



BY EUGENE YIGA

The Edtech Explosion

A new generation of start-ups is shaping the future of education.

Edtech startups are not just disrupting classrooms; they're reinventing the future of global education. But can they balance accessibility with quality? And what does this mean for training the leaders of tomorrow?

"Education is a subject I feel passionately about," says Pascual Cortes-Monroy, an investor at venture capital firm [Northzone](#). "My partner is also an edtech founder, and having experienced the significant impact that even one good teacher can make, I'm convinced of education's pivotal role in shaping outcomes. Having studied in the US, I've been exposed to various educational programmes and circumstances. This has made me increasingly aware of how ripe the entire education industry is for disruption."

Start-ups can fill some educational gaps

To understand the education industry it helps to consider the job market. All around the world there are thousands and thousands of unfilled jobs, especially in the technology sector. At the same time, countries from

Pascual Cortes-Monroy

South Africa to Spain have high levels of youth unemployment. Innovative start-ups can fill those gaps.

"In continental Europe, career paths are generally fixed," says Gonzalo Manrique, co-founder and CEO at [Ironhack](#). "We started the company to offer more flexibility at a time when there are many opportunities. We aim to help people transition careers as quickly and cost-efficiently as possible. We recognised that universities had somewhat of a monopoly on granting access to quality jobs. But we're not trying to make universities obsolete; rather, we want to provide people with more options."

One interesting concept Ironhack uses is the idea of "content as software", which means updating it constantly based on inputs from companies and students. Unlike universities, which may update a course once a year, it has several releases of the same content each year. This gives it tremendous data to learn from. Another concept it uses is "student as a product", which doesn't sound great but is essential for understanding the data it gathers.

"We analyse this data to show companies not just what a student knows but their learning trajectory," Manrique says. "We group students into clusters to give companies better information about potential hires than they have about their own current employees. These are just a couple of examples of how we're leveraging edtech to make careers more flexible and aligned with market needs."



Gonzalo Manrique

We're not trying to make universities obsolete.

Education today is based on an obsolete concept

Another company that aims to prepare students for the real world is Microverse, whose mission is to connect talent and opportunities in such a way that the place you're born doesn't limit your opportunities in life. It primarily works with students in developing countries and, although the company is still early in its journey, it's had more than 2 000 people go through its programmes.

"We're focused on training software engineers but with a unique approach: we don't have teachers or lecturers," says founder and CEO Ariel Camus. "What we do is foster peer-to-peer learning, where students learn from and with each other. They build projects in an environment that simulates a real, remote, international, multicultural job. And our differentiating factor is that we only charge them once they secure a high-paying job."

Microverse arrived at its current model when it realised that education today is based on an obsolete concept, i.e. that a single person in front of a classroom holds all the knowledge. With the internet, we can now access lectures from the best teachers in the world. This means that having a dedicated teacher in front of you isn't as necessary as it once was.

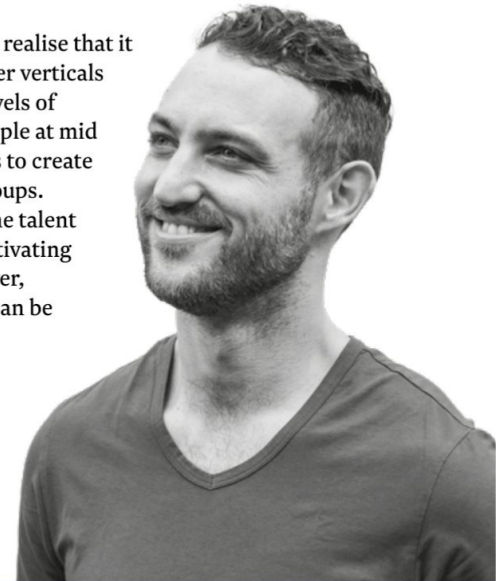
"While children might need more guidance, adults also need incentives to keep showing up for educational opportunities that they know are beneficial," Camus says. "We've adapted our model by using software to facilitate accountability among peers. So now we've arrived at a highly social, collaborative experience. It feels very human but there's a lot of software involved. It tracks your attendance, participation, and assignments, providing corrective feedback and assessments. The software even curates who gets paired with whom, eliminating the need for human intervention for these functions, thus allowing us to focus on delivering a quality education."

Institutional reputation acts as a massive signal

What's challenging about sectors like traditional education and job training is that they're one of the few niches where institutional reputation matters. Add to that the regulatory challenges from various countries and it becomes tough to break into the market.

"It's essential to recognise the nature of your business," Ironhack's Manrique says. "For instance, we initially thought of ourselves as a tech marketplace but later realised we're actually an education company. This small but significant realisation has led us to consult with mentors in the traditional educational space rather than solely focusing on tech marketplaces. This change in perspective has been incredibly beneficial for us and it's something that could be beneficial for other early-stage entrepreneurs as well."

Microverse has also come to realise that it can expand not just into other verticals but also cater to different levels of experience, e.g. training people at mid and senior levels. The idea is to create synergies among various groups. Previously, it started from the talent side, which is incredibly motivating and unifies the team. However, ignoring the employer side can be counterproductive.



Ariel Camus

We only charge them once they secure a high-paying job.

"Success starts with attracting the right talent, understanding the market, timing it right, securing the necessary financing, and being a great educational company," Camus says. "It's difficult, but the trade-offs are clear and the work is rewarding."

In talking to edtech founders, Northzone's Cortes-Monroy is constantly struck by the genuine drive they have. This "superpower" is in contrast to sectors like fintech where it can sometimes just be about the money and is the reason founders in the edtech space can often find support from people willing to help.

"It's a challenging journey," he admits. "However, if you're genuinely passionate about what you're doing, the hard days become a bit easier."

TIPS FOR EDTECH START-UPS

Northzone's Pascual Cortes-Monroy shares some advice for edtech start-ups:

- 1.** Integrate with large incumbents in your go-to-market strategy: Since the education sector has established players, make sure to collaborate or build integrations that make your solution easier to adopt. This is crucial for gaining access to end-users.
- 2.** Focus on upskilling and reskilling: Consider creating solutions that aren't just about traditional education but also address current job market needs for upskilling and reskilling.
- 3.** Leverage social components for user retention: Given the high attrition rates in online courses, consider adding a social layer to your product. Peer accountability can be a compelling way to keep users engaged.
- 4.** Address long feedback cycles when pitching to investors: Be prepared to explain how your edtech solution can show results over a longer time frame, which is often a stumbling block for securing funding.
- 5.** Explore public sector opportunities carefully: Recognise that while the public sector is a significant customer, it comes with long procurement cycles and resistance to innovation. Tailor your approach accordingly.
- 6.** Tap into emerging industries for training: Look for booming sectors like renewable energy where there's a high demand for specific skills and develop focused training solutions.
- 7.** Innovate in the intersection of gaming and education: As younger audiences are more engaged with interactive platforms, consider how gaming elements can be integrated into the learning process.
- 8.** Upskill existing corporate employees: Don't just focus on new hires in the corporate world; consider creating solutions that upskill existing employees, which can be more cost-effective and provide career development opportunities.

Success starts with attracting the right talent.

WILL UNIVERSITIES SURVIVE?

The advent of artificial intelligence tools and the burgeoning edtech start-up landscape are forcing educators to reconsider their roles, while also casting doubt on the long-term viability of traditional universities. Ivan Bofarull, chief innovation officer at the renowned global business school Esade, identifies three key challenges that educational institutions must grapple with:

1. Reinventing the role of educators.

The first challenge concerns the relevance of teaching and what is taught in the classroom. With platforms like MasterClass offering specialised courses from world-renowned experts, the bar for teaching quality is higher than ever before. It's no longer enough to simply impart knowledge; professors now need to become curators and facilitators of learning experiences. Indeed, now that AI and online resources are making knowledge more accessible, traditional educators have to invest more in pedagogical innovations. This is a significant dilemma because, to compete globally, universities often feel the need to invest more in research, which may detract from teaching.

2. Rethinking the worth of conventional degrees.

The second challenge focuses on the decreasing appeal of traditional standalone business and engineering degrees. Companies like Dyson are bypassing educational institutions altogether and are setting up their own specialised degrees in-house. Additionally, with the advent of AI and abundant resources, the opportunity cost of

pursuing a conventional degree is rising. Students could, alternatively, engage with accelerators like Y Combinator to develop practical skills for starting a company. While there will undoubtedly be a focus on STEM subjects, there's also an understanding that future skills will include big-picture and higher-order thinking, which can sometimes be nurtured better through liberal arts education.

3. Defining the future of higher education institutions.

The final challenge is the relevance and survival of universities as institutions. Recent years have seen the emergence of new, learner-centric players that excel in specific areas and are setting new standards in education. They are increasingly capturing public attention and investment, thereby putting pressure on traditional universities to adapt. However, in an uncertain future, trust and credibility become more critical than ever. Traditional universities have the advantage of an established reputation and research credentials, which continue to be highly valued. As such, balancing the need for innovation with maintaining trust and credibility presents a complex challenge that educational institutions need to navigate carefully. **GIBS**

Learn more in Bofarull's book *Moonshot Thinking: Turning Disruption into Opportunity*.