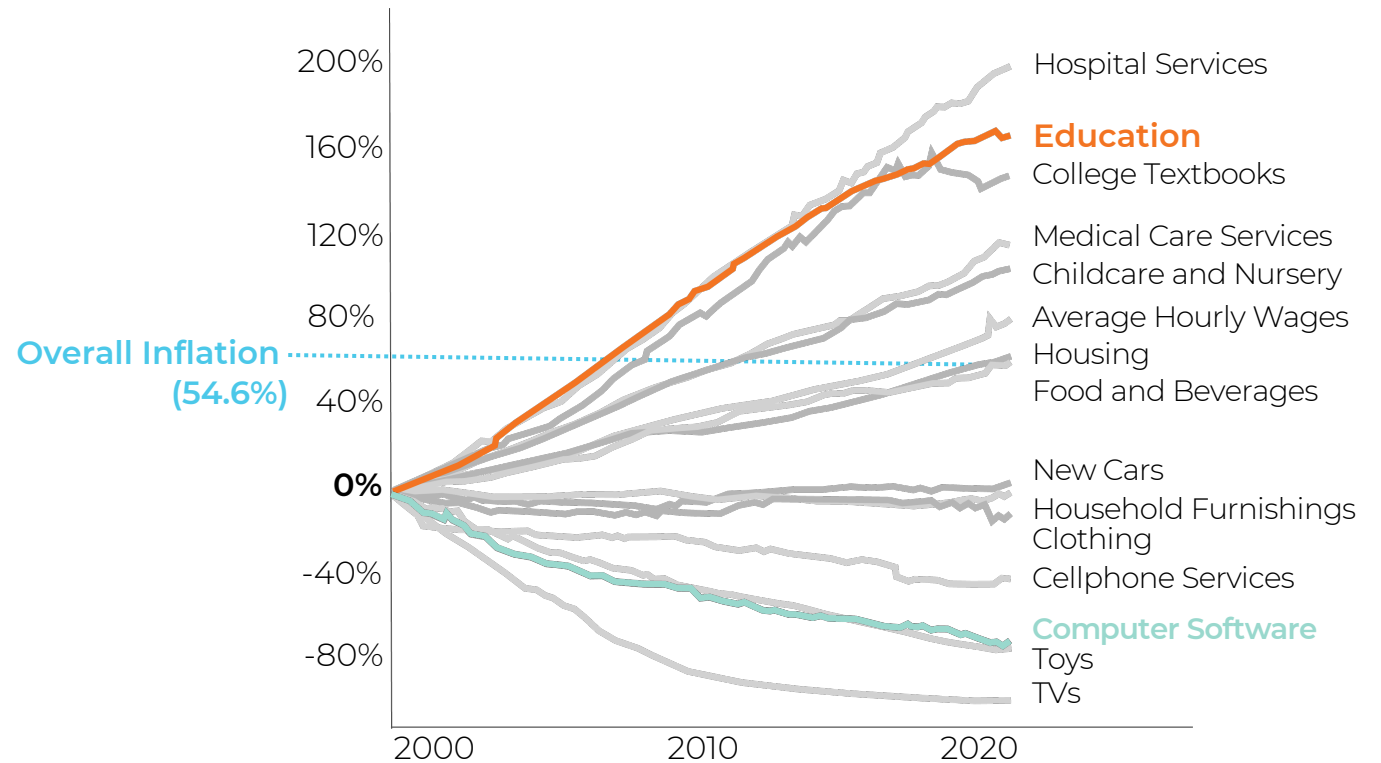
\$20B

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

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

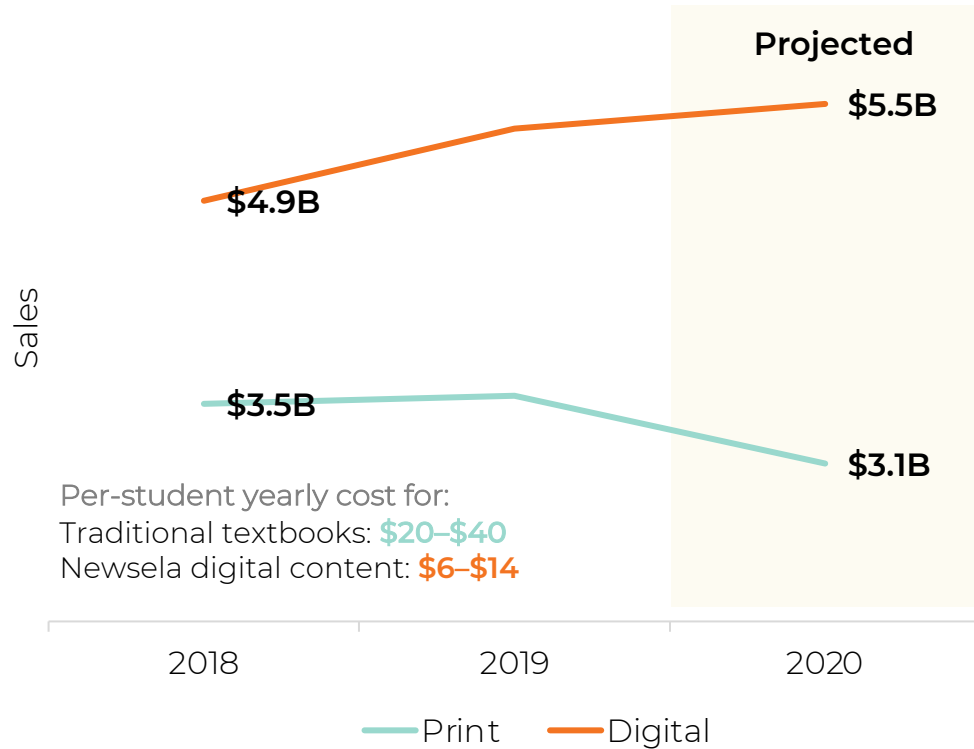


CPI shows education costs **RISE** while software costs **DECLINE**

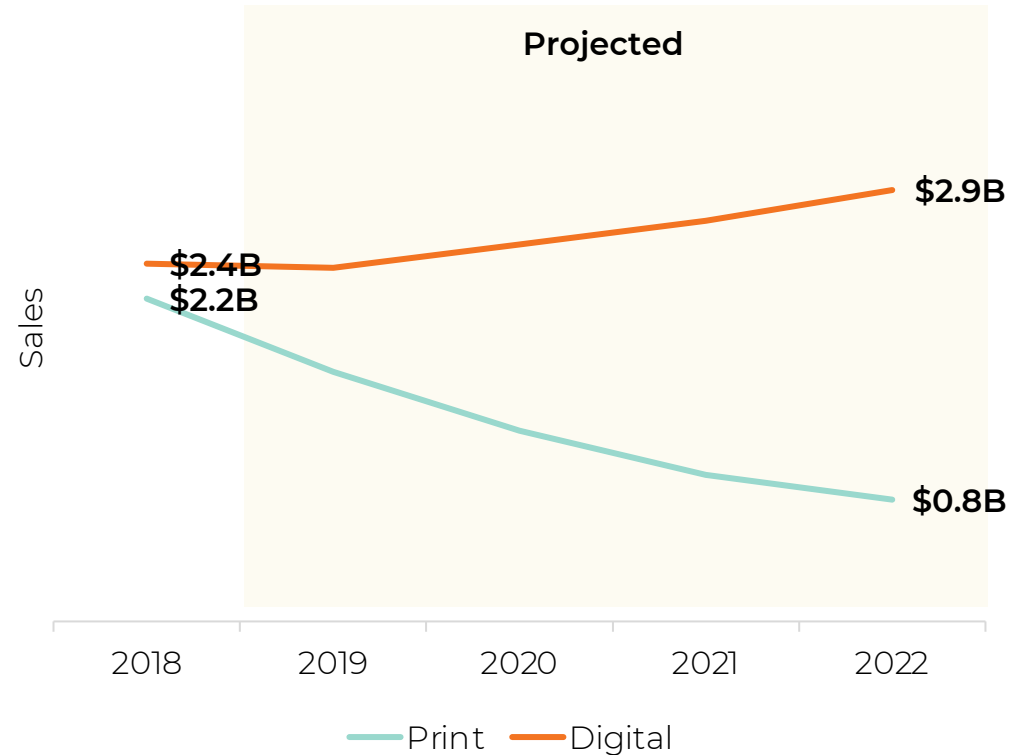


...as sales of digital materials continue to grow...

K-12 instructional materials



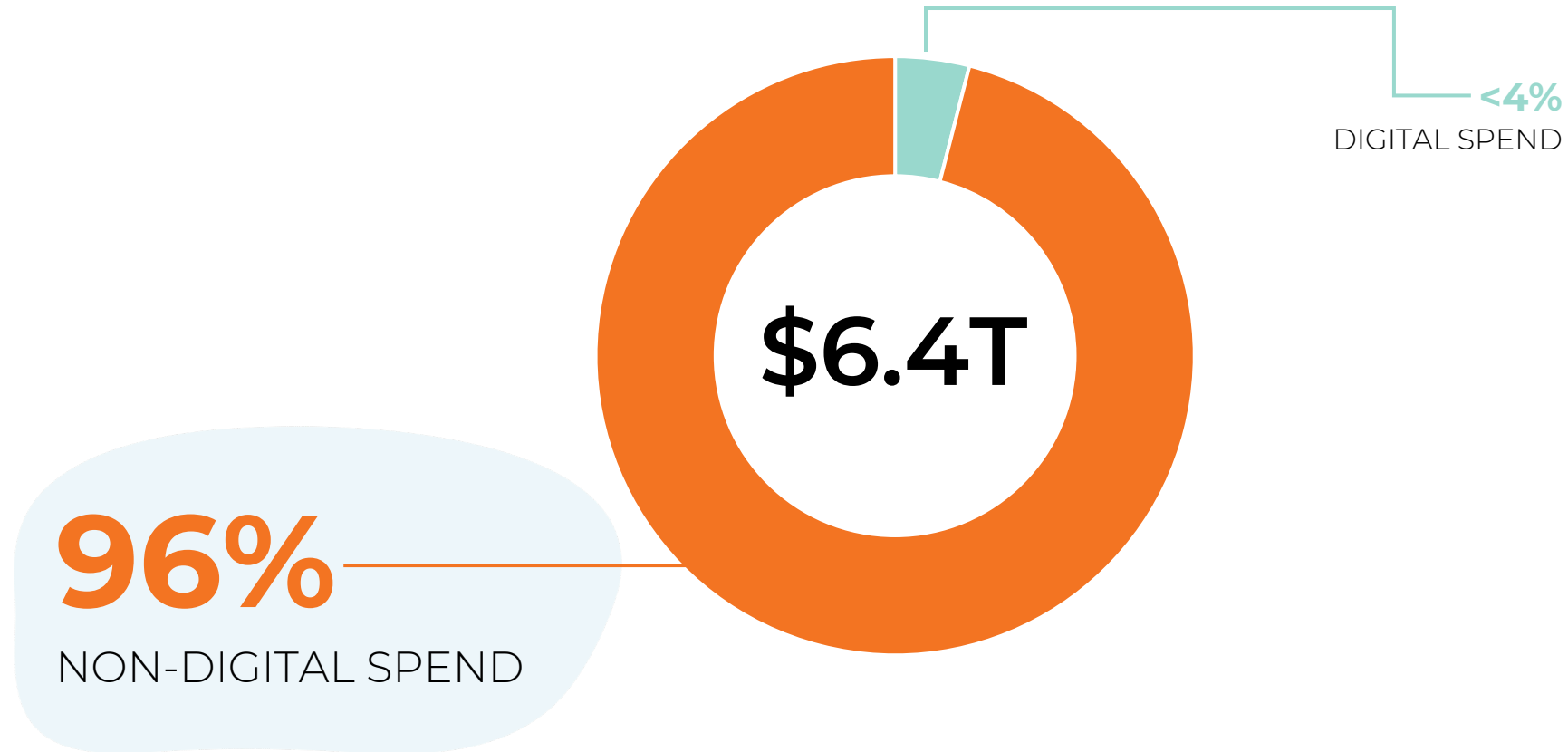
HIGHER ED instructional materials



Source: Simba Information; TechCrunch

...yet the education technology market opportunity **remains massive.**

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



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!

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