

EDTECH INDUSTRY INVESTMENT GUIDE

1. MARKET EVALUATION

- Market size and growth trajectory
- Educational sector trends (K-12, Higher Ed, Corporate, Consumer)
- Geographic opportunities
- Market segmentation (B2B, B2C, B2G)

2. KEY INVESTMENT CRITERIA

a) Business Model Assessment

- Revenue model (subscription, licensing, freemium)
- Sales cycle length
- Customer acquisition costs (CAC)
- Lifetime value (LTV)
- Path to profitability

b) Technology Stack

- Learning Management System (LMS) capabilities
- Mobile accessibility
- AI/ML integration
- Data security and privacy
- Integration with existing education systems

3. COMPETITIVE ANALYSIS

- Market positioning
- Pedagogical approach
- Product differentiation
- Learning outcomes
- Competitive moat

4. TEAM EVALUATION

- Educational expertise
- Technical capabilities
- Product development experience
- Understanding of learning science
- Sales and distribution knowledge

5. RISK ASSESSMENT

a) Market Risks

- Regulatory compliance (FERPA, COPPA)
- Budget cycles
- Market fragmentation
- Economic sensitivity

b) Operational Risks

- Content development and maintenance
- User adoption
- Technical support
- Scalability challenges

6. GROWTH METRICS

- Monthly Active Users (MAU)
- Student engagement rates
- Learning outcomes

- Teacher/instructor adoption
- Net Retention Rate (NRR)

7. DUE DILIGENCE CHECKLIST

- Efficacy studies
- User feedback and testimonials
- Technical infrastructure
- Data privacy compliance
- Content quality
- Implementation success rates

8. RED FLAGS

- Poor user engagement
- High implementation costs
- Weak learning outcomes
- Limited scalability
- Regulatory issues
- Low adoption rates

9. EXIT STRATEGIES

- Strategic acquisition by education companies
- IPO potential
- Private equity acquisition
- Industry consolidation

10. INVESTMENT STAGES

- Seed: \$500K - \$3M
- Series A: \$3M - \$15M
- Series B: \$15M - \$50M
- Growth/Late Stage: \$50M+