EdTechNZ

EdTechNZ Annual Survey

Key findings and insights – 2023

Supported by Education New Zealand

THINK NEW

NEW ZEALAND EDUCATION Manapou ki te Ao

Executive Summary

This report presents the findings of the 2023 EdTechNZ Annual Survey conducted among 60+ EdTech companies in Aotearoa.

The objective of the survey is to gauge the landscape of the EdTech industry, covering facets such as location, employee count, revenue streams, export statistics, and market focus.

The data highlights areas for potential growth and pinpoints the challenges faced by the sector

Building an ecosystem

Education is the foundation on which all Aotearoa will prosper and grow.

EdTechNZ is the voice of EdTech in New Zealand, supporting the growth of the sector.

Our mission is to improve the lives of people and increase the access to, quality and impact of education through innovative technology for the benefit of educators and learners in Aotearoa New Zealand and around the world.

NZ supports our local EdTech's:

212 EdTech's are currently known to the wider EdTechNZ community

60+ are members of EdTechNZ

Business overview

Aotearoa's EdTech businesses are diverse in scale and scope, catering to different segments of the education market. Here is a glance at our local EdTech's in 2023.

Business Market

B2B	B2C	B2E	Both B2B + B2C
40%	31%	6%	23%
have a business to business focus	have a business to customer focus	have a business to employee focus	have both a business and customer focus

Number of Employees

56%	15%	9%	7%	13%
employ less than 2 people	employ 3-5 people	employ 6-10 people	Employ 10-20 people	Employ 20+ people

Size + Annual revenue

Start-up/SME	Medium SME	Small Corporate*	Large Corporate*	Major Corporate*
72.5%	15%	7.5%	2.5%	2.5%
Annual revenue: less than $1 million	Annual revenue: $1-5 million	Annual revenue: $10-20 million	Annual revenue: $50-75 million	Annual Revenue: more than $75 million

*Corporate companies include EdTech specific businesses as well as large multi-national corporations that include an EdTech division.

Locations of our EdTech's

Tāmaki Makaurau

39%

companies based in Auckland

Kirikiriroa

5%

companies based in Hamilton

Te Whanganui-a-Tara

22%

companies based in Wellington

Ōtautahi

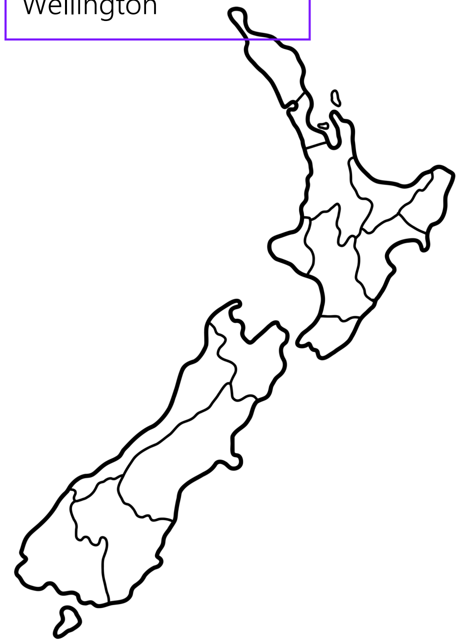
12%

companies based in Christchurch

Ōtepoti

7%

companies based in Dunedin



Other locations include:

Tauranga, Raetihi, Napier, Invercargill, Arrowtown, Gisborne, Te Tairawhiti, and Katikati.

Māori and Pacifika EdTech's

12% of our EdTech's surveyed are Māori/Pacifika owned.

44% of our EdTech's surveyed stated they produce content for indigenous learners or contain indigenous insights.

Room for improvement

38% of EdTech's state they do not produce for indigenous learners, and 18% of EdTech's were unsure.

Supporting Māori and Pacifika stakeholders in the broader EdTech sector, as well as celebrating the integration of indigenous knowledge in our educational content, is essential for the NZ education sector. It enriches our curriculum with diverse perspectives, aligns our businesses with our community values, and enhances Aotearoa's global competitiveness in the EdTech sector.

Subsectors of education

Each subsector of education caters to the various types of learners, education professionals, or learning environments. Each subsector has distinct needs, challenges and opportunities for education technology.

The Aotearoa EdTech ecosystem focus is distributed across multiple education subsectors. There is a prominent focus on K-12 learners (24%), followed by tools for educator training (16.5%), as well as teacher PLD (12%). This focus suggests a strong commitment to foundational learning and teacher support.

The diversity extends into a range of other subsectors including early childhood, work-based learners , tertiary and whanau, making for a comprehensive EdTech ecosystem. However, there is space for development for disability learners who only represent 4.5% of our EdTech's.

24% **focus on k-12 Learners**

16.5% **focus on educator training tools**

12% **focus on Educator PLD (professional learning development)**

Other subsectors include:

Early childhood (7%), work-based learners (9%), tertiary learners (8%), disability learners (4.5%), academics (6%), administrators (5%), and whānau (7.5%).

HolonIQ Categorisation

HolonIQ is a global intelligence platform focused on education and the future of work. Their categorisation aims to help understand the various segments within the broader EdTech landscape.

Our EdTech's show a well-balanced focus across various sectors. The majority focusing on knowledge and content (55%) suggests a robust foundation in developing education material. There is a notable focus on operational efficiency and innovation, as suggested with the number of businesses focusing on education management (20%) and new delivery models (17.5%).

The ecosystem also shows an interest in global expansion with 15% focusing on international education. However, smaller sectors such as learning support and workforce talents still engage in the diversity and forward-thinking landscape of our EdTech ecosystem.

55% **focus on Knowledge and Content**

20% **focus on Education Management**

17.5% **focus on New Delivery Models**

15% **focus on International Education**

Other categories include:

Learning support (5%), Experiencing Learning (7.5%), and workforce and talent (2.5%).

EdTech's That Export

74% of those surveyed export their product or service.

Top 5 countries EdTech's export to:

Australia - 18%
USA - 14%
UK - 13%
China - 6%
Canada - 4%

Other countries our EdTech's export to include:
South Africa, UAE, Italy, France, Czech Republic, Japan, Vietnam, Latin America, and wider Asia

Key Export Opportunities

Our EdTech companies have substantial opportunities for international growth by leveraging economies of scale. From our findings, here are the top three reasons why our EdTech's export:

Diverse revenue streams
Exporting opens doors to new markets, reducing dependence on domestic sales.

Increase scale
A larger addressable market allows for better economies of scale, particularly in product development and marketing.

Global impact
Exporting offers the chance to make a worldwide educational impact, aligning with the core missions of many of our EdTech companies.

Percentage of export revenue that was earned in 2022:

46%

earn **95-100%** of their revenue through export

15%

earn **90-94%** of their revenue through export

23%

earn **80-89%** of their revenue through export

16%

earn **50-75%** of their revenue through export

Key Export Challenges

EdTech businesses have identified the following key challenges when attempting to export internationally.

Funding and Capital
Issues around scaling and funding, including cost of selling to schools and a lack of capital growth.

Market Access and Sales
Challenges include access to markets, especially without a local base or staff in target countries. This is compounded by issues related to school and government procurement, as well as limitations due to small sales teams and cash flow problems.

Regulation and Policy
Navigating child data privacy standards and emerging technology regulations may pose significant challenges when exporting their products or services. Achieving compliance in one jurisdiction may not guarantee compliance in another.

Strategic Challenges
These range from the complexities of navigating global education landscapes and their specific needs, as well as the absence of a clear go-to-market strategy. Additional issues include setting up overseas bank accounts and ensuring content alignment with global customers in relation to their curriculum and pedagogy needs, as well as cultural and language needs.

Further insights

Opportunities

Global reach

New Zealand's EdTech businesses are setting sights on global markets, including niche areas in the USA and primary education in Australia.

Growth in innovation

Leveraging technology like AI in language learning and 1-1 tutoring is revolutionizing educational outcomes.

Collaborate to elevate

There's an increasing emphasis on cross-sector partnerships and collaborations with educational authorities.

Challenges

Funding woes

Access to funding and the high cost of selling to schools are pressing issues our EdTech's face.

Regulatory hurdles

Emerging regulations around youth data and tech adoption in schools could pose significant setbacks if not communicated clearly.

Strategic shortcomings

Complexities in the education sector and a lack of clear business strategies are significant roadblocks.

Concluding comments

The 2023 Annual EdTech survey uncovers a vibrant but evolving ecosystem that spans a range of location, business sizes, and markets.

While there is evident interest for international expansion – particularly in USA, Australia and the UK - there are barriers such as funding, regulatory constraints, and market access challenges that need addressing. These challenges are counterbalanced by the abundance of opportunities in geographic expansion and the adoption of innovative technologies, such as artificial intelligence, indicating a strong outlook for the sector.

The focus on serving specific learner demographics, such as K-12 learners, higher education and indigenous populations, indicates a multi-faceted approach to educational solutions.

However, the disparity in Māori and Pacifika ownership and content geared towards indigenous learners suggests room for improvement in diversity and inclusion.

In summary, the EdTechNZ 2023 Annual Survey reveals a sector ripe for innovation and global expansion, but one that also requires targeted support in overcoming its distinct challenges. These insights will allow EdTechNZ to continue to build stronger strategies, collaborations and support systems for our local EdTech's.

Thank you to Education New Zealand for continuing to support our research to help build a sustainable and flourishing EdTech sector in Aotearoa and the world.

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